

# **PSC Guidance for carrying out Equal Pay Reviews in the Police Service**

## **Introduction**

This Guide is intended to help police forces plan and conduct equal pay reviews and assess the impact of their pay policies and practices. It is based on the EOC's Equal Pay Review Model and relevant legal decisions and combines technical information and practical advice that is tailored specifically to the police service. It includes a case study for illustrative purposes.

This Guide does not represent a definitive methodology, nor does it define a standard for equal pay reviews in terms of scope and level of analysis. These will need to be determined locally and in consultation with the recognised unions according to the circumstances.

The Guide contains checklists and tables in each section, which can be completed by those responsible for the equal pay review: cumulatively they provide the basis for a report on the equal pay review. Alternatively, they can be extracted from the electronic version of the document and used separately or similar tables developed to suit the organisation's needs.

References and a further reading list can be found at Appendix 1.

## **Why undertake an Equal Pay Review?**

Although there is no legal requirement for employers to carry out an equal pay review, there are compelling reasons for doing so:

- The Code of Practice recommends equal pay reviews as the most appropriate method of ensuring that a pay system delivers equal pay free from sex bias
- If the Force is ever subject to an equal pay claim, it will provide evidence to the Employment Tribunal that systemic gender discrimination has been eliminated from the pay structure (this does not preclude any equal pay challenge, but does mean that any claim should be restricted in nature)
- It will help ensure that the pay structure is transparent, which is a requirement of the Code of Practice on Equal Pay
- From April 2007 police forces are subject to the Gender Equality Duty which requires public authorities to eliminate unlawful sex discrimination and to promote gender equality. This duty requires each Force to look at its employment policies, including its pay policies, to see how they impact on men and women in the workforce.

## **What is an equal pay review?**

An equal pay review is an analysis of an organisation's pay structure in order to identify and eliminate any gaps that cannot satisfactorily be explained on grounds other than sex. It involves three essential steps:

- Comparing the pay of men and women doing equal work and identifying any gender pay gaps, whether in basic pay or any additional payments
- Explaining any significant equal pay gaps
- Closing those gaps that cannot be satisfactorily explained on grounds other than sex

Although this Guide deals with gaps between the pay of men and women, you may also want to look at ethnicity, disability and age – see STEP 1 below.

## **The EOC's Equal Pay Review Model ('EPRM')**

The equal pay review model recommended by the EOC has five steps:

**STEP 1:** Deciding the scope of the review and collating the data required

**STEP 2:** Identifying where men and women are doing equal work

**STEP 3:** Comparing pay data to identify any significant equal pay gaps

**STEP 4:** Establishing the causes of any significant pay gaps and deciding whether these are free from discrimination and objectively justified

**STEP 5:** Developing an Equal Pay Action Plan and reviewing and monitoring

### **STEP 1: Deciding the scope of the review and identifying the data required**

In larger organisations an equal pay review can be a substantial exercise. At the outset of the exercise it will be necessary to take the following initial steps.

#### **1. Determine the scope of the review**

It is important to agree at the outset the scope of the exercise.

This Guide deals with the gaps between the pay of men and women but you may also want to look at ethnicity, disability and age. The principles of equal pay apply in respect of race, disability and age as they do in respect of gender. Although they are not covered by the Equal Pay Act 1970 (EqPA), they are covered by the Race Relations Act 1976, the

Disability Discrimination Act 1995 and the Employment Equality (Age) Regulations 2006.

In particular, you will need to bear in mind that police forces have a specific duty under the Race Relations (Amendment) Act 2000 to eliminate unlawful race discrimination and promote race equality. This duty includes looking at your employment policies, including your pay policies, to see how they impact on different ethnic groups within the workforce. Since 4 December 2006, police forces have also been subject to the Disability Equality Duty which requires public authorities to eliminate unlawful disability discrimination and to promote equality of opportunity between disabled people and other people. Therefore you will also want to investigate whether there are any pay gaps between the pay of disabled employees and other employees.

Before deciding on the scope of the review, you will have to consider whether the quality of the data available about ethnicity, disability status and the age of the workforce is adequate for the purpose of carrying out a wider review. If the information is not sufficiently comprehensive or accurate for this purpose, you should include in your action plan a date by which the information will be collected so that a wider review can be undertaken at a future date.

## 2. Full or partial review?

You will need to decide whether you are able to undertake a comprehensive review including all elements of pay. This decision may be influenced by a number of factors including:

- The availability and quality of the necessary pay information
- The complexity and scale of the work required for a full review
- The time available in which to conduct the review

If it is not possible to undertake all the checks included in this Guide immediately, it is recommended that an action plan is devised to take forward the checks required to complete a full review – see Step 5 below <sup>1</sup>

This Guide includes a case study for a small company, Ambridge Mortgage and Personal Investments Limited ('AMPIL').

When AMPIL decided to undertake an equal pay review, the only data it could assemble in spreadsheet format was employees' names, gender, basic salary, grades and job titles. Without adjustments to the IT system it could not assemble details of overtime and bonus payments in this format. Further, it had not used job titles systematically over the years and its job evaluation scheme was 15 years old.

In the first instance, AMPIL undertook STEP 2 work rated as equivalent checks and then included in its action plan dates by which it would:

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<sup>1</sup> See Step 5: Developing an action plan and monitoring and reviewing

- Rationalise job titles and undertake STEP 2 like work checks
- Complete the job evaluation checklist at STEP 3 to ensure that its scheme did not discriminate directly or indirectly on grounds of sex
- Make adjustments to the IT system in order to assemble overtime and bonus payments in the required format and to undertake the relevant checks at STEP 4.

### 3. Determine which employees will be covered by the review

The review should include all those employees who are in the same employment.

