

PERTH AND KINROSS COUNCIL

Strategic Policy & Resources Committee – 21 November 2012

EQUAL PAY AUDIT FOR FINANCIAL YEAR 2011/12

Report by Head of Human Resources

ABSTRACT

Perth & Kinross Council has committed through its Equal Pay Policy to conduct annual equal pay audits of each of its Pay and Grading Structures to ensure the Council fulfils its statutory obligations in respect of equal pay for all employees.

All relevant pay elements within each employee group and analysis by ethnicity and disability are included in the 2011/12 audit.

1. RECOMMENDATIONS

1.1 It is recommended the Strategic Policy & Resources Committee:

- Notes and approves for publication on www.pkc.gov.uk the findings of the equal pay audit as recommended by the Equality and Human Rights Commission.
- Agree that the findings of the equal pay audit presented in this report are shared with the respective Trade Unions.
- Agree that future equal pay audits will be reported every two years.
- Agree that any issues identified in future equal pay audits, including occupational segregation, will be progressed via the Statutory Equality Employment Monitoring Statistics action plan and reported annually to the Executive Officer Team.
- Agree that this report is submitted to the Equality and Diversity Member Officer Working Group for information.

2. BACKGROUND

- 2.1 The Equality Act (2010) replaces previous legislation including the Equal Pay Act (1970) and the Sex Discrimination Act (1975). The Act gives women and men the right to equal pay for equal work. Equal work is work that is the same or broadly similar, work that has been rated as equivalent or work that is of equal value.
- 2.2 The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 requires Perth & Kinross Council to publish gender pay gap information, and to publish a statement on equal pay. The equal pay statement must contain the Council's policy on equal pay and information on occupational segregation and be published no later than 30 April 2013.

- 2.3 The 2011/12 equal pay audit has been expanded to include all employee groups and the protected characteristics of ethnicity and disability. In addition, it includes analysis by gender and age bands combined.
- 2.4 From available information it is understood that Perth & Kinross were the first Council in Scotland to include all employee groups within an equal pay audit. This is due to the complexity of differing pay structures within each group. Members of the Human Resources Pay, Equality and Performance Team also gave a presentation to the Scottish Job Evaluation Consortium on Perth & Kinross Council's approach to Equal Pay Audit Reports in September 2011.

3. METHODOLOGY

- 3.1 To determine the gender impact of the workforce an analysis of each employee group has been carried out individually through a combination of the use of the Northgate Equal Pay Reviewer Software and manual interpretation of data from Resourcelink. These methods were necessary due to the differing pay structures of each employee group, some being incremental scales and others being fixed single point salaries, or as within the Teachers pay structure a combination of both.
- 3.2 The analysis focused on males and females in each of the appropriate grade bands to identify significant differences between males and females performing equal work.
- 3.3 It was agreed that for purposes of good practice to analyse and investigate pay gaps greater than 3%.
- 3.4 Where applicable within each employee group the analysis included the following pay elements in addition to basic salary:
- a) Shift Allowance
 - b) Night Allowance
 - c) Overtime
 - d) Call Out
 - e) Premium Payments for Public Holiday Working
 - f) Standby Payments
 - g) Acting up Allowance
- 3.5 Age analysis was carried out using information from ResourceLink and looks at the average salary across each grade within each of the employee groups. For the purposes of this audit age has been split into the following bands which are based on banding used in the census:
- a) Under 20
 - b) 20 – 29
 - c) 30 – 39
 - d) 40 – 49
 - e) 50 – 59
 - f) 60 – 64
 - g) 65 +

- 3.6 The precise principles for determining equal pay for ethnicity and disability are not laid down in law. For the purpose of this analysis, we have assumed that the principles of the Equal Pay Act which prescribe equal pay for equal work performed by women and men in the same employment would 'read across' for ethnicity in accordance with the census categories to identify employees who have categorised themselves as Black and Minority Ethnic (BME) staff. Similarly a comparison would be made for disability on the basis of those employees who had identified themselves as having a disability.
- 3.7 The audit compares the average pay of women with the average pay of men in the Council and analyses the **number of contracts** that are held by males and females. Pay gaps in favour of women are shown as a percentage. The analysis covers all Perth & Kinross Council employees and the information is taken from data as at 31 March 2012.

