

# EQUAL PAY AUDIT 2011-12

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## **Background**

The Equality Act 2010 gives women and men a right to equal pay for equal work. It replaces previous legislation, including the Equal Pay Act 1970 and the Sex Discrimination Act 1975. Under the Equality Act 2010, pay systems may also be open to challenge on grounds of race, age or other protected characteristics.

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.

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.

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.

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.

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.

## **Methodology**

The Equality and Human Rights Commission has produced an Equal Pay Audit Toolkit to provide guidance for employers in carrying out an equal pay audit.

This is the first equal pay audit carried out by Portsmouth City Council. The EHRC Equal Pay Audit Toolkit has been used as a basis to guide the process and the methodology used to carry out this audit. Guidance for use in undertaking an in-house equal pay audit will be produced to support the implementation of audits in future years.

## **Scope**

The EHRC Equal Pay Audit Toolkit advises that for practical reasons organisations may not find it possible to carry out a comprehensive equal pay audit at the first attempt. It recommends that organisations determine the scope of their audit taking account of practical considerations such as availability of information. The toolkit suggests that organisations may want to take a staged approach, perhaps beginning with an audit of men's and women's pay and developing expertise in the audit process before extending the scope in subsequent audits.

As this is the first Equal Pay Audit undertaken by the city council, the scope of the audit has been determined using the advice given above and has been shaped by the extent of the employee data which is currently available.

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.

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

**It is recommended that the Council works to fill the gaps in existing employee data through the implementation of the HR self serve system, and includes analysis of other protected characteristics, for example ethnicity and disabilities, within its subsequent Equal Pay Audits.**

## **Analysis of Basic Pay**

An equal pay audit must compare the pay of employees in protected groups e.g. men/women, doing equal work. Under the equal pay provisions of the Equality Act 2010, men and women in the same employment who are performing equal work should receive equal pay. For the purposes of analysing pay within PCC, equal work can be determined by looking at work rated as equivalent under the JESS job evaluation scheme.

The analysis of basic pay included all employees employed by PCC on all pay bands within the JESS Job Evaluation scheme as at September 2011. The pay of part time employees was included in the analysis with pay being scaled up to a full time equivalent rate. The data used in the analysis reflects the basic pay attached to posts. A number of employees have two or more posts, often at different grades, and these have been analysed separately. The totals do not therefore correlate directly with the numbers of actual employees within the organisation.

An analysis was carried out for all staff including non teaching staff within schools (see table 1 and graph 1) and a separate analysis was carried out for all staff excluding those in schools (table 2 and graph 2).

Schools based staff (non teaching) were included in the basic pay analysis as these staff are employed by the council within the same pay evaluation system and therefore could be included as either comparators or claimants within an equal pay investigation. Teaching staff are paid under national pay scales for teachers and were not included in the analysis.

**Table 1: Basic Pay Analysis of all PCC staff within the JESS scheme (including schools)**

<b>Pay Band</b>	<b>Number of females</b>	<b>Number of males</b>	<b>Total number of employees</b>	<b>% female</b>	<b>% male</b>	<b>Mean average pay of females</b>	<b>Mean average pay of males</b>	<b>Average basic pay gap</b>
<b>1</b>	612	31	643	95.2%	4.8%	£13,028	£12,881	<b>-1.14%</b>
<b>2</b>	144	9	153	94.1%	5.9%	£13,732	£13,802	<b>0.51%</b>
<b>3</b>	873	219	1092	79.9%	20.1%	£15,051	£14,886	<b>-1.11%</b>
<b>4</b>	903	111	1014	89.1%	10.9%	£16,082	£16,091	<b>0.05%</b>
<b>5</b>	667	206	873	76.4%	23.6%	£18,490	£18,474	<b>-0.09%</b>
<b>6</b>	655	204	859	76.3%	23.7%	£20,919	£20,951	<b>0.15%</b>
<b>7</b>	350	145	495	70.7%	29.3%	£24,941	£24,900	<b>-0.16%</b>
<b>8</b>	369	118	487	75.8%	24.2%	£27,617	£27,705	<b>0.32%</b>
<b>9</b>	179	119	298	60.1%	39.9%	£30,987	£31,087	<b>0.32%</b>
<b>10</b>	111	81	192	57.8%	42.2%	£34,542	£34,675	<b>0.38%</b>
<b>11</b>	48	69	117	41.0%	59.0%	£37,913	£38,180	<b>0.70%</b>
<b>12</b>	61	64	125	48.8%	51.2%	£42,189	£42,347	<b>0.37%</b>
<b>13</b>	17	25	42	40.5%	59.5%	£49,149	£49,879	<b>1.46%</b>
<b>14</b>	20	25	45	44.4%	55.6%	£55,399	£55,765	<b>0.66%</b>
<b>15</b>	7	6	13	53.8%	46.2%	£61,261	£62,882	<b>2.58%</b>
<b>16</b>	1	3	4	25.0%	75.0%	£72,581	£69,356	<b>-4.65%</b>
<b>17</b>	5	10	15	33.3%	66.7%	£77,642	£77,182	<b>-0.60%</b>
<b>19</b>	2	3	5	40.0%	60.0%	£109,430	£107,345	<b>-1.94%</b>
<b>20</b>	0	1	1	0.0%	100.0%	N/a	N/a	<b>N/a</b>
<b>All</b>	<b>5024</b>	<b>1449</b>	<b>6473</b>	<b>77.6%</b>	<b>22.4%</b>	<b>£19,785</b>	<b>£25,191</b>	<b>21.46%</b>

