

BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan.

Report of the Service Director - Human Resources & Business Support

Equal Pay Review 2015/16

1. Purpose of the Report

- 1.1 The purpose of this report is to provide information on the findings of the Equal Pay Review for the year 2015/16.

2. Recommendations

- 2.1 **That Cabinet receives the report and note that there are no significant equal pay gaps identified within any individual grade in relation to gender, age, disability, ethnicity and religion across the Council.**
- 2.2 **That Cabinet notes the Key Findings at Section 5 below.**
- 2.3 **That Cabinet notes the Action Plan at Appendix B.**
- 2.4 **That Cabinet notes that the current Equal Pay Policy and Code of Practice is being reviewed to reflect mandatory gender pay gap reporting for public sector employers and any amendments will be presented to Cabinet alongside the 2016/17 Equal Pay Review findings.**

3. Background

- 3.1 A series of government initiatives are being undertaken in order to address the gender pay gap in the UK workforce. The Equality Act 2010 is the main legislation in the UK governing equal pay.
- 3.2 The Equality Act gave the government powers to introduce more detailed regulations requiring employers to publish their gender pay gap statistics.
- 3.3 Under this section of the Act, public authorities with more than 150 employees were required to publish annual details of their pay gap and ethnic minority and disability employment rates from 2011. Outside the public sector, businesses were asked to undertake gender equality analysis and reporting on a voluntary basis.

- 3.4 The voluntary approach attempted from 2011 onwards was unsuccessful as very few employers published their gender pay gaps voluntarily. Therefore in March 2015, the government confirmed it would exercise its powers under the Act to require mandatory reporting.
- 3.5 The Government has published the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 which will implement the mandatory gender pay gap reporting requirement for public sector employers with 250 or more employees. Public sector bodies will be required to publish details of their gender pay gap using pay as of 31 March 17 no later than 30 March 2018.
- 3.6 Following the consultation process, the Government confirmed that, for the purposes of mandatory gender pay gap reporting, employees of English local authority maintained schools would be considered to be employees of the governing body of that school. The council is therefore not required to include employees of maintained schools in its reporting arrangements.
- 3.7 As a result of these changes the current Equal Pay Policy and Code of Practice is being reviewed to reflect mandatory gender pay gap reporting for public sector employers and any amendments will be presented to Cabinet alongside the Equal Pay Review findings to be published as part of mandatory gender pay gap reporting.
- 3.8 In addition to legislative requirements detailed above, since 2007 the Council has been obliged to undertake an Equal Pay Review as a result of the National Joint Council for Local Government Services (NJC) Agreement of Pay and Conditions of Service (Green Book) Part 4.10. The Council has subsequently undertaken a pay review each year.
- 3.9 This is the seventh Equal Pay Review to be carried out following the implementation of the 2008 pay structure. Findings of previous reviews have been reported to Cabinet as below:

Year	Cabinet Ref
2008/9	9.6.2010/13
2009/10	16.2.2011/9.1
2010/11	7.12.2011/8.2
2011/12	27.3.2013/8.2
2012/13	4.6.2014/7.7
2013/14	22.10.2014/6.3
2014/15	27.1.2016/7