4. FINDINGS

Single Status

- 4.1 Single Status pay bands consists of a fifteen grade incremental pay scale. All jobs were evaluated using the Scottish Council's Job Evaluation Scheme.
- 4.2 The workforce distribution of the Council workforce has remained steady over the past three years with 71% of the workforce being female and 29% male. The number of contracts within the Council (4171) has reduced in 2012.
- 4.3 The basic pay gap comparing all males and all females (11.4%) continues to reduce. This compares favourably with the initial gap pay of 17% reported in the Independent Equality Impact Assessment Report carried out in 2007 prior to implementation of Single Status. There were no instances of a pay gap of more than 3% in any of the grades. In relation to 'Total Pay' on-going monitoring of access to overtime does not suggest any gender related issues.
- 4.4 The analysis of previous audits for Single Status employees has shown a continued reduction in the pay gap. The following table highlights the reduction over the previous audit periods.

Comparison	For Period 2007/08	For Period 2008/09	For Period 2009/10	For Period 2010/11	For Period 2011/12
Basic Pay Gap comparing all Females to Males	14.4%	13.2%	11.7%	11.5%	11.4%
Total Pay Gap comparing all Females to Males	17.2%	15%	13%	12.7%	12.6%

Age

- 4.5 Typically within each grade employees within older age bands are in receipt of higher salaries (see Appendix 1). Across the majority of grades the difference between the average salary of the lowest and the highest age band is more than 3% which is due to experience and length of service with the Council or

length of service within the grade. Older employees typically have more service and are consequently on a higher scale point within the grade. Pay band differentials range from 10.5% to 13.5%.

Teachers

- 4.6 Teacher's salaries are determined nationally by the Scottish Negotiating Committee for Teachers (SNCT) and include both fixed single point salaries and incremental pay grades. Salary is determined by job sizing or rules as contained in the SNCT handbook of Conditions of Service. It is recognised for Depute Head Teacher/Head Teacher and Principal Teachers that salary placing is determined by job sizing.

For the purpose of this audit Teachers have been split into the following individual job classifications:

1. Chartered Teacher
2. Depute Head Teacher/Head Teacher (Job Sized and Conserved)
3. Depute Principal/Principal Educational Psychologist
4. Education Support Officer
5. Music Instructor
6. Principal Teacher (Job Sized and Conserved)
7. Probationer
8. Psychologist
9. Quality Improvement Officer
10. Teacher

- 4.7 The grades and rates of pay for teachers are not determined by an analytical job evaluation scheme therefore analysis assumes that individuals within each job classification are carrying out work of equal value.

- 4.8 The number of contracts analysed in the audit for Teachers was 1620 and as can be seen from the table below the workforce distribution has increased slightly from last year to 78% females and 22% males.

Workforce Distribution	Female	Male	Total	%Female	%Male
2012	1270	350	1620	78%	22%
2011	1250	366	1616	77%	23%

- 4.9 The analysis of Teachers pay has shown a reduction in the pay gap as there was a higher rate of male earners leaving the Council. The following table highlights the reduction over the previous audit periods. Equal pay audits have only been carried out for teachers over the last 2 financial years.

Comparison	For Period 2010/11	For Period 2011/12
Basic Pay Gap comparing all Females to Males	6.1%	3.9%
Total Pay Gap comparing all Females to Males	5.7%	3.9%

- 4.10 There is a pay gap of more than 3% within 3 grades comparing all males to all females where males earn more than females. These are Depute Principal/Principal Educational Psychologist, Music Instructor and Depute Head Teacher/Head Teacher. There is a pay gap of more than 3% within 2 grades comparing all females to males where females earn more than males. These are Chartered Teachers and Quality Improvement Officer.
- 4.11 Where the analysis identified pay gaps of more than 3% the reasons were not on the grounds of gender. The reasons identified were:
- (a) Length of Service
 - (b) Conserved Salaries
 - (c) Job Sizing

Age

- 4.12 Typically within each grade employees within older age bands are in receipt of higher salaries (see Appendix 2). Across the majority of grades the difference between the average salary of the lowest and the highest age band is significant which again is due to experience and length of service with the Council or length of service within the grade. Older employees typically have more service and are consequently on a higher scale point within the grade.

