

**REPORT TO: JOINT CONSULTATIVE COMMITTEE**

**MEETING DATE: 7<sup>th</sup> December 2022**

**BY: Executive Director for Council Resources**

**SUBJECT: Employee Equal Pay Audit (2021\_22)**

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## **1 PURPOSE**

- 1.1 To advise JCC of the outcome of the Council's eighth 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 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. Data on all protected characteristics are reported within the Council's Equality Monitoring Report.

## **2 RECOMMENDATIONS**

The JCC is asked to note that:

- Equalities Monitoring will continue and findings reported to Members Library as part of the annual Equality in Employment Monitoring report.
- Where required, consultation with the Policy Officer - 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 findings of this audit will remain online on the Council's website for a minimum of three years.
- Employees are paid the same hourly rate irrespective of 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 issues. The council must comply with regulations for any year where they have a headcount of 20 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 biases.
- 3.2 The duty required public authorities to publish gender pay gap information on the percentage difference between the average hourly pay (excluding overtime) for males and females
- 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

3.4 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.

## 4 METHODOLOGY

4.1 An analysis of all pay and grading structures by gender was carried out to determine the gender impact on the workforce.

4.2 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

4.3 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.

4.4 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

4.5 As a relevant employer, ELC are required to calculate the required information as set out in the regulations.

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

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

- 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 sized groups of full-pay relevant employees based on their hourly pay.
- Should employees on the same hourly pay overlap between hourly pay quarters, employees should be split as evenly as possible across the quartiles either side of the overlap – with respect to the gender distribution of that hourly pay.

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

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

4.9 The methodology ELC used for calculating the disability and ethnicity/race pay gaps, is equivalent to that used for calculating the gender pay gap.

## 5 GENDER PAY GAP

### Gender Pay Gap - What is it?

Gender pay gap is expressed as a percentage and is calculated by working out the difference between the average pay of all male employees and the average pay of all female employees.

A negative pay gap figure for example means that the average pay of men is lower than the average pay of women. Within East Lothian Council all employees are paid equally for doing equivalent jobs

### **General Findings**

5.1 The headcount of full pay relevant employees in East Lothian Council is 4720 as of the snapshot date (31st March 2022). The percentage of East Lothian employees in each gender analysis group is:

Female: 72.78%

Male: 27.22%

5.2 The gender split is reflective of other local authorities. 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](http://www.gov.scot)).

### **Mean Gender Pay Gap**

5.3 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 pay gap across the entire organisation between men's mean hourly wage and women's hourly wage.

5.4 The mean average pay for East Lothian Council is £17.99.

The mean average gender pay gap is 4.15%. (For every £1 a male employee earns, on average a female employee earns 4p less).

Mean Average Hourly Rate		Mean Average Pay Gap between Female and Male Employees
Female Employees	Male Employees	
£17.78	£18.55	4.15%

### Median Gender Pay Gap

5.5 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.

5.6 The median average pay for East Lothian Council is £15.84.

The median average gender pay gap is 4.80% (For every £1 a male employee earns; a female employee earns 5p less).

Median Average Hourly Rate		Median Average Pay Gap between Female and Male Employees
Female Employees	Male Employees	
£15.66	£16.45	4.80%

### Bonus Pay Analysis

5.7 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.

### Proportion of Female Employees and Male Employees by Quartile

5.8 The expectation would be that the gender breakdown in each quartile is reflective of the overall gender breakdown of 72.78% female and 27.22% male.

Quartile	Female Employees	Male Employees
Lower Quartile	76.53	23.47
Lower Middle Quartile	79.92	20.08
Upper Middle Quartile	60.76	39.24
Upper Quartile	73.90	26.10

5.9 The quartile analysis fairly represents the gender spread in the Upper Quartile.

5.10 In both the Lower Quartile and the Lower Middle Quartile the ratio of males-to-females is reduced. This is explained by the high proportion of care and support workers in this quartile – roles which is predominantly undertaken by female employees.

