



# EXECUTIVE MEMBER DECISION

**REPORT OF:** Executive Member for Finance and Governance

**LEAD OFFICERS:** Director, Chief Executive

**DATE:** 08 December 2023

**PORTFOLIO/S AFFECTED:** Finance and Governance

**WARD/S AFFECTED:** (All Wards);

**SUBJECT:** Equal Pay Audit

## 1. PURPOSE

To provide an overview of the equal pay challenge facing Local Authorities and to agree a plan of action, along with appropriate resources, to undertake Equal Pay Audits in relation to Council staff in compliance with Equal Pay obligations.

## 2. RECOMMENDATIONS

That the Executive Member:

- Approve the establishment of a dedicated project team for up to 12 months.
- Approve the action plan outlined below.
- Agree a supplementary revenue estimate of £164,000 to meet the cost of works outlined in the report. This would be funded by way of a contribution from the Invest to Save Reserve.
- Subject to the outcome of the Equal Pay Audit(s), note that there may be additional financial implications for the Council which, whilst unquantifiable at this stage, may give rise to a need for a further report to be considered on this matter.

## 3. BACKGROUND

### Context

There have been three recent cases where Local Authorities have had equal pay challenges as a result of the application of the job evaluation schemes and comparator grading appeals. The Employer has the burden to prove inequality is not related to a protected characteristic and employees or their representatives can bring claims during employment, or within 6 months from the end of employment, and claims can be backdated up to 6 years.

To mitigate against equal pay claims, Councils should use a recognised job evaluation scheme, and monitor the findings of the annual Equality Watch report, including any gender pay gap.

The Council uses two recognised job evaluation schemes; Green Book Scheme (posts up to grade J) and Hay scheme (for posts grade I and above.)

It is worth noting that the Local Authority is ultimately the Employer for community schools, roles in these schools can also be used as a comparator.

#### **4. KEY ISSUES**

Equal pay audits (EPAs) are a voluntary self-assessment tool that identifies any risk with regards to pay structures and remuneration. EPAs deal with pay differences for individuals who carry out work of equal value. The Equality & Human Rights Commission (EHRC) has produced a 5-step model for undertaking EPAs, and recommends that EPAs should be undertaken on a regular basis.

The Council is required to publish an annual Equality Watch report, which includes the publishing of any gender pay gap, but does not necessarily analyse in more depth any discrepancies that would be identified in an Equal Pay Audit (EPA). An EPA would identify any inequalities and propose actions to address these where required.

#### **5. ACTION PLAN**

##### **Job Evaluation**

- Short term (up to 3 months)
  - Ensure all current roles have up-to-date profile, have been evaluated and have a recognised JE score that links to the Council grading structure.
  - Review all roles receiving an honoraria, to ensure they have been correctly evaluated and there are no equality implications relating to the honoraria payment.
  - Review the arrangements for applying honoraria and maximum timescales for these to be in place.
  - Produce guidance for managers on information required for the evaluation of roles, which includes the review of roles above, below and peers and timescales for JE to be completed.
  - Consider an embargo on the creation of new roles, whilst the project commences.
- Medium term (3 – 6 months)
  - Review the local conventions of the Green Book scheme to ensure they are still fit for purpose.
  - Provide annual refresher training for both JE schemes, widening the panel to finance & resources colleagues.
  - Undertake a full review of all Hay roles, and consideration of more generic roles at senior management level.
  - Categorise roles in job families to support JE.
- Longer term
  - Consider the application of Hay at grades I and Below
  - Develop generic roles in job families, to include career pathways.

##### **Equal Pay Audit**

- Short term (3 months)
  - Review task & finish arrangements and identify any risk and take action where required.
  - Review honoraria arrangements, ensuring they link to established evaluated roles, and take actions where required.
  - Review market supplements, in line with policy.
- Medium term (3 – 6 months)
  - Purchase pay modelling software to support EPA
  - Scope out EPA and carry out for priority area.

- Longer term (annually)
  - Introduce annual EPAs that feed into the annual Equality Watch report from January 2025.
  - Introduce an annual review of individual service areas that are predominately dominated by employees with a particular protected characteristic; and to review working arrangements and hours worked, to ensure there are no pay differentials.

## 6. POLICY IMPLICATIONS

This supports and compliments the work we undertake as part of the Public Sector Equality Duty (PSED) under the Equality Act 2010.

## 7. FINANCIAL IMPLICATIONS

The risk of any equal pay challenge can be significant as individuals can bring claims within 6 months of leaving employment, and successful claims can be backdated up to 6 years. There are no known challenges at present and hence no claims.

A dedicated team of 4 full time equivalent staff will be required for 12 months to implement the recommendations, as well as additional resources for job evaluation training and pay modelling software, at a cost of £164,035 within the proposed timescales. Details of this are set out below:-

Job Title	Grade	Full Time Equivalent	Cost
Lead HR Consultant	H	1.0	£53,209
2 x HR Advisors	E	2.0	£71,866
Finance/Audit Officer	F	0.5	£19,835
TU Representative	E	0.5	£17,025
Modelling Software and Refresher Training by Korn Ferry (Hay) and Pilat (Green Book Scheme)			£20,000
<b>Total Cost</b>			<b>£164,035</b>

Subject to the completion of the work outlined in this report, and regular Equal Pay Audits that are proposed, it is possible that there may be additional costs arising from the need to comply with Equal Pay obligations. Any decisions in relation to these, will be considered in the context of the Council's normal decision making process.

## 8. LEGAL IMPLICATIONS

As above

## 9. RESOURCE IMPLICATIONS

As per the resources outlined in the financial implications above.

## 10. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1  Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2  In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3  In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

### 11. CONSULTATIONS

Consultation has commenced with full-time Trade Union officers who are supportive of the approach and further discussions are ongoing.

### 12. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

### 13. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded and published if applicable.

<b>VERSION:</b>	<b>3</b>
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<b>CONTACT OFFICER:</b>	<b>Anisa E Patel, Nathan Richards, Mandy Singh</b>
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<b>DATE:</b>	23.11.2023
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<b>BACKGROUND PAPER:</b>	N/A
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