Chief Officers

- 4.13 The number of contracts analysed in the audit period for the Chief Officers group was 23 with a workforce distribution of 35% females and 65% male.
- 4.14 The Chief Executive salary of each Council is agreed by Cosla and is set by the size of the individual Council. This reflects the salary for all remaining Chief Officers who receive a percentage of the Chief Executives salary and this is agreed by committee. The different categories within the Chief Officer group are:
- 1. Chief Executive
 - 2. Depute Chief Executive
 - 3. Executive Director
 - 4. Depute Director
 - 5. Head of Service (with statutory responsibility)
 - 6. Head of Service
- 4.15 The Chief Officers salaries are made up of a fixed single point salary scale and individuals are placed on a fixed point salary scale depending on the category of the post.
- 4.16 The grades and rates of pay for Chief Officers are not determined by an analytical job evaluation scheme therefore analysis has had to assume that individuals within each job classification are carrying out work of equal value.
- 4.17 Following analysis there are no pay variances regarding Chief Officers salaries due to the use of fixed single point salaries within each of the grades.

Age

- 4.18 Due to the use of fixed single point salary scales there are no age related issues.

Craft Workers

- 4.19 The number of contracts analysed in the audit period for the Craft Worker group was 78 with a workforce distribution of 1% female and 99% males.
- 4.20 Craft work salaries are determined by local agreements and are made up of fixed single point salaries for each individual craft group e.g. Labourer, Painter and Plumber etc.
- 4.21 The grades and rates of pay for Craft Workers are not determined by an analytical job evaluation scheme therefore analysis has had to assume that individuals within each job classification are carrying out work of equal value.
- 4.22 Following analysis there are no internal issues regarding the pay and grading structure due to the use of fixed single point salaries within each of the grades.

Age

- 4.23 Due to the use of fixed single point salaries there are no age related issues.

Analysis Comparing all Staff Groups

- 4.24 The workforce distribution covering all employee groups within the Council is 5892 contracts. The overall basic pay gap comparing all males and all females is 6.5% which is extremely favourable when comparing the basic pay gap of 18% in the Public Sector as published by the Office of National Statistics.

All Staff	Female	Male	Total	Basic Pay Gap
2012	4247	1645	5892	6.5%
2011	4296	1684	5980	8.2%

- 4.25 The basic pay gap comparing all full time females to full time males is -6.0%.

Full Time Staff	Female	Male	Total	Basic Pay Gap
2012	2046	1406	3452	-6.0%
2011	2051	1431	3482	-4.5%

- 4.26 The basic pay gap comparing all part time females to part time males is 1.4%.

Part Time Staff	Female	Male	Total	Basic Pay Gap
2012	2201	236	2437	1.4%
2011	2245	253	2498	3.2%

- 4.27 The basic pay gap comparing all part time females to full time males is 29.5%. Again this is favourable when comparing the basic pay gap of 32.1% as published by the Office of National Statistics.

Full Time and Part Time Comparison	Part Time Females	Full Time Males	Total	Basic Pay Gap
2012	2201	1406	3607	29.5%
2011	2245	1431	3676	35.1%

Ethnicity

- 4.28 The analysis covers all staff within Perth & Kinross Council. The proportion of Black and Minority Ethnic (BME) staff within the Council population is currently 0.6% compared to a BME population in Perth & Kinross of 0.9% (based on the 2001 Census, which is expected to be higher when the 2011 results are published as a direct result of the change in the ethnicity categories).
- 4.29 Employees who have classified themselves as an ethnic minority are spread across a number of pay bands which has resulted in a pay gap of -5.2% for BME employees.

Race (All Staff)	White	BME	Not Disclosed/ Not Known	Total	Pay Gap
2012	4741	38	1113	5892	-5.2%

- 4.30 As this is the first analysis of ethnicity, future audits will monitor to establish trends/movements in this area as there is no comparative information available for this category. However work is ongoing to self classify according to 2011 Census.