Under s.1(6) EqPA, employees are regarded as being ‘in the same employment’ if:

- they are employed by the same employer;
- at the same establishment i.e. the same workplace or workplaces linked together as one administrative or financial unit;
- or at different establishments at which common terms and conditions are observed generally or for employees of the relevant classes (that is, classes to which the claimant and her comparator belong)

The expectation is that a police staff equal pay review will cover all police staff jobs. There may be questions over whether senior management jobs should be included, especially those at ACPO level. There are important reasons for including senior management jobs in the review. For instance, it should enable you to identify whether there any valid equal pay claims between jobs at the top of the PO and bottom of the ACPO scales.

A decision will also be needed on whether jobs traditionally paid on hourly rates, such as those of cleaners and catering staff, and temporary and casual posts should be included. In all these cases, exclusion increases the risks of equal pay claims and the force’s ability to defend such claims, especially where the excluded group is predominantly of one gender or the other, as is often the case.

Some Forces may be involved in collaborative projects with other Forces. Only those members of staff employed by your Force should be included in the review. Further, it is not necessary to include staff who have previously been contracted out.

### 4. Decide who should be involved in the review

An equal pay review requires input from a range of people in the organisation. You will need knowledge and understanding of the pay and grading arrangements, of any job evaluation scheme, of payroll and personnel systems and of how to get information from these. It is also useful to have some insight into how these have developed over time.

The PSC recommended starting point for an equal pay review is to bring together a team with the necessary expertise. A steering group should be established which should include representatives of the following:

- HR
- Recognised trade unions
- Equal opportunities
- Payroll
- IT

The inclusion of representatives of the recognised trade unions is important for several reasons:

- It improves the credibility of the exercise
- Trade union representatives may be able to contribute valuable information, of which managers could be unaware, about the historical operation of the pay system.
- Time, trouble and expense can be saved, especially by reducing the risk of any disagreement at a later stage, particularly if the outcome of the review is likely to affect existing pay differentials.
- Employees will have more opportunity to understand the outcomes of the equal pay audit and the reasons for any proposed changes to grading and pay structures. This will help to ensure that pay systems are transparent and easy to understand.
- You are required to disclose to recognised trade unions any information necessary for collective bargaining, and this is likely to include information about the pay review.

If you are implementing job evaluation in conjunction with an equal pay review, it is preferable that members of the steering group who oversee the equal pay review do not also sit on the steering group which oversees the implementation of the job evaluation scheme. It will be the role of the steering group which oversees the equal pay review to undertake checks at STEP 3 to ensure that the job evaluation scheme has been designed and implemented correctly. Wherever possible, the two groups should be independent of each other.

#### 5. Decide on any external consultancy support required

You may also wish to consider whether to bring in expertise from outside the organisation. The EOC holds a list of consultants who have experience and expertise in this specific field.

If you decide to engage external consultants, consideration should be given to the level of support appropriate for your organisation. If you anticipate that the work required for the review will be particularly complex or extensive, you may decide it is appropriate to instruct consultants to undertake the review on your behalf. However, if you wish to build

up expertise in-house, consultants could be involved on a limited basis, for example, to facilitate the review and/or to advise on the outcomes.

## 6. Identifying the data required for the review

### (i) The information needed for the review

You need to collect and compare two broad types of information for each employee covered by the review:

- Payroll information; and
- HR information, for example, job and personal characteristics.

#### What is pay?

The Equal Pay Act 1970 defines pay as all contractual benefits, whether present or future, which the worker receives it, even indirectly, in respect of his employment from his employer.

The House of Lords has found that elements of the pay package should be considered separately, including, for example, leave entitlements, bonuses and allowances<sup>2</sup>. It is not normally possible to set one benefit against another so as to claim that the overall pay is equal despite differences between elements of the package. In a recent case, however, the Court of Appeal held that an attendance allowance and fixed bonuses paid to men whose work was rated as equivalent to women's did not comprise separate terms of the men's contracts. The Court of Appeal held they were elements of a single term dealing with monetary payment for performance of the contract by attending work and working during normal hours.<sup>3</sup>

The pay information needed for the review includes:

- Basic pay
- Total earnings
- Overtime
- Bonuses
- Performance pay
- Working pattern payments, including shift pay, unsocial hours payments, on call, standby or similar payments
- Allowances (identified separately), including allowances for working conditions, attendance, responsibility.

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<sup>2</sup> Hayward v Cammell Laird [1988] IRLR 257 HL

<sup>3</sup> Redcar and Cleveland Borough Council and Another v Degnan and others CA 2005 EWCA civ 726

- Other benefits (identified separately) including car allowances, holiday entitlements, loans, pensions (employer's contributions)

The job and personal characteristics data needed include:

- Employee reference number
- Gender (plus ethnicity, disability and age, if included in the audit)
- Job title
- Hours of work
- Job grade, band or pay scale
- JE points
- Length of service in grade
- Location (if appropriate)

(ii) The time period for the information

The data should be as up to date as possible i.e. normally for the last financial year. If collating data on overtime or other working pattern premium payments for a whole year is difficult or excessively time consuming, you might agree a shorter period for this aspect of the exercise, say, 3 months or even 1 month, as long as the period is a typical one.

(iii) Assembling the data

A modern combined payroll and personnel system will usually include all the information necessary for the review. However, it is possible that this particular range of data will not have been brought together before. Usually it can be downloaded or assembled from different sources in spreadsheet form. Don't be daunted by this process! The role of the IT representative on the steering group is to assist in organising the data.

Some HR/pay software providers make available equal pay review packages. These can be useful if you already use the provider's other systems. If not, they still require the necessary data to be extracted and input into the system. It is suggested that you clarify with the software provider whether you are likely to encounter difficulties loading your pay data onto the software. If a significant amount of work must be undertaken on the data before it can be loaded onto the software, the cost savings of buying software may be limited.

