

REPORT TO: Joint Consultative Committee
DATE: 11/03/2020
BY: Head of Council Resources
SUBJECT: Employee Equal Pay Audit 2018/19

1 PURPOSE

- 1.1 To advise the Joint Consultative Committee of the outcome of the Council's seventh Equal Pay Audit carried out by the Human Resources Performance and Business Support Team and the resulting actions required to ensure that the Council's Pay and Grading Structures remains fit for purpose.
- 1.2 To advise the JCC of the revised requirements for listed authorities to publish information as outlined in The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. Reporting on the gender pay gap should not be confused with the equalities monitoring of employees. The information contained within this report is in relation to pay and gender only as all other protected characteristics are reported on within the Council's Equality Monitoring Report, i.e. age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief and sexual orientation.

2 RECOMMENDATIONS

- 2.1 JCC is asked to note that:
 - Equalities Monitoring will continue and findings reported to JCC as part of the annual Equality in Employment Monitoring report and any subsequent action plans.
 - Where required, consultation with the Policy Officer of Equalities and the Joint Trade Unions to identify specific actions to address, and minimise as far as reasonably practicable, gender segregation in the longer term.
 - The findings of this audit will be shared with the relevant Trades Unions for information and thereafter will be published on the Council's website. The information will also be published on the designated government website <https://gender-pay-gap.service.gov.uk>.

- The findings of this audit will remain online on the Council's website for a minimum of three years.
- Employees will be paid the same hourly rate irrespective of race, disability or gender.

3 BACKGROUND

- 3.1 East Lothian Council is currently bound by duties arising from the Equality Act 2010 (Specific Duties and Public Authorities Regulation 2017 which sets out that public bodies with more than 250 employees (20 employees in Scotland) must report on gender pay issues. The council must comply with regulations for any year where they have a headcount of 250 or more employees on the snapshot date (31st March annually). Best practice outlined by the Equality and Human Rights commission (EHRC) recommends that equal pay reviews are the most appropriate method of delivering a pay system free from gender bias.
- 3.2 The duty requires public authorities to publish gender pay gap information on the percentage difference between men's and women's average hourly pay excluding overtime.
- 3.3 The council has 4 separate grading structures: -
- Local Government employees – Grades 1 to 13 underpinned using the Scottish Joint Councils Job Evaluation Scheme
 - Teachers and associated professionals – Jobs sized in accordance with Scottish Negotiating Committee for Teacher (SNCT) rules.
 - Chief Officials – Nationally agreed grading structure
 - CRAFT Workers - Local Collective Agreement

The council is committed to monitoring equality, and in providing analysis and recommendations with regard to reward management, policy and the best practice of managers and employees across the entire council.

Gender Pay Gap – What is it?

- 3.4 The gender pay gap is different to equal pay. Equal pay is the equal payment of men and women for undertaking the same work. Within East Lothian Council – men and women are paid equally for doing equivalent jobs.
- 3.5 The Gender pay gap is the difference in average hourly wage of all men and women across the workforce.

Methodology

- 3.6 An analysis of all pay and grading structures by gender was carried out to determine the gender impact on the workforce. A negative pay gap figure would mean that the average pay of men is lower than the average pay of women, a positive pay gap would mean the converse.
- 3.7 Analysis included the following pay elements: -

Pay Element	Description
Basic pay	Including contractual overtime
Allowances	e.g. first aid allowances, on call payments, recruitment and retention payments, car allowance, etc.
Pay for leave	e.g. annual leave, maternity, paternity, parental or shared parental leave, sick leave, special leave etc.
Shift premium pay	i.e. the difference between basic pay and any higher rate paid for work during different times of the day or night

- 3.8 **NOTE:** Overtime payments, redundancy or termination of employment, pay in lieu of annual leave or pay which is not money must not be included in the above. As well as actual overtime pay, payments such as allowances earned during paid overtime hours should also be excluded from ordinary pay. Additional exclusions include salary sacrifice schemes, benefits in kind, interest free loans.
- 3.9 Analysis was conducted within the following scope:-

Data Scope	Staffing Demographic
Employees Group in Scope	LGE, Chief Official, Teaching, CRAFT Workers
Employee Groups Excluded	Agency workers
Contracts in Scope	Permanent, Fixed Term, Temporary
Contracts Excluded	Casual Workers

3.10 As a relevant employer, the Council are required to calculate the required information as set out in the regulations. This includes: -

- Their mean gender pay gap
- Their median gender pay gap
- Their proportion of males and females in each quartile pay band.