Disability

- 4.31 The analysis covers all staff within Perth & Kinross Council. The proportion of employees who have disclosed they have a disability is 0.5%. However, it is anticipated a low disclosure rate is impacting on the reliability of the data.
- 4.32 Employees who have disclosed a disability are spread across a number of pay bands in Single Status General (GE1, GE2, GE3) grades which has resulted in a pay gap of 3.2% when compared to the rest of the workforce.

Disability (All Staff)	Not Disabled	Disabled	Not Disclosed/ Not Known	Total	Pay Gap
2012	5858	34	0	5892	3.2%

- 4.33 As this is the first analysis of disability, future audits will monitor to establish trends/movements in this area.

5. PROPOSALS

- 5.1 To publish the findings of the equal pay audit as recommended by the Equality and Human Rights Commission.
- 5.2 Submit this audit report to the Equality and Diversity Member Officer Working Group and the Strategic Policy and Resourcing Committee for their information.
- 5.3 That Human Resources continues to work with Services regarding occupational segregation issues. The Statutory Equality Monitoring Statistics reported to the Executive Officer Team on 24 July 2012 covers occupational segregation in more detail.
- 5.4 Perth & Kinross Council has now produced five annual equal pay audits since 2007. As we have seen a year on year decrease in the gender pay gap Human Resources proposes that in future pay audits are conducted and reported every two years.

There are no significant issues identified through the Equal Pay Audit, therefore the advantages of moving to a less frequent audit programme would be:

- Low risk
 - Less resource intensive
 - Complies with Statutory Code of Practice for Equal Pay and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012
 - Minimal changes as Single Status impact has been absorbed
 - Consistent with other Councils
- 5.5 As part of the statutory equality employment monitoring statistics a development plan is being produced following a review of the current monitoring and reporting arrangements to ensure compliance with the new regulations and continuous improvement. The data selected for analysis in future audits will be updated accordingly.

6. CONSULTATION

- 6.1 The Head of Legal Services and the Corporate Organisational Development Manager have been consulted on the findings of the equal pay audit and the proposals in this report.
- 6.2 The findings of this audit will be shared with the relevant Trade Unions following agreement by the Strategic Policy and Resources Committee and the Equality and Diversity Member Officer Group.

7. RESOURCE IMPLICATIONS

- 7.1 Executive Directors and Senior Managers in conjunction with Human Resources may be required to allocate resources within existing budgets if specific issues are identified to ensure the recommendations within the report are achieved.

- 7.2 By reporting every two years, this will release capacity within the Pay, Equalities and Performance (PEP) Team, which will partly offset the loss of one FTE post in 2011.

8. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

- 8.1 Equality is one of the underpinning Council values as stated in the Corporate Plan 2009/2012 and in the Community Plan 2006/2020. The Equal Pay Audit supports the objective of Confident, Active and Inclusive Communities.

9. EQUALITIES IMPACT ASSESSMENT (EqIA)

- 9.1 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) and assessed as relevant and the following positive outcomes expected following implementation:

- A reduction in the pay gap for both Single Status employees and Teachers by gender for basic and total pay.
- No pay gaps above 3% within any grade band for Single Status employees.
- In August 2007 the overall pay gap for Single Status employees was 17% which has been significantly reduced through the implementation of Single Status to 11.4%.
- The overall gender pay gap is calculated to be 6.5%. This compares favourably to the gender pay gap in the public sector of 18% as quoted by the Office of National Statistics in its publication of 23 November 2011.
- Ethnicity and disability analysis have now been included in the audit and no equalities issues have been identified with either of these two protected characteristics.
- Perth & Kinross Council will continue to carry out audits on all employee groups and include all relevant contractual pay elements.

10. STRATEGIC ENVIRONMENTAL ASSESSMENT

- 10.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).
- 10.2 The plan, programme or strategy presented in this report was considered under the Environmental Assessment (Scotland) Act 2005 and the determination was made that the items summarised in this report do not require further action as they do not qualify as a plan, programme or strategy as defined by the Act.