The data should be assembled in one spreadsheet. An example is provided at Appendix 2<sup>4</sup>. The information for each employee includes name, starting date, grade, basic salary, additional allowances of various sorts and total remuneration. Once all the information is assembled, it is possible to delete or 'hide' the names of individual employees, or use only individual payroll or employee reference numbers, so that there is no scope for challenge under data protection legislation – see paragraph (v) below.

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<sup>4</sup> Reproduced from Equal Pay: A Practical Guide Leslie, Hastings and Morris Law Society 2003

#### (iv) Initial adjustments to the data

In order to make comparisons across the organisation, it is necessary to bring all the data to common units of hours and pay. So, if one group works different normal hours, then it is necessary to convert basic pay to a common hour's base. For example, if one group of staff normally works 37 hours a week and another 39 hours a week, you will need to adjust the data in one of the following ways:

- If 37 is chosen as the common hours base: multiply basic pay by  $37/39$  for employees on 39 hour contracts
- If 39 is chosen as the common hours base: gross up the basic pay of those on 37 hour contracts to a 39 hour equivalent by multiplying by  $39/37$

It is also necessary to bring full time and part time employees to a common salary basis. This will entail grossing up the basic pay of part-timers to their full-time equivalents, excluding overtime. (An alternative is to convert everything to hourly rates of pay, but this is usually found to be more difficult in practice).

#### (v) Data protection

The processing and disclosure of personal information is protected by the Data Protection Act 1998.

Personal data includes any data which is held on computerised and non-automated systems from which individuals can be identified. The data assembled for the review may include employees' names or payroll numbers and so will be treated as personal data for this purpose. Unless employees have given their express consent to the processing and disclosure of such information, perhaps via a term or policy incorporated into their contracts of employment, employees must be informed about the equal pay review and who will have access to such information. Note that consent to the processing of such information is required even if the outputs of the review are anonymised. It is not necessary to inform each employee individually. The information could be placed in a circular or put on your intranet site as long as it is readily available to all concerned. This is a matter that the steering group will wish to consider at the planning stage.

The Data Protection Act 1998 is not aimed solely at employers and employees. It applies to almost anyone who processes or stores personal data. This means that trade union representatives and external consultants are required to deal with the data in accordance with data protection principles. At the outset of the exercise, you may wish to seek an undertaking from third parties involved in the review that they will observe data protection principles at all times. Details of the third parties who will have access to the data should be included in the circular to staff concerning the review.

Most outputs of the review will be anonymised, that is, in terms of average pay and earnings of men and women in particular groupings, save in the case of specialised

posts, where there may be only one or two individuals in certain positions or grades. In these specific circumstances it is recommended that having determined whether they are undertaking equal work, their pay should be described in relative as opposed to absolute terms. For example, in a small senior management team comprising one woman and three men, it is possible to describe the pay of the female member of the team as being ‘more than’, ‘less than’, or ‘equivalent to’ her male counterparts in order to ensure that data protection principles are observed.

(vi) Frequency tables

Frequency tables illustrate how many people fit into each category. They can be used to look at the spread of employees by grade/band or by equal work category and this can help you decide at what level further analysis should be undertaken. A frequency count alone is not always a very good summary of data. To compare two groups of people you should convert the counts of employees into percentages.

For instance, at the outset of the exercise it is helpful to prepare a frequency table of all staff by gender and salary grade/band, see the example below. The workforce composition analysis is important because it will give an indication of potential sources and targets for equal pay issues. The points to watch are men and women unevenly spread between and within the grades or bands within your pay structure.

The Guide includes a number of frequency tables for AMPIL’.

Employees in AMPIL are graded 1-10, 1 being the lowest grade and 10 being the highest grade.

GRADE	FEMALE	FEMALE %	MALE	MALE %	TOTAL
1	7	46	8	54	15
2	3	75	1	25	4
3	19	76	6	24	25
4	17	81	4	19	21
5	20	59	14	41	34
6	39	63	23	37	62
7	24	53	21	47	45
8	24	41	34	59	58
9	11	37	19	63	30
10	2	25	6	75	8
TOTAL	166	55	136	45	302

NB Part-time workers are included in this table as individual employees. They should not be turned into full time equivalents.

The table reveals:

- grades 2 – 7 in AMPIL are female dominated
- grades 1, 8 and 9 in AMPIL are male dominated

This information will be useful when it comes to analysing the proportions of men and women receiving certain bonuses/benefits/allowances etc by grade.

**Checklist**

No.	Step 1 Element	√	Comment
1.	Scope of the Review – gender?		
	- Ethnicity?		
	- Disability?		
	- Age?		
	- Other?		
2.	Agree employees to be covered		
3.	Personnel involved in review?		
4.	Outside assistance?		
5.	Data assembled?		
6.	Grade frequency table?		

**Grade Frequency Table**

GRADE	FEMALE	FEMALE %	MALE	MALE %	TOTAL
1	245	64	137	36	382

## **STEP 2: Determining where men and women are doing equal work**

The Equal Pay Act provides for equal pay between women and men undertaking equal work, that is:

- ‘Like work’
- ‘Work rated as equivalent under a job evaluation system’
- ‘Work of equal value’.

Step 2 of the equal pay review is to identify equal work, that is, like work, work rated as equivalent and work of equal value within the relevant workforce. This is the foundation of an equal pay review.

### **1. Identifying like work**

Like work is where men and women are doing work that is the same or broadly similar, and any differences which do exist are not of any practical importance.

Men and woman are likely to be doing like work where they have the same job title and/or job description. Therefore the straightforward way of checking like work is by job title.