**Table 2: Basic Pay Analysis of all PCC staff within the JESS scheme (excluding schools)**

Pay Band	Number of females	Number of males	Total number of employees	% female	% male	Mean average pay of females	Mean average pay of males	Average basic pay gap
1	7	6	13	53.8%	46.2%	£12,849	£12,752	-0.76%
2	58	16	74	78.4%	21.6%	£13,730	£13,818	0.63%
3	193	173	366	52.7%	47.3%	£14,786	£14,912	0.85%
4	488	74	562	86.8%	13.2%	£16,001	£15,957	-0.28%
5	477	203	680	70.1%	29.9%	£18,557	£18,485	-0.39%
6	406	162	568	71.5%	28.5%	£20,988	£21,060	0.34%
7	286	133	419	68.3%	31.7%	£24,960	£24,856	-0.42%
8	304	107	411	74.0%	26.0%	£27,629	£27,732	0.37%
9	158	116	274	57.7%	42.3%	£31,037	£31,091	0.17%
10	110	81	191	57.6%	42.4%	£34,534	£34,675	0.41%
11	35	66	101	34.7%	65.3%	£37,900	£38,198	0.78%
12	61	63	124	49.2%	50.8%	£42,189	£42,345	0.37%
13	15	23	38	39.5%	60.5%	£49,291	£49,916	1.25%
14	20	25	45	44.4%	55.6%	£55,399	£55,765	0.66%
15	7	6	13	53.8%	46.2%	£61,261	£62,882	2.58%
16	1	3	4	25.0%	75.0%	£72,581	£69,356	-4.65%
17	5	10	15	33.3%	66.7%	£77,642	£77,182	-0.60%
19	2	3	5	40.0%	60.0%	£109,430	£107,345	-1.94%
20	0	1	1	0.0%	100.0%	N/a	N/a	N/a
<b>All</b>	<b>2633</b>	<b>1271</b>	<b>3904</b>	<b>67.4%</b>	<b>32.6%</b>	<b>£22,794</b>	<b>£26,333</b>	<b>13.44%</b>
<b>Part Time</b>	1386	238	1624	85.3%	14.7%	£19,961	£19,586	-1.92%
<b>Full Time</b>	1247	1033	2280	54.7%	45.3%	£25,943	£27,888	6.97%