3.11 There are specific rules set out in the regulations which employers must follow in relation to how they calculate the gender pay gap: -

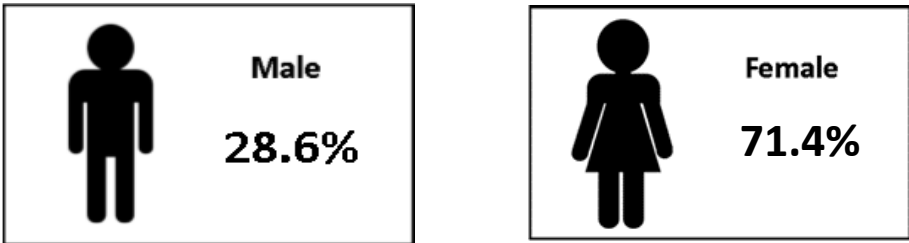
- A month must be treated as 30.44 days
- A year must be treated as 365.25 days
- When calculating quartile data; the workforce must be divided into four equal parts. This must show the proportion of male and female full-pay relevant employees. This means that all pay grading structures will be grouped together in order to calculate the gender pay gap.

3.12 It is a legal requirement for all relevant employers to publish their gender pay report. Failing to do so within one year of the snapshot date is unlawful.

3.13 The Equality and Human Rights Commission has the power to enforce any failure to comply with the regulations.

General Findings

3.14 The headcount of relevant employees in East Lothian Council is 4361 as of the snapshot date (31st March 2019). The gender split of the total number of employees is:



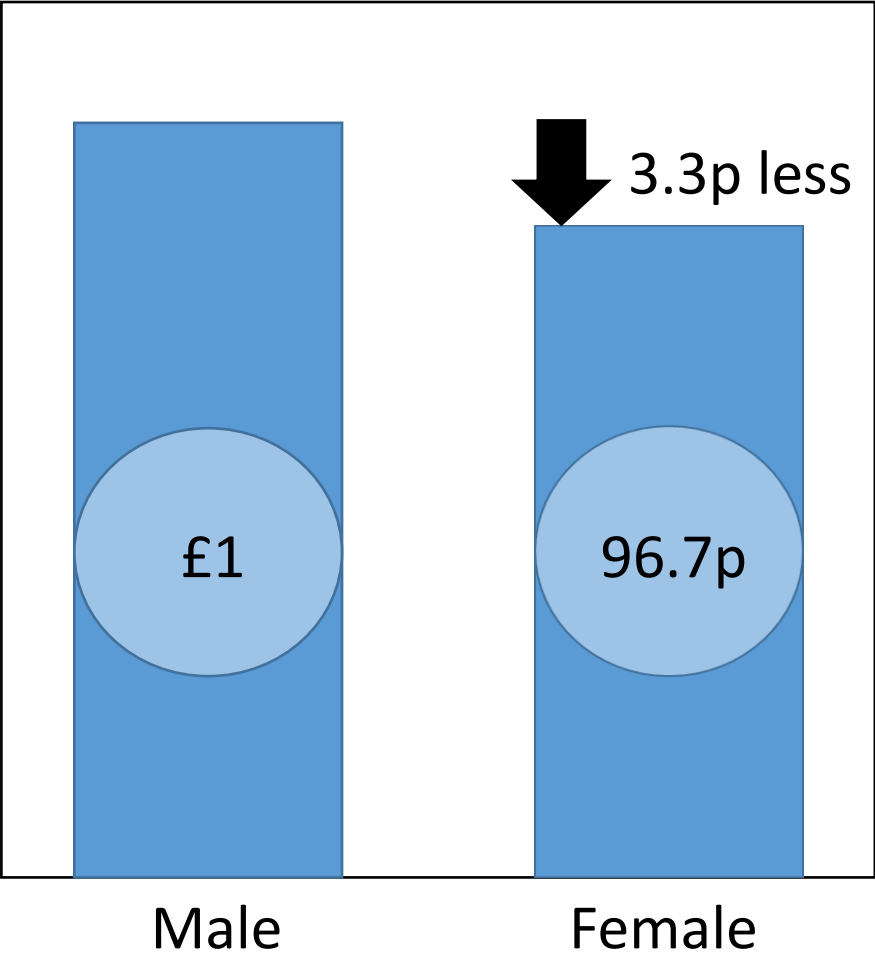
Type of Work	Full Time	Part Time
Male	44.7%	10%
Female	55.3%	90%
Total	100%	100%