Conducting a like work check using job titles will only be possible where these are applied systematically. In Forces where job titles are not used systematically, it may first be necessary to conduct further investigations in order to be able to introduce a new ‘common job title’ column for the spreadsheet and to defer the like work checks until these investigations have been completed. You could include in your action plan a date by which these investigations and the like work checks will be completed and move on to the work rated as equivalent checks in the meantime (see below).

Note that where job titles occur in more than one grade, then the job title column could be amended to include the grade reference.

### **2. Identifying work rated as equivalent**

Work rated as equivalent is where the jobs being done by the woman and the man have been rated under an analytical non-discriminatory job evaluation scheme as being equivalent; that is, they have been rated as having the same number of points, or falling within the same job evaluation grade range of points.

Where the organisation uses job evaluation to determine grading and has agreed JE points ranges for each grade, band or pay scale, these provide the basis for determining ‘work rated as equivalent’.

Each Force needs to check that the job evaluation scheme it uses has been designed and, especially, implemented in such a way that it does not discriminate on grounds of sex. A checklist for this purpose is included at STEP 3.

### 3. Identifying work of equal value

Work of equal value is where the work done by both a woman and a man is different but considered to be of equal value or worth. This can be measured by comparing the jobs under headings such as effort, skill and decision-making.

The most reliable and objective approach to determining equal value is to use a single job evaluation scheme designed and implemented to take account of equal value considerations and the specific job population.

Forces with no job evaluation scheme are recommended to introduce one to ensure that they are delivering equal pay for work of equal value – see the PSC Good Practice Guide to the Implementation of Job Evaluation for further information. In the meantime, such Forces could make use of one of the equal value proxy checks from the EOC Equal Pay Review Kit at Guidance Note 5.

Ideally, there should be one job evaluation scheme which covers all staff. However, some Forces may have more than one job evaluation scheme covering different groups of employees. It is necessary in these circumstances to undertake equal value checks across the groups covered by the two schemes. One means of checking equal value in these circumstances is to apply one of the job evaluation schemes already in use to jobs suspected to be of equal value. See STEP 1 (paragraph 3) for guidance on who should be covered by the review.

### 4. Identifying equal work from broad banding

Traditionally, jobs in the same grade or band have been treated as broadly equal value, either because they have been evaluated with similar scores under a job evaluation scheme, or because they are regarded as equivalent. However, recent years have seen a trend towards pay structures with fewer, broader bands which may contain jobs or roles of significantly different value.

Since jobs within bands are likely to encompass jobs of relative values, an analytical, non-discriminatory job evaluation scheme should be used to check the relative value of jobs within and between bands in order to identify equal work.

### 5. Which checks apply to your authority?

Forces with a single job evaluation scheme covering all staff should check:

- Like work
- Work rated as equivalent

- Whether the job evaluation scheme is fair and non-discriminatory in design and implementation – see the JE checklists at STEP 3 below.

Forces with more than one job evaluation scheme should check:

- Like work
- Work rated as equivalent
- Whether the job evaluation schemes have been designed with equal value in mind – see the JE checklists at STEP 3 below.
- Equal value across the groups covered by the two schemes, probably using one or other of the job evaluation schemes

### STEP 3: Comparing pay data to identify any significant gaps

The next step is to calculate and compare average basic pay and total earnings for men and women separately where they are doing like work, work rated as equivalent and/or work of equal value and to identify any significant gaps. How to do this is explained below.

#### 1. What are significant differences?

The EPRM states that as a general guide, any differences of 5% or more, or patterns of 3% or more will require exploration and explanation. In other words, if any of the checks reveal either:

- Significant differences between average basic pay (or other elements of pay) of men and women performing equal work (differences of 5% or more), or
- Patterns of basic pay difference e.g. women consistently earning less than men for equal work or vice versa (differences of 3% or more)

then further investigation is needed.

#### 2. Calculating and comparing average basic pay and total earnings for employees undertaking like work

This is done by:

- Sorting the spread sheet by job title and gender, see example at Appendix 3<sup>5</sup>
- Identifying from the spreadsheet jobs which are undertaken by men and women
- Calculating the average female basic pay and total earnings for each job
- Calculating the average male basic pay and total earnings for each job
- Comparing the average basic pay and total earnings of female and male job holders using a frequency table, see the example below
- Recording any significant differences for further investigation

AMPIL is a relatively new firm established 20 years ago and has applied job titles consistently as it has grown. Therefore is not necessary to rationalise job titles before undertaking this exercise. However, the job title of 'administrative assistant' occurs in more than one grade. Therefore the grade reference is also included in the table.

#### **Administrative Assistant Grade 3**

<b>Female</b>	<b>Male</b>	<b>Female Basic Pay as % Male</b>	<b>Female No</b>	<b>Male No</b>
£17,675.00	£19,076.00	93	7	1

<sup>5</sup> Reproduced from Equal Pay: A Practical Guide Leslie, Hastings and Morris Law Society 2003



### 3. Calculating and comparing average basic pay and total earnings for employees undertaking work rated as equivalent

This is done by:

- Sorting the spread sheet by grade/band/scale and gender, see the example at Appendix 4<sup>6</sup>
- Calculating the average female basic pay and total earnings for each grade/band/scale
- Calculating the average male basic pay and total earnings for each grade/band/scale
- Comparing the average basic pay and total earnings of female and male for each grade/band/scale using a frequency table, see the example below.
- Recording any significant differences for further investigation

AMPIL introduced job evaluation and a new pay and grading structure in 2003. Each grade represents a range of points on the job evaluations system. It is accepted that staff on the same grade are undertaking work rated as equivalent.

The table below sets out the average female and male basic pay for each grade.