- 3.10 The data used for the Equal Pay Review has been collected from the Councils SAP Enterprise Resource Management System. The information used in the review is the employee's basic salary (adjusted pro rata for part time employees), gender, date of birth, start date within current grade, ethnicity, disability status, religion, sexual orientation, permanent or fixed-term contract status and hours of work together with details of any honoraria or market supplement (recruitment and retention) payments.
- 3.11 The following groups of employees have not been included in this review as they are employed on NJC grades but non-standard terms and conditions:
- Relief and casual (zero-hours) employees
 - School Catering Employees (both centrally employed and directly employed by schools) (salaries are abated due to receipt of lunches)
 - Nursery Nurses (FTE hours are less)
- 3.12 In addition, the following groups of employees are not included as both their pay and conditions are determined externally to the council:
- School Teachers and Adult Education Lecturers
 - Employees on Soulbury pay and conditions (Education Improvement Professionals and Psychologists)
 - Employees on Youth and Community Workers pay and conditions
- 3.13 Other than those exceptions listed in paragraphs 3.11 and 3.12, non-teaching support staff appointed by voluntary controlled and community schools (where the Council is the legal employer) are included in this review. However please see paragraph 6.11 for expected future developments. Employees of Academies (who are independent of the Council) are not included.
- 3.14 In line with the Council's Equality Scheme this equal pay review has looked at pay data in relation to disability, ethnicity, age, religion and part time employees, as well as gender.
- 3.15 Information relating to ethnicity, disability and religion are based both on what individual employees have chosen to disclose and whether the data record is complete. The information in this review consequently may not reflect the full range of characteristics within the Council. A distinction has been drawn in the data between where an employee has preferred not to disclose their personal information and where the record is incomplete.
- 3.16 For this review, information related to employee's sexual orientation has been assessed, as recommended by the Equality and Human Rights

Commission (EHRC) guidance. However, there is insufficient data held to be able to carry out any meaningful analysis, a situation that has remained largely unchanged over a number of years. This will be addressed in future reviews as and when more data becomes available.

- 3.17 The Council's policy and code of practice on Equal Pay is based on the EHRC Statutory Code of Practice and Toolkit and the National Joint Council Guidance 'Equal Pay Audit'.
- 3.18 The EHRC toolkit recommends that Equal Pay Reviews cover an employee's whole remuneration package. Accordingly, for this review the following have been analysed and reported. These are:
- basic pay
 - starting pay
 - pay on promotion
 - honoraria payments
 - market supplements
 - length of time in current grade
- 3.19 The EHRC advocates that where a pay differential is less than 3%, no action is necessary. Where the difference is greater than 3% but less than 5% the position should be regularly monitored and for pay gaps of more than 5%, action is needed to address the issue and close the gap.
- 3.20 The Council has now settled all Equal Pay claims lodged with the Employment Tribunal and the High/County Court. Case law relating to historic equal pay claims continues to evolve and the Council must remain vigilant to ensure no new risks develop and ensure the proper procedures relating to job evaluation are applied as this remains the Council's principal defence to equal pay claims.
- 3.21 The Council implemented the Living Wage with effect from 1 April 2014. This was achieved by applying a supplement to increase the hourly rate of pay for all employees within the Council earning less than this amount. The Living Wage rate is set according to an independent review body and the rate since 2014 has been:

Date	Living Wage Rate
1 April 2014	£7.65
1 April 2015	£7.85
1 April 2016	£8.25
1 April 2017	£8.45

- 3.22 Although the grading structure remains unchanged, this now effectively overlaps spinal column points 6 – 12 (all of Grade 1 and most of Grade 2). Detailed findings are given in Appendix A. The Living Wage is not the same as the National Living Wage (the replacement for the National Minimum Wage) see paragraphs 6.8 – 6.10.
- 3.23 For voluntary controlled and community schools where the Council is the legal employer of staff, decisions on pay and grading are taken by the respective governing bodies. Data from this review shows that 86% of eligible employees within schools received the Living Wage as those governing bodies had taken the decision to implement. This is an increase from the 80% of eligible employees who received the payment in 2014/15.
- 3.24 On 1 April 2015, a major reorganisation took effect, creating the Future Council. Corporate design principles have been implemented to manage the change. This is the first equal pay review to incorporate data relating to Future Council.

4. Consideration of Alternative Approaches

- 4.1 Two statistical measures of ‘average pay’ have been used throughout the report.
- 4.2 **Average (mean) pay** is calculated by adding individual salaries and dividing by the total number of individual employees within that group. This is the measure recommended by the EHRC Toolkit. It is also easier to use for statistical analysis and is more generally understood.
- 4.3 However, where the data is unevenly distributed or there are particularly large or small values within the data, the mean figure can be ‘skewed’.
- 4.4 The mean average has been used to calculate the ‘average’ pay for each group of employees within a particular grade.
- 4.5 **Median (mid-point) value** is an alternative method of calculating the average, by putting all salaries in numerical order and selecting the mid-point. This avoids the issue of data skewing by uneven data spread or particularly low or high values.
- 4.6 The overall pay gap within the Council has been calculated using both the mean average and median salaries. Externally published data may use either measure so it is important to have both available for comparative purposes. Where a difference occurs this has been explained within the relevant section.