11. CONCLUSION

- 11.1 Overall the findings of the audit are positive and having identified pay gaps the differences can be explained for reasons other than gender, age, ethnicity or disability.

- 11.2 As we have seen a decrease in the gender pay gap year on year we are satisfied future audits can be reported on and published every two years, however, Human Resource will still continue to analyse data every year.

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Date: 30 October 2012

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Appendix 1 - Single Status - Age Analysis

Grade	Average Pay							*Difference	**Grade Variance
	Under 20	20-29	30-39	40-49	50-59	60-64	65+		
GE1	12,670.02	13,467.76	13,638.03	13,793.11	14,009.54	14,232.65	13,866.63	12.33%	13.5%
GE2	14,434.43	15,022.57	15,449.74	15,625.84	15,814.33	15,795.45	15,393.14	9.56%	13.5%
GE3	16,749.45	16,971.28	17,112.14	17,216.35	17,336.35	17,364.30	17,412.67	3.96%	10.5%
TAS4	17,587.86	18,691.47	19,224.12	19,303.34	19,478.55	19,609.22	19,439.88	11.49%	13.5%
TAS5	-	21,026.11	21,910.90	21,775.51	21,872.85	22,052.54	22,355.55	6.32%	13.5%
TAS6	-	23,612.47	24,079.03	24,268.33	24,395.79	24,590.40	25,133.57	6.44%	13.5%
TAS7	-	26,637.41	26,938.55	27,486.64	28,362.07	27,369.33	28,362.07	6.47%	13.5%
PR8	-	30,135.88	30,541.62	30,612.88	30,974.35	30,793.88	-	2.78%	13.5%
PR9	-	33,173.55	33,924.17	34,293.12	34,576.78	34,710.80	34,387.37	4.63%	10.5%
TL10	-	-	36,908.53	37,068.41	37,312.27	37,878.67	38,160.22	3.39%	10.5%
TL11	-	38,160.22	39,157.74	40,893.52	40,781.22	40,647.31	-	6.87%	10.5%
TL12	-	-	43,015.50	44,402.01	44,674.72	45,283.59	-	5.27%	10.5%
SM13	-	-	46,982.31	49,227.46	49,722.79	49,872.95	-	6.15%	10.5%
SM14	-	-	52,172.33	52,000.26	53,897.32	53,307.94	-	3.65%	10.5%
SM15	-	-	-	-	59,064.19	-	-	0.00%	10.5%

* Percentage difference between highest and lowest average salaries

** Percentage difference between bottom and top of each incremental single status grade

**Appendix 2 - Teachers – Age
Analysis**

Average Pay								
Grade	Under 20	20-29	30-39	40-49	50-59	60-64	65+	*Difference
ECSCT	0	0	38,513.45	38,893.64	38,869.69	39,544.62	39,604.50	2.83%
ECSDEP	0	0	51,846.00	0.00	56,973.00	51,846.00	0	9.89%
ECSO	0	0	40,377.00	40,893.00	42,234.60	41,925.00	0	4.60%
ECSFLA	0	0	0	0	0	0	0	0.00%
ECSHT	0	0	46,852.41	48,224.63	50,548.22	48,517.20	0	7.89%
ECSMI	0	25,206.00	30,320.00	31,626.00	32,684.67	31,626.00	0	** 25.47%
ECSPROB	0	21,438.00	21,438.00	21,438.00	21,438.00	0	0	0.00%
ECSPSYCHO	0	0	0	48,810.00	48,810.00	48,810.00	0	0.00%
ECSPT	0	40,068.60	40,782.33	41,357.17	40,982.12	42,204.82	0	5.33%
ECSQIO	0	0	0	53,243.00	53,719.50	55,149.00	0	3.58%
ECSTEACH	0	29,349.43	32,761.17	33,346.96	34,068.60	34,200.00	34,200.00	16.53%

* Percentage difference between highest and lowest average salaries

** The percentage difference of 25.47% between the highest and lowest salary for Music Instructors (ECSMI) is due to incremental scales and salary preservation.