<b>GRADE</b>	<b>Female</b>	<b>Male</b>	<b>Female as % Male</b>	<b>Female - No</b>	<b>Male - No</b>
<b>1</b>	<b>£13,616</b>	<b>£14,140</b>	<b>96</b>	<b>8</b>	<b>8</b>
<b>2</b>	<b>£15,714</b>	<b>£16,476</b>	<b>95</b>	<b>3</b>	<b>1</b>
<b>3</b>	<b>£17,597</b>	<b>£18,653</b>	<b>94</b>	<b>19</b>	<b>6</b>
<b>4</b>	<b>£18,149</b>	<b>£19,238</b>	<b>94</b>	<b>17</b>	<b>4</b>
<b>5</b>	<b>£21,747</b>	<b>£22,012</b>	<b>99</b>	<b>20</b>	<b>14</b>
<b>6</b>	<b>£27,403</b>	<b>£27,674</b>	<b>99</b>	<b>39</b>	<b>23</b>
<b>7</b>	<b>£29,613</b>	<b>£30,359</b>	<b>98</b>	<b>24</b>	<b>21</b>
<b>8</b>	<b>£33,105</b>	<b>£33,105</b>	<b>100</b>	<b>24</b>	<b>34</b>
<b>9</b>	<b>£38,899</b>	<b>£38,899</b>	<b>100</b>	<b>11</b>	<b>19</b>
<b>10</b>	<b>£51,779</b>	<b>£51,779</b>	<b>100</b>	<b>2</b>	<b>6</b>

This table reveals:

- Female employees on grade 1 earn on average 4% less than male employees on the same grade
- Female employees on grade 2 earn on average 5% less than males employees on the same grade
- Female employees on grades 3 and 4 earn on average 6% less than male employees on these grades
- There is a very small difference in the basic pay (1-2%) between female and male basic pay at grades 5 -7

<sup>6</sup> Reproduced from Equal Pay: A Practical Guide: Leslie, Hastings and Morris Law Society 2003



those who were involved, for instance, senior human resources staff, earlier generations of job evaluation panel members and longstanding trade union representatives. You may also need to contact the consultants who implemented the scheme or the external supplier.

The checklist covers four specific areas:

- The design of a job evaluation scheme
- The implementation of a job evaluation scheme
- The maintenance, review, and monitoring of a job evaluation scheme
- Where organisations use more than one job evaluation scheme, the relationship between the schemes

‘No’ answers indicate where you may need to make revisions in the JES design or in your methods of implementation or review.

This Guide assumes a working knowledge of job evaluation, but the following prior reading is recommended:

- The ACAS Advisory Booklet: Job Evaluation – An Introduction
- The EOC’s and the European Commission’s Codes of Practice on Equal Pay
- The EOC Equal Pay Review Kit, Guidance Note 4
- The PSC Good Practice Guide to the Implementation of Job Evaluation

## **Job evaluation checklist**

### **Background**

<b>Q</b>	<b>Checklist question</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
1	Which groups of employees are covered by the scheme?			
2	When was the scheme introduced?			
3	Has the scheme been reviewed to ensure it complies with good equal opportunities principles and practices?			
4	Is information about the design and implementation of the scheme available to staff in a readily understandable form?			

### **The design of the scheme**

<b>Q</b>	<b>Checklist question</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
1	Is the scheme analytical i.e. does it use factors, defined levels and points scores?			
2	Does the scheme’s factor plan fairly measure all significant features of all the jobs it covers?			

3	Do the factor levels in the scheme reflect measurable demand within the jobs covered by the scheme?			
4	Is the rationale for the scheme's scoring and weighting documented?			

### Implementation of the scheme

Q	Checklist question	Yes	No	Comment
1	Are job holders involved in completion of a job questionnaire or equivalent job information document?			
2	Does the job questionnaire follow the scheme factor plan?			
3	Are job analysts used to assist job holders?			
4	Are the job analysts trained in equality issues and the avoidance of sex bias?			
5	Are jobs evaluated or re-evaluated by a job evaluation panel or committee?			
6	Are job evaluation panel members representative of the main areas of work and gender composition or the groups being evaluated?			
7	Are panel members trained in equality issues and the avoidance of sex bias?			
8	Are evaluation rationales or records, including the reason for each factor assessment, maintained for each job evaluated or re-evaluated?			
9	Has the impact of evaluations, re-evaluations and appeals on male and female dominated jobs been monitored?			
10	Have all distinct jobs within the relevant groups been analysed and evaluated?			

### For Forces with more than one job evaluation scheme

Q	Checklist question	Yes	No	Comment
1	Are all staff covered by one job evaluation scheme?			
2	Have you made any comparisons between the demands of jobs covered by different schemes?			

## **Step 4: Establishing the causes of any significant pay gaps and assessing justification for them**

### 1. What happens next?

If your Step 3 analysis identified any significant gaps between men and women doing equal work, the next steps will be to:

- Establish in which elements of pay gaps are occurring i.e. basic pay, amount of overtime, performance pay etc
- Establish which pay practice is causing the gap
- Assess whether the gap is justifiable and, if not, plan to close it

**Even if you have not identified any significant pay gaps, it is recommended that you check the *design, implementation and impact* of the authority's pay policies and practices to ensure that they reflect equal pay principles.**

The guide includes a number of checklists for this purpose including ones for:

- Performance/competence based pay schemes – pages 22 to 26
- Pay on entry and pay progression – pages 27 to 29
- Pay protection – pages 28 to 32
- Market payments – pages 33 to 35
- Working time payments – pages 36 to 37
- Benefits – pages 38 to 39
- Broad banding – page 40

As pay arrangements within the police service vary widely, some checklists, or parts of them, do not apply to every Force.

### 2. Assessing the reasons for the pay gaps

If there is any question of a particular pay practice or policy causing disparate impact between women and men then the practice or policy must be *objectively justified*. Where there is no such suggestion then there is no such requirement.