- 3.15 The spread across type of work has a different trend to the headcount. With female employees representing a considerable majority in the part time workforce. The full time workforce is more evenly distributed between both men and women. This means that a higher proportion of men work full time than women at East Lothian Council.
- 3.16 The gender split is reflective of other local authorities and the overall UK trends. The Scottish Government statistics report that at mid-2017, 72% of staff working for Local Authorities were Women. The 2011 census showed almost five times more women were part-time employees compared with men (Scottish Government Survey Data www.gov.scot).

3.17 Mean Gender Pay Gap

The mean of a group of values is the sum of all values added together and then divided by the number of values in the dataset. The mean hourly rate is the average hourly rate across the entire organisation. The mean gender pay gap represents the gap across the entire organisation between men’s mean hourly wage and women’s hourly wage.

The mean average pay for East Lothian Council is (3.3%). For every £1 a male employee earns, on average a female employee earns 96.7 pence (3.3 pence less per pound).



Mean Average Hourly Rate		
Female	Male	Mean Average Gap
£15.69	£16.22	(3.3%)

3.18 Median Gender Pay Gap

The median hourly rate is calculated by ranking all employees by gender from the highest paid to the lowest paid, and taking the hourly wage of the person in the middle; the median gender pay gap is the difference between the median hourly wage of female employees and the median hourly wage of male employees.

The median average gender pay gap is higher than the mean average (5.6%). For every £1 a male employee earns; a female employee earns 5.6 pence less.

Median Average Hourly Rate		
Female	Male	Median Average Gap
£14.32	£15.17	(5.6%)

As the median pay gap is higher than 5% East Lothian council are required to investigate. The investigation found a large number of male employees on the Craft worker pay scale around the median point. There are no females employees on the Craft worker pay scale.

There are also a higher percentage of female employees on lower grades than male employees. On LG grades 1, 2 & 3 there are 72.2% more female employees than male employees.

There are a higher number of female multi-post holders than male multi-post holders. This is at a percentage split of:

- 90.3% Female
- 9.7% Male

The multi-post contracts are primarily part time at East Lothian Council. This therefore reflects the spread depicted in section 4.1 whereby female employees represent 90% of the part time contracts. A large portion of our part time contracts are positioned at the lower scale points on the salary scale.

The factors above provide an explanation as to why the median average hourly rate is higher for male employees than female employees.

3.19 Bonus Analysis

East Lothian Council does not pay bonus payments to any group of employees. Therefore our bonus gender pay gap is 0% for male employees and 0% for female employees. This is following the implementation of Single Status in 2008.

3.20 Proportion of Males and Females by Quartile

Quartile	Male	Female
Lower Quartile	27.7%	72.3%
Lower middle Quartile	21.4%	78.6%
Upper middle Quartile	40.1%	59.9%
Upper Quartile	25.6%	74.4%

The expectation would be that the gender breakdown in each quartile is reflective of the overall gender breakdown of 71.4% Female and 28.6% male.

The quartile analysis fairly represents the gender spread in both the Lower and Upper Quartiles.

However, in quartile 2 the ratio of males-to-females is reduced showing an increase of female workers in this quartile compared with the gender spread via headcount. This is explained by a high proportion of care and support workers and a high proportion of these roles are undertaken by female employees.

In quartile 3, the ration of males-to-females is increased showing an increase of male workers in this quartile compared with the gender spread via headcount. This is explained by the high proportion of Craft Workers and main grade Teachers in this quartile. All of the Craft Worker roles are undertaken by male employees.

3.21 Justification

The discrepancies above are justifiable and can be explained as a number of jobs within the Council include payment over and above the basic rate for the job. For example, these can include:-

- Payment for higher graded duties/acting up allowance
- Shift Allowance/Night Shift Premium
- Contractual call out/Contractual standby payments
- First aid allowance
- Sleeping-in allowance

These allowances are justifiable as they form a necessary part of the role without which the job could not be fully undertaken.