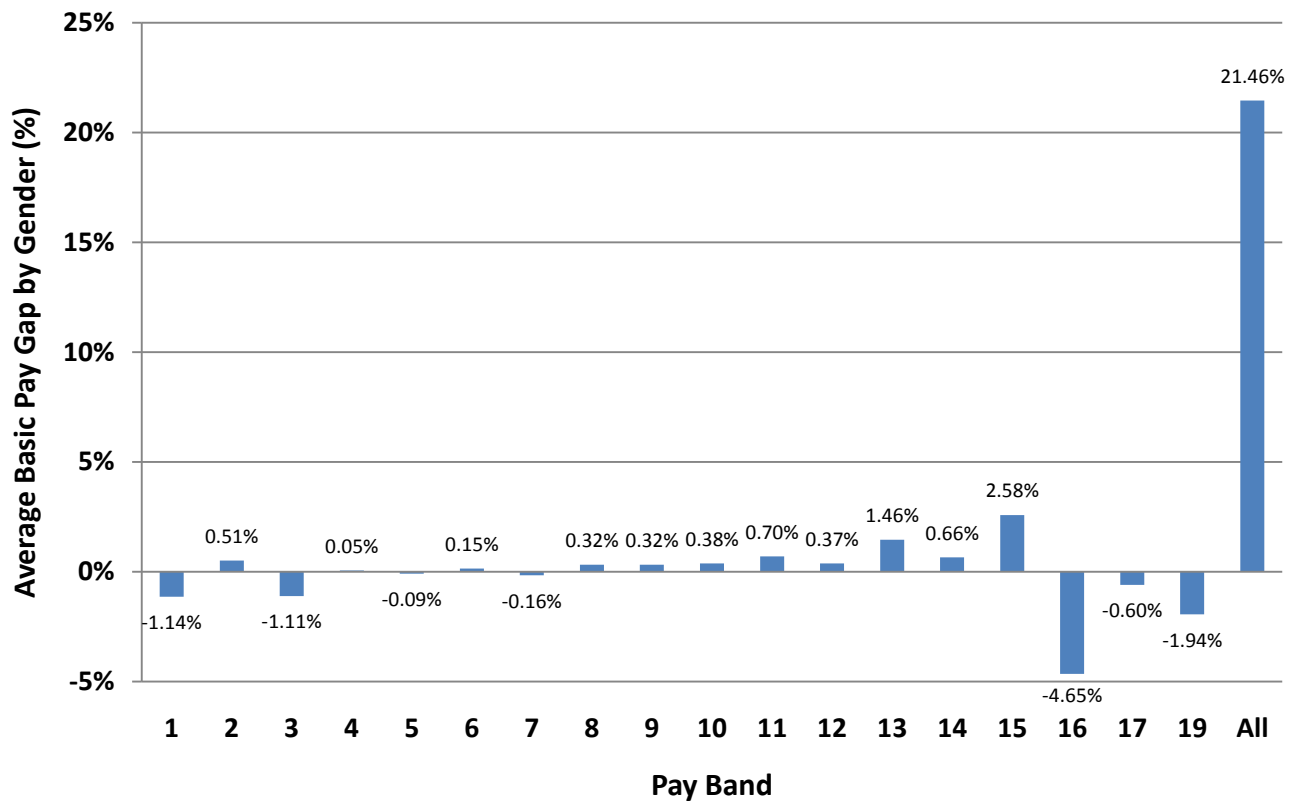
### **Gender Pay Gap – Basic Pay**

The EHRC Equal Pay toolkit suggests that a 'significant' pay gap is a gap of 5% or more difference in the pay of men and women doing equal work, or where there is a consistent pattern of differences favouring one sex or another, a 3% difference.