If it is necessary to justify a particular pay practice or policy, you must be able to demonstrate the reasons behind the differences in pay are not associated with the gender of the job holders but:

- Are necessary to meet real business objectives
- Do in fact lead to the objectives being met; and
- That there is no less discriminatory way of meeting the objectives

Employers need to conduct a careful balancing exercise when formulating policies which will have a disparate impact on one gender more than the other. In other words, the

practice must be a proportionate response to the needs of the business as against the rights of the relevant employees.

A number of pay structures have failed the objective justification test because, while they may have satisfied the criteria at the time they were introduced, they no longer did so at the point at which an equal pay claim was made. Examples include historical bonus arrangements in the local government and out dated labour market premium payments in both private and public sector organisations.

## **Performance/competence based pay systems**

This checklist covers all forms of performance related pay systems, including those that have a competence based element, and stand alone competence-related pay schemes. It also deals with incentive based pay systems, such as bonus arrangements.

There is some legal guidance on performance pay systems derived from the European Court of Justice (ECJ)<sup>7</sup>. It is generally accepted that the ECJ guidance applies to all forms of performance and competence related pay. The ECJ has said that there is every reason to expect the performance of women to be as high as the performance of men. The relevant system should therefore, all things being equal, deliver equivalent performance payments to women and men across a group, although obviously an individual woman might perform less well and therefore receive less performance related pay than an individual man.

Issues of particular concern regarding equal pay in performance/competence based pay systems are:

- Female staff receiving on average significantly lower performance pay than male staff (or vice-versa) where they are undertaking equal work
- Groups of workers being excluded from such payments where they are undertaking equal work
- Applying different performance pay systems to different groups of staff undertaking equal work
- Performance criteria that are potentially indirectly discriminatory by, for example, being more characteristics of 'male' than 'female' behaviour.

Note that it is not necessarily incumbent upon an employer every time they introduce a productivity scheme to conclude that they have to introduce a similar scheme, or a scheme resulting in identical pay, for all other groups of workers undertaking equal work. In particular, there may be many reasons why a scheme has been adopted in relation to one group of workers and not another. For example, some work groups may not be susceptible to such schemes. It will depend on all the circumstances of the case and crucially on whether the pay policy can be justified.<sup>8</sup>

If your organisation has no performance related payment systems, you can move on to the next checklist.

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<sup>7</sup> Handels-og Kontorfunctionaenes Danmark v Dansk Arbejdsgiverforening (acting for Danfoss) ECJ [1989] IRLR 532

<sup>8</sup> Bainbridge & ors v Redcar & Cleveland Borough Council EAT 0135/06

1. Comparing the proportion of men and women who have access to performance related pay

The first step is to prepare a frequency table showing the proportions of men and women by grade who have access to performance related pay in the selected period<sup>9</sup>. This is done by:

- Sorting the spread sheet by grade/band, gender and performance related payments
- Calculating the number of females who have access to performance related pay in each grade/band/scale
- Calculating the number of males who have access to performance related pay in each grade/band/scale
- Comparing access to performance related pay across the grades using a frequency table, see the example below
- Recording any differences in access for further investigation

The table below compares those who have access to performance related pay in AMPIL by grade and gender.

GRADE	WITHOUT PRP				WITH PRP				TOTAL
	FEMALE	%	MALE	%	FEMALE	%	MALE	%	
1	7	46	8	54					15
2	3	75	1	25					4
3	19	76	6	24					25
4	17	81	4	19					21
5	20	59	14	41					34
6	11	79	3	21	27	56	21	44	62
7					24	53	21	47	45
8					24	41	34	59	58
9					11	37	19	63	30
10					2	25	6	75	8
TOTAL	77	70	36	30	88	42	101	58	302

The table reveals:

- Employees on Grades 1-5 are not eligible for performance related pay;
- Employees on Grades 7-10 are eligible for performance related pay;
- Some employees on Grade 6 receive performance related pay and some do not.

Since all employees on grades 1-5 do not have access to performance related pay, no further investigation will be required in relation to these grades. The same applies to grades 7-10 as all employees on these grades are eligible for performance related pay. However, the position in relation to grade 6 requires further investigation to determine why some employees receive performance related pay and some do not.

<sup>9</sup> See Step 1, paragraph 5(vi) for information about frequency tables

Complete your own table:

**Numbers and proportions of men and women who have access to PRP**

GRADE	WITHOUT PRP				WITH PRP				TOTAL
	FEMALE	%	MALE	%	FEMALE	%	MALE	%	
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
<b>TOTAL</b>									

2. Comparing the average payment received by men and women

The next step is to calculate the average payment received by men and women. This is done by:

- Sorting the spread sheet by grade/band/scale, gender and performance related pay
- Calculating the average female payment for each grade/band/scale
- Calculating the average male payment for each grade/band/scale
- Comparing the average payment for females and males in each band using a frequency table, see the example below
- Recording any significant differences for further investigation

The table below indicates the average female and male performance related pay in AMPIL by grade.

GRADE	Ave Female	Ave Male	F %of M
6	£650	£743	87
7	£539	£595	91
8	£384	£442	86
9	£817	£800	102
10	£686	£857	80

The table reveals significant gender related differences in average payments in favour of male employees in all but grade 9. This will require further investigation to determine why female employees in the other grades receive significantly lower performance related payments than men in the same grades with whom they are undertaking equal work.

Complete your own table:

**Average performance related payments by gender and grade**

GRADE	Ave Female	Ave Male	F %of M	No. Female	No. Male
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

3. Identify equal pay issues

The checklist below will assist in identifying equal pay issues. If you cannot answer ‘yes’ to any of the questions in the checklist you will need to investigate the practice to ensure it is free from gender discrimination.