5. Key Findings

- 5.1 The complete findings of the Equal Pay Review are available from Human Resources upon request.
- 5.2 Significant findings from this report are as summarised in sections 5.3 – 5.22 below. More detailed explanations behind these findings are listed in Appendix A.

5.3 Finding One – Overall workforce composition 2015/16

- 5.4 The organisation overall has significantly more female employees than male (77.0% female). The gender distribution of male and female employees between grades is not even – female employees make up 84.8% of the three lowest grades but only 48.0% of the highest grades. However, the gender distribution of the senior management team is 75% female and 25% male which closely reflects the overall workforce composition. Please see Appendix A section 1, page 4 for further explanation.

5.5 Finding Two – A Changing Council 2015/16

- 5.6 The Council has reduced significantly in size between 2008/09 and 2015/16. The size of the workforce that falls under the scope of the Equal Pay Review has decreased by 33%. Within this, the group of employees that has reduced the most is Grades 1-3 (43.6% reduction). This is likely to be as a result of changing service delivery models and increasing use of technology to replace manual processing. Please see Appendix A section 2, page 6 for further explanation.

5.7 Finding Three – Appointment of New Employees 2015/16

- 5.8 In order to improve the gender balance of the organisation, a greater percentage of new male employees are required. However, amongst new employees recruited in 2015/16, 89.6% were female. Given that the overall workforce is already 77.0% female, this is likely to increase the gender imbalance even further. Please see Appendix A section 3, page 8 for further explanation.

5.9 Finding Four – Grade Changes in 2015/16

- 5.10 The number of grade changes in 2015/16 was significantly greater than that in 2014/15. In 2015/16 577 employees changed their grade (10.0% of the overall workforce) compared to 2014/15 when 188 employees changed their grade (3.5% of the overall workforce). This is likely to be at least in part due to the Future Council reorganization which took place on

1 April 2015. Please see Appendix A section 4, page 10 for further explanation.

5.11 Finding Five – Overall gender pay gap (basic pay only) 2015/16

5.12 An average female employee earns either 21.8% less or 15.8% less than an average male employee according to the measurement chosen. The overall gender pay gap for Barnsley has remained largely unchanged since 2008/09. Please see Appendix A section 5, page 11 for further explanation. The mean and median are defined at section 4, page 5 of this report.

5.13 Finding Six – Full-time gender pay gap (basic pay only) compared to other local authorities 2014/15

5.14 Data taken from LG Inform reveals that the pay gap between full-time male and female employees in Barnsley Council is significantly smaller than for local authorities in the Yorkshire & Humber region and England overall. Please see Appendix A section 6, page 13 for further explanation.

5.15 Finding Seven - Living Wage 2015/16

5.16 The Living Wage (see paragraph 3.19) implemented by the Council and some schools on 1 April 2014 has increased the basic hourly rate to £8.25 per hour (due to increase to £8.45 on 1 April 2017). This has benefited 51 employees within the Council (100% of those eligible) and 559 employees within schools (88% of those eligible), where those governing bodies have taken the decision to implement. The proportion of employees in schools receiving the payment has increased from 80% in 2014/15 to 88% in 2015/16. Please see Appendix A section 7, page 15 for further explanation.

5.17 Finding Eight – Average Length of time in Grade (2015/16)

5.18 Length of time spent within a particular grade can be interpreted in a number of ways. It might represent satisfaction with a particular role / working arrangement and no inclination to change these. It might indicate lack of opportunities to progress to a more highly paid role. Shorter length of time within a particular role should be looked at in conjunction with data relating to grade changes. Not all grade changes are voluntary or desired, some might represent a decrease in grade, either voluntary or compulsory via redeployment. Please see Appendix A section 8, page 17 for further explanation.