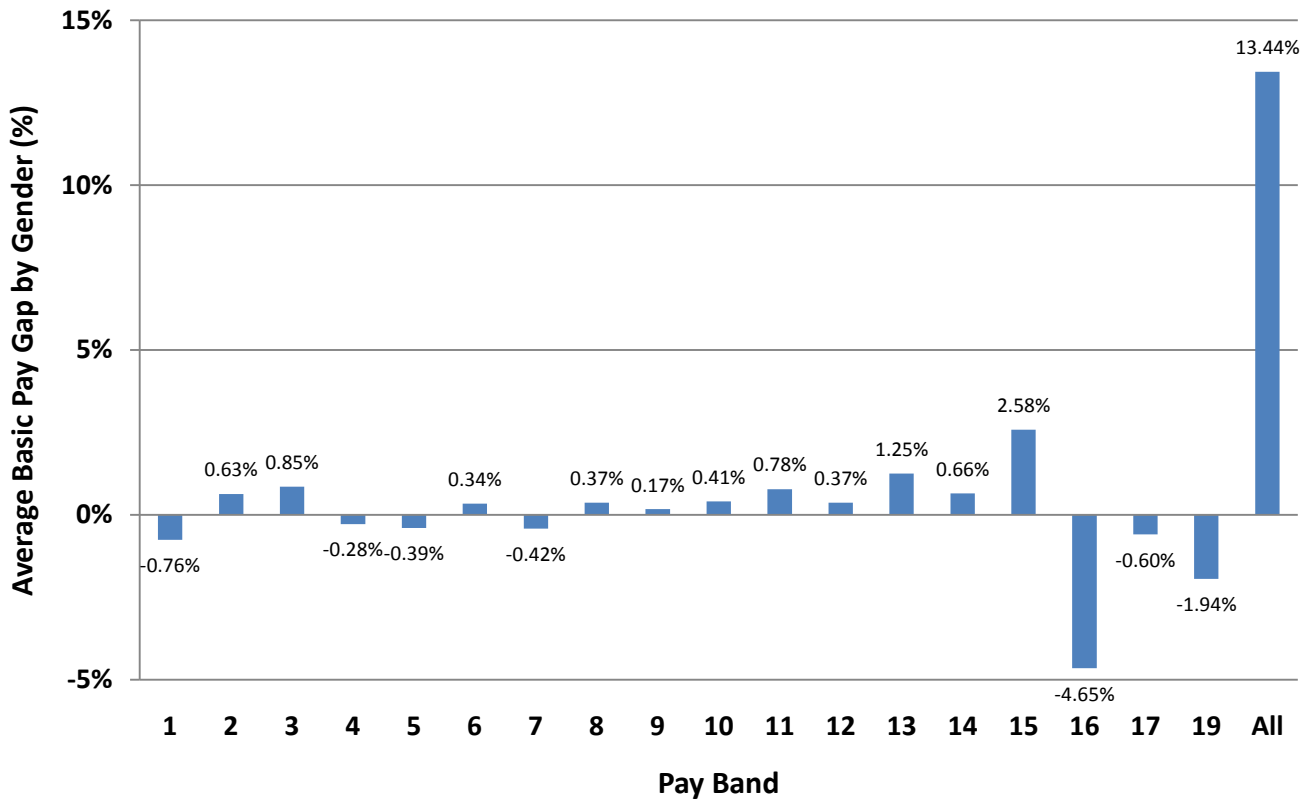
As the tables and graphs on pages 5 to 7 show, no significant pay gaps were found in the analysis of basic pay of male and female staff in the same pay band. Pay gaps were not significant in either the analysis including schools staff or the analysis excluding schools staff.

The pay gap was calculated as the difference between the mean average basic pay of female and male staff, as a percentage of the mean average basic pay of male staff. The negative values show where female staff have a higher average pay than male staff.