**Performance/competence based pay systems policy/practice checklist**

**Access**

Q	Checklist question	Yes	No	Comment
1	Are all groups of staff included in the performance pay system?			
2	In particular, are part-time workers, temporary and casual staff, those on maternity leave or taking career breaks, or any other group that is likely to be predominantly female, included in the performance pay system?			
3	Does the same performance pay scheme apply to different groups of staff undertaking equal work?			
4	Is information about the design and implementation of the scheme available to staff in a readily understandable form?			

**Design issues**

Q	Checklist question	Yes	No	Comment
1	Have all those involved in the design and development of performance/competence appraisal schemes been trained in gender awareness and the avoidance of bias?			
2	Are the criteria/objectives that are rewarded by the competence appraisal system objectively justified and have			

	they been checked for potential gender bias?			
3	Do the performance/competence criteria/objectives avoid any that could be indirectly discriminatory, for example those related to attendance, flexibility in hours of work?			
4	Are performance/competence targets or objectives equally achievable in jobs typically done by women and men?			

### Implementation

Q	Checklist question	Yes	No	Comment
1	Have all those involved in the implementation been trained in equal pay principles and the avoidance of bias?			
2	Where managerial discretion applies, are there clear rules on the exercise of discretion over performance/competence appraisal and payments?			
3	Does each employee receive information about her or his individual performance ratings and how they convert into pay?			

### Impact – performance pay outcomes

Q	Checklist question	Yes	No	Comment
1	Does the distribution of performance/competence assessments demonstrate the absence of gender bias between women and men employees within the same grade?			
2	Is the distribution of performance/competence payments broadly similar as between men and women within each grade?			
3	Is the distribution of performance/competence payments broadly similar as between men and women across the authority (within and between schemes)?			
4	Can any differences in pay between men and women, which are attributed to performance/competence, be objectively justified?			

### Monitoring and review

Q	Checklist question	Yes	No	Comment
1	Are performance/competence objectives/targets/assessments/ratings regularly monitored by gender and by full/part time etc?			
2	Are performance/competence objectives/targets/assessments/ratings regularly monitored by gender and by full/part time etc? Same as Q1?			



## Pay on entry policy/practice checklist

Q.	Checklist question	Yes	No	Comment
1.	Do you have a policy, that is, are there clear rules for:			
a.	Starting salaries for new recruits to the service?			
b.	Transfer salaries for those coming from another Force?			
c.	Those promoted from a lower grade?			
2.	If you have such policies, are they applied in practice?			
3.	Have those responsible for applying the policies been trained in equal pay principles and the avoidance of bias?			
4.	Are the policies transparent and communicated clearly to line managers and employees?			
5.	Does your statistical analysis show that men and women are treated comparably in respect of:			
a.	Starting salaries for new recruits to the service			
b.	Transfer salaries for those coming from another Force?			
c.	Those promoted from a lower grade?			

### 2. Pay progression

Differences in pay between men and women resulting from pay progression within a grade or job, whether by traditional annual increments or an alternative progression mechanism, may be justified by the benefits to the organisation of increased experience, competence or performance ensuring greater expertise. But this justification may erode after an appropriate period of time.

It is essential that pay progression arrangements are scrutinised both for their impact on men and women, and for the strength of the 'increased expertise and value' justification, particularly where progression is linked to the achievement of predetermined criteria.

Complete the following table and checklist. If you cannot answer 'yes' to any of the questions in the checklist you will need to investigate the practice to ensure it is free from gender discrimination

### Numbers and proportions of men and women on each progression point (or within each pay range quartile for those on salary ranges)

GRADE	Incr Point (scp)	F	M	As % of nos. on each incremental point		As % of nos. in grade	
		No.	No.	F	M	F	M
1	1						
	2						
	3						
	4						

### Pay progression policy/practice checklist

<b>Q.</b>	<b>Checklist question</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
1.	Do you have a policy, that is, are there clear rules for pay progression?			
2	Were the pay progression rules checked for bias at the design stage?			
2.	If you have such policies, are they applied in practice?			
3.	Have those responsible for applying the policies been trained in equal pay principles and the avoidance of bias?			
4.	Are the policies transparent and communicated clearly to line managers and employees?			
5.	Does your statistical analysis show that men and women are treated comparably in respect of pay progression?			

## Pay protection arrangements

'Red circling' is a widely used pay protection technique for protecting the pay of an individual whose job is downgraded following, for example, an internal reorganisation, grading review or implementation of a new job evaluation scheme, or following a relocation or a job transfer due to ill health. The justification for the practice is generally that:

- Employees may face real financial difficulties if faced with a sudden drop in wages;
- It is not possible to reduce the pay of an employee without his permission which may be withheld without pay protection;
- The peremptory reduction in pay may lead to industrial unrest.

Whether red circling is justified will depend on all the circumstances of each particular case.

### 1. Pay protection resulting from pay restructuring

Where pay protection results from the introduction of a job evaluation scheme and/or a new pay and grading structure, it is important to identify those employees who were entitled to equal pay before the restructuring was introduced and to ensure that the pay protection policy does not have the effect of continuing historic discrimination between these groups. For example, it has been held that the red circling of certain bonus payments to male work groups was discriminatory in circumstances where the payments could not be justified historically in relation to certain female work groups undertaking equal work, and were not extended to those female groups during the protection period. The appropriate course in these circumstances would have been to extend the bonus payments to the female comparators during the protected period.<sup>10</sup> Provided the policy does not perpetuate historic discrimination, it should be capable of justification for the reasons identified above for at least a limited period of time – see below.

### 2. Pay protection resulting from organisational change

Pay protection arrangements may also result from organisational change, such as, relocation or a job transfer due to ill health. Subject to what is said immediately below, the scope for challenging such arrangements is likely to be limited.