5.19 The data indicates that employees in Grades 1-3 spend longer than the average employee within their grades. There is no significant difference

between male and female employees within Grades 1-3. This might represent a lack of promotion opportunities, a level of satisfaction with the status quo, or that those jobs suit the individual's out of work commitments at that time. As a significant proportion of Grade 1-3 jobs are part time, it might also reflect a lack of flexible working options in higher graded roles.

5.20 The data indicates that BME and Disabled employees of all grades spend longer than the average employee within their grade. Further work to explore career progression for particular cohorts of individuals would be beneficial to be able to draw conclusions and plan as required.

5.21 Finding Nine – Pay gaps by equality characteristic 2008/09 to 2015/16

5.22 Overall results are positive as there are no pay gaps which the EHRC would classify as significant (as outlined at paragraph 3.19). This is an improvement on the position in 2008/9 where several pay gaps existed which required investigation and monitoring. Please see Appendix A section 9, page 19 for further explanation.

5.23 Other Findings

5.24 Job evaluation appeals increased from the previous year both in total number and as a percentage of all jobs evaluated although in comparison with the overall number of jobs evaluated appeal rates remain low. The outcomes of the appeals affected 184 employees as one appeal involved a large multiple jobholder group. 21 employees had grade increases, 161 grade unchanged and 2 withdrew to review their job profiles. There were no decreases in grade. It is likely that the corporate job profiles project and Future Council led to the large increase in job evaluation appeals. 87.5% of all appeals submitted resulted in no change of grade.

Financial Year	Total Appeals	Total Evaluations	%
2013/14	12	553	2.2
2014/15	8	783	1.0
2015/16	26	606	4.3

5.25 Numbers of employees from Black and Minority Ethnic (BME) groups within senior manager grades (12-17 and SMT) are low (three out of 99 or 3.1%). However, the proportion of BME employees within the overall workforce in 2015/16 was 2.6%. Representation of BME employees within senior manager grades has been consistently higher than within the overall workforce since 2008/09.

5.26 In 2015/16, there were no employees with a disability within senior manager grades (reduced from 5 in 2008/9 and 1 in 2014/15). As 3.1% of

- the overall workforce within the scope of this review has a disability, disabled employees are under-represented within senior manager grades.
- 5.27 Employees in grades 12-17 and SMT are mainly from the age groups 40-49 and 50-59. This largely reflects the experience required to undertake a senior role. There were no employees aged 60 or above or below 30 within senior manager grades.
- 5.28 Numbers of part-time employees (working less than 30 hours) have been consistently low amongst senior manager grades. In 2015/16 only 1 out of 99 senior managers worked part-time.

6. Future Developments and Action Plan

6.1 Human Resources are currently planning the next pay review taking into account requirements of mandatory gender pay gap reporting as outlined at paragraph 3.5 of this report and action 9 of appendix B and this will be reported to members once complete.

6.2 The council is committed to equality of opportunity for its workforce. The Equality Scheme for 2015-18 has continued to guide this review.

6.3 The Equality Scheme Action Plan details areas that the Council is currently addressing on equal pay. In particular:-

More equal pay distribution of all sections of the workforce.

Before we can address any inequalities in pay of different sections of the workforce we must first have a better understanding of the causes of the problem.

To achieve this we will:

- Assess whether (and extent to which) occupational gender-segregation or gender imbalance in promotional opportunities are part of the cause for the over-representation of women on pay grades 1 to 3.
- Investigate whether there are any barriers to promotion for female employees into grade 12 to 17 posts.
- Develop action plan accordingly to address gender inequalities in pay profile.

6.4 The findings of this and future Equal Pay Reviews will assist with achieving the objectives within the Equality Scheme, where action is required to address any problems that may be identified. The Equal Pay Action Plan is attached at Appendix B.