**Graph 1: Average Basic Pay Gap by gender for all pay bands and all PCC staff (including schools)**



**Graph 2: Average Basic Pay Gap by gender for all pay bands and all PCC staff (excluding schools)**



## Overall Pay Analysis

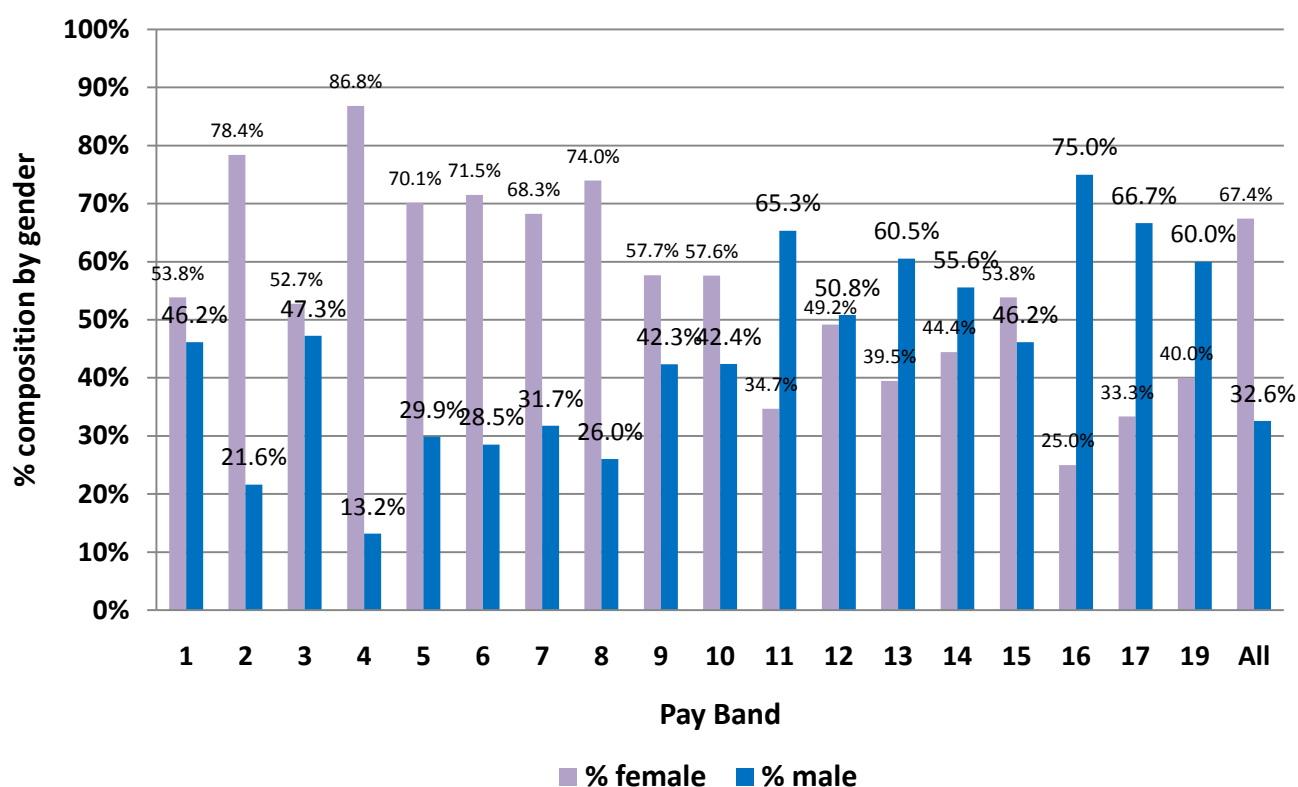
Schools staff, although employed on pay scales within the JESS job evaluation scheme, have pay and conditions policies determined locally rather than PCC corporate HR policies. The analyses of overall average pay and total pay have not included schools staff as schools have separate policies and therefore promotion, progression and pay are not able to be influenced by PCC policies.