5.11 In the Upper Middle Quartile, the ratio of males-to-females is increased. This is explained by the high proportion of craft workers in this quartile – roles which is predominantly undertaken by male employees.

## Justification

- 5.12 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
- 5.13 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.

## Working to Close the Gap

East Lothian Council is committed to reducing the gender pay gap. It continues to implement measures to reduce the gender pay gap and any inequalities in specific areas; including, but not limited to the following:

Equalities Monitoring - ELC will continue to annually report on gender equalities and monitoring within both its employee and recruitment profiles.

Ensure related policies and practices are up to date - ELC will continue to review its Equal Opportunities policy which aims to create a "Fair and Diverse East Lothian". The Council has already developed a range of policies - e.g. Recruitment and Selection Policy - which support these strategic aims. The Council seeks to emphasise its commitment to equal opportunities and diversity within all its employment practices and procedures. In order to prevent discrimination on the grounds of gender within the council, decisions on all aspects of employment will be based solely on job-related criteria.

Manage family-friendly leave successfully - ELC will continue to review, monitor and update their Family Leave policy and practices to ensure it is equally accessible to employees of both genders.

Make the most of flexible working – ELC will continue to review and monitor its Flexible Working and Worksmart policies and practices to reduce the negative impact that flexible working can have on career development. ELC will ensure, as far as possible, that all promotions can successfully function with flexible working arrangements in place, including those at senior levels. This policy was last updated in 2022 to include modifications to the homeworking policy and the introduction of a hybrid working agreement.

Encourage and review career and talent development – ELC aims to make talent development opportunities as accessible as possible to all employees within the workplace; regardless of their gender. Furthermore it aims to remove any obstacles which prevent female employees from making use of such development/upskilling opportunities. ELC have implemented a Professional Development Scheme and are actively promoting this to an increased number of different Service Areas. To date ELC have developed 5 Schemes and envision that this will continue to expand. The scheme will be monitored and developed as and when required in consultation with Service Managers/Heads of Service.

Minimise any negative impact from pay systems – ELC will continue to review its use of the Job Evaluation Scheme to ensure consistency and equality in its application. It will continue to review pay and grading structures, as well as, their associated terms and conditions.

Train and support line managers – ELC will continue to work closely with the Organisation Development Team to develop and deliver training/briefings to Managers on HR policies and procedures. They will endeavour to ensure that all managers are aware of any policy changes and have received appropriate training to ensure they understand what behaviours and actions are expected within the workplace. Similarly, any employee involved in the recruitment of employees will be trained to ensure, fair, non-discriminatory and consistent processes are followed. In 2022 ELC updated and reissued its mandatory Equalities training module to ensure all employees, including managers and employees responsible for recruitment, were fully conversant with the equalities expectations of East Lothian Council. The frequency in which employees must complete this training was also increased to yearly.

Equally Safe at Work Accreditation – ELC aspires to become an Equally Safe at Work Accredited Employer. Equally Safe at Work was developed to support the implementation of Equally Safe - Scotland's national strategy to prevent and eradicate violence against women and girls. The strategy recognises that violence against women is a cause and consequence of wider gender inequality. Addressing gender inequality in the workplace is therefore a fundamental step in preventing violence against women.

Ending Period Poverty - ELC will continue to ensure free tampons and sanitary towels are available in all council buildings. This policy aims to eliminate the financial impact where an individual needs sanitary products to promote a truly equal workforce.

Consider taking positive action – In line with the Equalities Act 2010 ELC will consider taking '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
- have specific needs connected to their sex.

## **6 POLICY IMPLICATIONS**

East Lothian Council will continue to monitor policies and practices to address any potential gender pay related issues that arise.

## **7 INTEGRATED IMPACT ASSESSMENT**

The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy

## **8 RESOURCE IMPLICATIONS**

- 8.1 Financial - None
- 8.2 Personnel - None
- 8.3 Other - None

## 9 BACKGROUND PAPERS

9.1 None

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