6.5 The Equality Scheme will continue to inform the Equal Pay Review so that relevant information can be monitored and necessary actions undertaken. The Pay & Reward and Equalities & Inclusion teams within Core Services have worked collaboratively on this and previous reviews and will undertake

further joint working to identify key issues and make improvements to existing policies and procedures.

- 6.6 The council's job evaluation process is well-established and is the main defence against future equal pay claims. The annual equal pay review complements the job evaluation process and acts as an additional safety check, ensuring that any structural inequalities are identified to prevent them creeping back into the pay structure.
- 6.7 A review of market supplement (recruitment and retention payment) procedures was undertaken and a new policy was agreed by Members (Cab.27.7.2016/11), giving more flexibility to managers to recruit and retain employees. A replacement salary benchmarking system has been procured to better assess market rates of pay to improve potential recruitment/retention issues.
- 6.8 The National Living Wage (formerly termed the National Minimum Wage) is set to rise to £7.50 per hour for employees aged 25 and over from 1 April 2017. This is different to the Living Wage (an independently set, voluntary rate, currently £8.25) already paid by the Council. The NLW is compulsory and enforced by legislation.
- 6.9 There have already been some limited changes to the national NJC pay spine, deleting salary points from the bottom of the scale, as levels of national pay awards have failed to keep pace with increases to the NLW.
- 6.10 The NLW is targeted to exceed £9 per hour by 2020. This would eliminate a significant part of the bottom of the national NJC pay spine. Council officers are contributing to regional consultations on a more radical long-term review of the NJC pay spine with findings due to be reported by summer 2017 to be implemented by April 2018.
- 6.11 As detailed in paragraph 3.7 the Government has confirmed that local authorities should not include employees of maintained schools within their published gender pay gap data. Although this regulation specifically relates to mandatory gender pay gap reporting, the council has extended this principle to include the overall equal pay review process. Employees of voluntary controlled and community schools (maintained schools) will therefore not be included in the equal pay review process with effect from 1 April 2017.

7. Implications for local people / service users

- 7.1 None arising from this report

8. Financial Implications

9.1 None arising from this report.

10. Communications Implications

10.1 The detailed findings of the Equal Pay Review will be made available upon request.

11. Consultations

11.1 The Senior Management Team has been consulted.

11.2 The Equalities and Inclusion Team has been consulted and contributed significantly in the refocusing of this Equal Pay Review and will continue to do so in the future.

11.3 The Research and Business Intelligence Team has been consulted and contributed to discussions on the reporting of data and statistics.

11.4 The Trade Unions have been informed.

12. Promoting Equality and Diversity and Social Inclusion

12.1 By carrying out the Equal Pay Review not only for gender but for disability, ethnicity, age and religion we are assured that our policies and procedures are free from any significant form of bias towards the under-represented groups of employees within the Council. This will be monitored on an annual basis to ensure this continues.

This report directly supports the Council's Equality objectives:

- **An improved and more equal experience of employees working for the Council.**
- **More equal pay distribution for all sections of the workforce.**

13. Risk Management Issues

13.1 Pay and grading arrangements will always have an element of risk attached to them particularly with regard to equal pay. However, undertaking an annual Equal Pay Audit is in itself a tool to mitigate the risk of pay inequality, along with the Council's job evaluation process.

14. List of Appendices

- 14.1 Appendix A – Equal Pay Review 2015/16 Key Findings
- 14.2 Appendix B - BMBC Equal Pay Action Plan 2009-2017


15. Background Papers

- 15.1 Equal Pay Review Kit and Equal Pay Statutory Code of Practice available from Commission for Equality and Human Rights website www.equalityhumanrights.com
- 15.2 Local Authority gender pay gap statistics taken from the Local Government Earnings Survey 2014/15. This is available on LG Inform.
- 15.3 Equality Scheme 2015-2018 available on the council intranet or from the Equalities and Inclusion team
- 15.4 All background and working papers are available for inspection in the Human Resources and Business Support Business Unit.

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Financial Implications /  Consultation