Overall, the average basic pay for female staff (excluding schools) was found to be 13.4% less than that for male staff, with the average basic pay for all female employees being £22,794 and the average basic pay of all male employees being £26,333. One of the key reasons for the difference in average male and female pay is the higher predominance of female staff within the lower pay bands and the higher proportions of male staff within the higher pay bands. This is illustrated in Graph 3 below.

The analysis showed the overall proportions of male and female staff within the organisation to be 67.4% female and 32.6% male, however of those staff within the higher grades of grade 9 and above, the proportions were 51% female and 49% male. The proportion of women working part-time was also significantly greater than the proportion of male staff (85.3% and 14.7% respectively). This has an impact on the overall gender pay gap because a greater proportion of part-time positions are found at the lower pay grades.

When the pay of part time and full time employees was analysed separately, the pay gap for part time employees was -1.92% and the pay gap for full-time employees was 6.97%. This compares to a national pay gap for full-time employees of 4.3% within Local Government, 20.1% in the public sector, and 24.9% in the economy as a whole (Local Government Earning Survey 2010/11).

**Graph 3: Composition by gender of all pay bands and all PCC staff (excluding schools)**





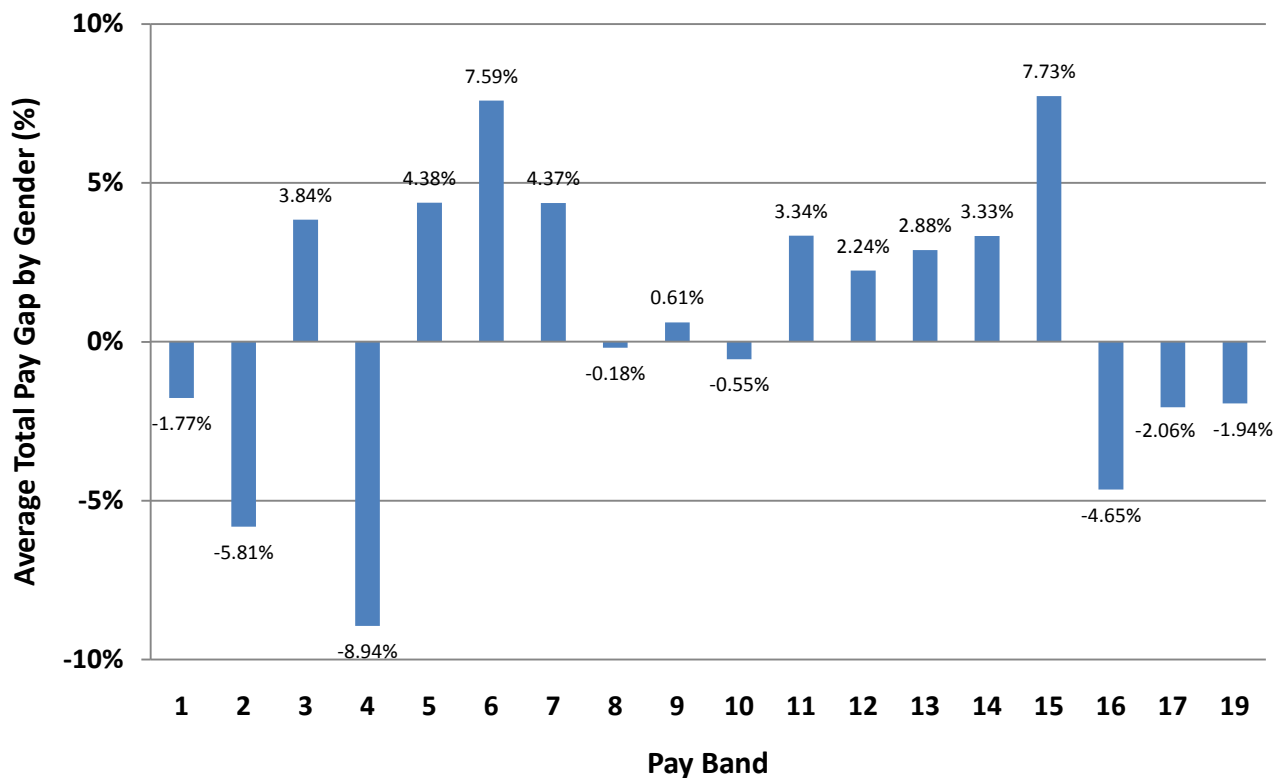
It is recommended that the Council continues to make efforts through its leadership and management development, succession planning and flexible working practices, to achieve a more representative gender distribution of staff.

### Total Gross Pay Analysis

The analysis of total pay used data for all employees (excluding schools) and was based on 9 months' gross pay received from 1 April 2011 to 31 December 2011. This data was then scaled up to give an estimate of total pay for the 12 month period, and in the case of part time employees, was scaled up to give a full time equivalent.

The results for the analysis of total pay are illustrated in the graph below.

Graph 4: Average Total Pay Gap by gender for all pay bands (excluding schools)



The results indicated that for 14 of the pay bands there were no significant pay gaps. Four pay bands had average pay gaps of greater than 5% and were therefore deemed to be significant. These pay differences were investigated and in each case were found to be justified. The reasons for the significant pay gaps are set out in table 3 below.

**Table 3: Average Total Pay Gap by gender for all pay bands (excluding schools)**

Pay Band	Average total gross pay gap	Reason for significant pay gap (greater than 5%)
1	-1.77%	
2	-5.81%	This significant pay gap is due to Domestic and Laundry Assistant posts within Adults Social Care which receive shift pattern enhancements which are valid because of the patterns they work. Males and females in these posts receive these allowances on an equal basis however there is a greater than average proportion of females than males in these posts.
3	3.84%	
4	-8.94%	This significant pay gap is due to Care and Support Assistant posts within Housing and Adult Social Care which receive shift pattern enhancements which are valid because of the patterns they work. Males and females in these posts receive these allowances on an equal basis however there is a greater than average proportion of females than males in these posts.
5	4.38%	
6	7.59%	This significant pay gap is due to posts within the Port Service which receive a number of contractual allowances which are valid because of their working patterns. Males and females in these posts receive these allowances on an equal basis however there is a greater proportion of males than females in these posts.
7	4.37%	
8	-0.18%	
9	0.61%	
10	-0.55%	
11	3.34%	
12	2.24%	
13	2.88%	
14	3.33%	
15	7.73%	This significant pay gap is due to the gross pay of two employees in receipt of valid additional allowances, (an acting up allowance and a pay protection payment). Both employees are male.
16	-4.65%	
17	-2.06%	
19	-1.94%	

### **Job Evaluation**

The equal pay legislation does not require an employer to use job evaluation. However it advises that a job-evaluated system should reduce the risk of an equal pay claim, may provide a defence to an equal pay claim if one is made, and will greatly facilitate carrying out an equal pay audit.

The EHRC toolkit advises that employers who use analytical job evaluation schemes need to check that their scheme has been designed and implemented in such a way as not to discriminate on grounds of sex. A series of questions is contained within the guidance to help employers to check whether the scheme they are using is non-discriminatory.

