

Agenda item: 

**Title of meeting:** Employment Committee

**Date of meeting:** Tuesday 15<sup>th</sup> September 2015

**Subject:** Equal Pay Audit

**Report by:** Director of HR, Legal and Procurement

**Wards affected:** None

**Key decision:** No

**Full Council decision:** No

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## 1. Purpose

To present the outcomes of the Equal Pay Audit 2015, 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 the Employment Committee:

- 2.1 Note the key findings of the Equal Pay Audit 2015.
- 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 19.1% between women's and men's mean average pay for both full and part-time workers (Office for National Statistics - 2014). 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 a specific public sector equality duty in respect of their functions. They must have due regard to the need to eliminate discrimination and advance equality of opportunity.
- 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 conducted the Local Pay Review which was implemented 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.

## **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. 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 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 was produced following the first Equal Pay Audit in 2011/12, which has been used to conduct this audit.

## **4.2 Scope**

4.2.1 The Scope of the Equal Pay Audit 2015 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.
- Overview assessments of the Council's pay policies and job evaluation scheme.
- Making recommendations on further actions needed.

4.2.2 The Equal Pay Audit 2015 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. Conclusions**

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.

**7. Equality Impact Assessment**

7.1 A preliminary EIA form has been completed and a full assessment is not needed.

**8. Finance Comments**

8.1 There are no direct financial implications arising from the recommendations in this report.

**9. Legal Implications**

9.1 The report and recommendations are consistent with the promotion of the Public Sector Equality Duty and are compliant with the Equality Act 2010 in that the current review of equal pay seeks to address the existing material differences. The preparation and publication of the Equal Pay Audit is consistent with the statutory obligation placed upon the Authority to identify the differences in pay, prepare an action plan and seek to eradicate differentials that are found to exist.

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Signed by:

**Appendices:**

Appendix 1: Equal Pay Audit 2015

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location