Placing within the grade can also result in a higher rate of pay when, for example, a new start is paid at the first point of the salary scale for the job and those who have been in the job for longer are further up the incremental scale or at the top point for the job.

- 3.22 During the course of collecting the information required to carry out this audit, a number of anomalies were found in relation to the hourly rates paid to employees. On investigation, however, these appeared to relate to, for example, deductions for unpaid leave, payment for multi-posts. Following assessment, these anomalies were not found to impact adversely on the overall outcome.
- 3.33 The introduction of the Living Wage in November 2012 is recognised as having a positive impact on the equal pay gaps between men and women.

3.34 Working to Close the Gap

East Lothian Council is committed to reducing the gender pay gap, the council intends to implement measures to reduce the gender pay gap and any inequalities in specific areas. ELC analysis intends to address the following areas:

- 3.35 **Gender Monitoring** - the Council should have effective gender monitoring in place.

Action: Although not mandatory, ELC will continue to report on equalities and gender monitoring.

- 3.36 **Ensure related policies and practices are up to date** – when taking action to reduce the gender pay gap, the Council should, and already do, address, review and update a broad range of their people policies and practices related to their employees.

Action: We will continue to review our policies and practices to reduce any potential equal pay or gender pay gaps.

- 3.37 **Manage family-friendly leave successfully** – reducing the gender pay gap can be achieved where an employer goes beyond the legal family-friendly rights and actively encourages the use of these rights to all their employees. These can include simple steps, such as encouraging male employees to consider taking shared parental leave.

Action: We will continue to review and monitor our Family Leave policy and practices to reduce any potential equal pay or gender pay gaps.

3.38 **Make the most of flexible working** – flexible working has proved to be very beneficial to both employer and employees, with clear business benefits. However, flexible working arrangements may sometimes be an obstacle to career development for certain roles, particularly at senior levels of employment. Employers should ensure that, as far as possible, all promotions can successfully function with flexible working arrangements in place, including those at senior levels.

Action: We will continue to review and monitor our Worksmart policy and practices to reduce any potential equal pay or gender pay gaps

3.39 **Encourage and review career and talent development** – Options to develop within the workplace should be made as accessible as possible to all employees of both genders. However, simple measures can often be taken where it becomes clear that female employees are less likely to make use of development or upskilling opportunities

Action: In response to this we have created and implemented a Professional Development Scheme. This scheme will be monitored and developed as and when required in consultation with Service Managers/Heads of Service.

3.40 **Minimise any negative impact from pay systems** – there are some good practice tips to ensure fairness and help reduce the gender pay gap.

Action: We will continue to review the Job Evaluation Scheme to ensure consistency and equality in its application. We will also continue to review our pay & grading structures and associated terms and conditions.

3.41 **Train and support line managers** – it is good practice to ensure that all managers are aware of any policy changes and in particular have received appropriate training to ensure they understand what behaviours and actions are required of them and their employees in the workplace. Similarly, any employee involved in the recruitment and promotion of employees should be trained to ensure, fair, non-discriminatory and consistent processes are followed. Managers, in particular, should be aware of the positive action provisions of the Equality Act 2010 because managers have a key role in ensuring the delivery and success of any measures which involve positive action for women.

Action: We will continue to work closely with the Organisation Development Team to develop and deliver training/briefings to Managers on HR policies and procedures.

3.42 **Consider taking positive action** – Under the Equality Act, an employer can take what the law terms ‘positive action’ to help employees or job applicants it thinks:-

- are at a disadvantage because of their sex, and/or

- are under-represented in the organisation, or whose participation in the organisation is disproportionately low, because of their sex and/or
- they have specific needs connected to their sex.

Action: We will continue to monitor equalities and address any issues via the Annual Equalities in Employment Action Plan.

4 POLICY IMPLICATIONS

- 4.1 Although the ACAS recommendations listed above are not mandatory, East Lothian Council currently undertake these actions and will continue to monitor policies and practices to address any potential issues that arise.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 Annual equal pay audits will be carried out on all Pay and Grading Structures in accordance with the requirements of The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – None
 6.2 Personnel - None
 6.3 Other – None

7 BACKGROUND PAPERS

- 7.1 None

AUTHOR'S NAME	██
DESIGNATION	Human Resources
CONTACT INFO	Extn 7576 / 7561
DATE	11/03/2020