PCC'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.

**It is recommended that the Council continues to monitor and review the job evaluation scheme at appropriate intervals to demonstrate that the system is fair and non discriminatory.**

## ***Allowances in Addition to Basic Pay***

All allowances were reviewed on implementation of the Local Pay Review. A large number of previous allowances were considered in the job evaluation process and their monetary value is now included as part of basic pay, with the allowance being discontinued. The Local Pay Review developed a new allowances model along the principles of:

- Simplicity
- Transparency
- Consistency
- Equity
- Appropriateness

Payments for irregular working hours were rationalised within the Local Pay Review into 4 shift patterns. Each of the shift patterns has a set percentage enhancement on basic salary reflecting the degree of disruption to life that the particular shift pattern causes.

Standby payments are paid at a standard rate regardless of the job the employee fulfils and clear rules are also set out for call-out payments. The council has policies setting out clear procedures for overtime payments, acting up allowances and honoraria.

A revised Market Supplements Policy sets out the Council's policy to make such payments only in exceptional circumstances and to follow a clear and consistent framework for the determination of any market supplement payment. The policy specifies a three stage procedure to be followed whenever a case for a market supplement is considered. An annual review process is also specified at which time a further assessment of market conditions and organisational requirements takes place to determine whether the supplements should be preserved, varied or withdrawn.

**It is recommended that within its next Equal Pay Audit, the Council reviews access to, and amounts received of, each pay element.**

**For each pay element received by men and women doing equal work, the Council should review:**

- 1. The proportion of men and women who receive this element.**
- 2. The average amount of each pay element received by men and women and the gap between them.**

**Further guidance is detailed within the EHRC Toolkit.**

## ***Equalities Policies***

The Council has developed an overall Equality and Diversity Strategy for Portsmouth 2010-2013, which identifies actions for ensuring it fulfils equality and diversity commitments and recognises its statutory duties in relation to the publication of information on workforce diversity and equal pay.

Within PCC's HR Policies, an "Equal Opportunities Policy Statement" sets out a series of statements which outline its Equal Opportunities Policy. This statement was published in October 2007.

**It is recommended that the Council updates its equality policy to reflect the legislative requirements of the Equalities Act 2010, and to make explicit its commitment to delivering these requirements, including the need to address equal pay.**

## ***Conclusion***

The analysis of basic pay 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.

Through the implementation of the Local Pay Review, Portsmouth City Council has significantly reduced the risks of pay inequalities. The Local Pay Review simplified the previous grading structure and all posts now fall into a single salary band structure, up to and including the chief executive. All jobs have been evaluated and allocated a pay band through the JESS job evaluation scheme, which is a factor-based analytical job evaluation methodology. This methodology is used for all new and amended posts. The job evaluation scheme has been checked against EHRC checklists and the responses indicate that the scheme is at low risk of being discriminatory.

The Local Pay Review also developed a new allowances model which has tightened up policies on additional allowances and reduced the number of discretionary pay elements, ensuring greater transparency and fairness and lessening the risk of equal pay issues.

**It is recommended that the Council carries out a regular equal pay audit on a biennial basis to ensure it continues to fulfil its statutory obligations with respect to equal pay.**

## ***Summary of Recommendations***

1. That the Council works to fill the gaps in existing employee data through the implementation of the HR self serve system, and includes analysis of other protected characteristics, for example ethnicity and disabilities, within its subsequent Equal Pay Audits.
2. That the Council continues to make efforts through its leadership and management development, succession planning and flexible working practices, to achieve a more representative gender distribution of staff.
3. That the Council continues to monitor and review the job evaluation scheme at appropriate intervals to demonstrate that the system is fair and non-discriminatory.
4. That the Council reviews access to, and amounts received of, each pay element within its next Equal Pay Audit.
5. That the Council updates its equality policy to reflect the legislative requirements of the Equalities Act 2010, and to make explicit its commitment to delivering these requirements, including the need to address equal pay.
6. That the Council carries out a regular equal pay audit on a biennial basis to ensure it continues to fulfil its statutory obligations with respect to equal pay.
7. That the Council develops and agrees an operational action plan to ensure delivery against the above recommendations.



Portsmouth  
CITY COUNCIL

Telephone: 023 9284 8960

Email: [LearningandDevelopment@portsmouthcc.gov.uk](mailto:LearningandDevelopment@portsmouthcc.gov.uk)

[www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)