### 3. How long should pay protection last?

One question that is often asked is how long pay protection arrangements can stay in place before becoming discriminatory. There is no clear answer to this question. Early case law suggested that it is relevant to take into account all the circumstances of the case

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<sup>10</sup> Bainbridge & ors v Redcar & Cleveland Borough Council EAT 0135/06.

including the length of time that has elapsed since the protection was introduced and whether it accords with good industrial practice in relation to the continuation of the protection<sup>11</sup>. Recent cases suggest, however, that indefinite pay protection arrangements may be justified where there is no evidence of sex discrimination at the inception of the scheme or subsequently i.e. where the composition of the protected group is not disproportionately gender dominated in comparison to the workforce as a whole and/or the female comparator group in particular<sup>12</sup>. For example, the preservation of terms and conditions of employment following a succession of TUPE transfers was approved in one case where there was no evidence of sex discrimination<sup>13</sup>. However, where there is evidence of disparate impact on one sex, it is suggested that the practice may only be justified for a limited period of time in order to cushion the effect of the drop in pay.

Because there is a risk that indefinite pay protection agreements may become discriminatory over time, such arrangements are generally considered to be contrary to good practice. For example, local authorities and NHS employers have recently negotiated pay protection arrangements as part of the introduction of new pay structures. A recent survey by local authority employers which included pay protection arrangements revealed that the length of such arrangements ranged from 2 to 6 years but most commonly 3 years. Pay protection arrangements negotiated as part of the Agenda for Change scheme implemented in the NHS offer protection until 2011 (approximately 5 years, but 7 years from when they were agreed).

**Pay protection checklist**

Complete the table and checklist below. If you cannot answer ‘yes’ to any of the questions in the checklist you will need to investigate the practice to ensure it is free from gender discrimination

**Numbers and proportions of men and women subject to pay protection (red circling) by grade**

GRADE	F	M	Nos. Subject to Pay Protection		As % of nos. in grade		As % of nos. subject To Pay Protection	F
	No.	No.	F	M	F	M	M	
<b>1</b>								
<b>2</b>								

<sup>11</sup> Outlook Supplies Ltd v Parry [1978] IRLR 12 EAT  
<sup>12</sup> Tyne and Wear Passenger Transport Executive (trading as Nexus) v (1) Best and others (2) Fulton UKEAT 0627/05/RN  
<sup>13</sup> Kings’ College London v Clark EAT 5.9.03 (1049/02)

### Pay protection checklist policy/practice checklist

<b>Q.</b>	<b>Checklist question</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
1.	Do you have a policy, that is, are there clear rules for pay protection?			
2	Were the pay progression rules checked for bias at the design stage?			
2.	If you have such policies, are they applied in practice?			
3.	Have those responsible for applying the policies been trained in equal pay principles and the avoidance of bias?			
4.	Are the policies transparent and communicated clearly to line managers and employees?			
5.	Does your statistical analysis show that men and women are treated comparably in respect of pay protection?			

## Market supplements

Organisations have always responded to market pressures for particular occupational groups, nationally or geographically, by paying higher salaries where there are recruitment and retention difficulties. Historically, organisations often accommodated the market pressures by putting the relevant jobs into a higher grade or pay range than would otherwise have been the case.

The ECJ has said that market forces could provide objective justification for all or part of differences in pay between predominantly male and female groups <sup>14</sup> provided:

- They genuinely were the reason for the difference in pay at the time it was introduced and have not simply been put forward as a post hoc justification for the difference in pay; and
- Market factors are still relevant at the date of any claim.

Once the higher salaries have fulfilled their function of attracting more workers into that particular sector of the labour market, there is no longer a need for any additional payment in order to recruit and retain staff and such payments will lose their justification.

Market factors must account for the whole of the differences attributed to them. If not, the courts must determine what proportion of the difference is accounted for by market factors. Although the ECJ did not say that additional payments in response to market pressures should be paid as a separate supplement, it is probably easier for organisations to justify and monitor market payments, where they can be separately identified.

The most obvious and best evidence justifying payment of a market supplement is failure to attract candidates of sufficient calibre to a post advertised at the appropriate grade rate for the type of work.

Additional evidence justifying payment of a market supplement could come from, for example, labour market surveys (national, regional or local). However, such data must be treated with caution, as the quality of the information depends entirely on how it is collected and collated. Information from a small number of recruitment advertisements is unlikely on its own to be sufficiently robust to justify a market supplement, as it is limited and partial. Further, internal and external jobs may not have been accurately matched for 'size'.

The fact that the preferred candidate in a recruitment process has a higher salary from previous employment than that at which the job was advertised is also insufficient on its own to justify a market supplement. One individual cannot constitute a labour market, which by definition requires numbers of buyers and/or sellers, unless, in very exceptional

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<sup>14</sup> Enderby and Frenchay Health Authority and the Secretary of State for Health [1993 IRLR 591 ECJ]

circumstances, they have attributes making them uniquely suitable for the post (research scientists in a new field might be seen in this light).

If it is accepted that a market payment is justified by the evidence, then it should be paid to all those in the same circumstances, even if they were not threatening to go elsewhere for a higher salary. Non-payment to others in the group could lead to equal pay claims. This is because they are part of the same labour market as the new recruit for whom an additional payment has been shown to be justified.

All market supplements in payment should be reviewed regularly, every one to two years, to ensure that they continue to be justified.

### Market supplements checklist

Complete the table and checklist below. It will assist in identifying equal pay issues. If you cannot answer 'yes' to any of the questions in the checklist you will need to further investigate the pay practice to ensure it is free from gender discrimination.

### Average market payments by gender and grade

GRADE	Ave Female	Ave Male	F %of M	No. Female	No. Male
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

Q.	Checklist question	Yes	No	Comment
1.	Do you have a policy, that is, are there clear rules for market payments?			
2.	Were the market payment rules checked for bias at the design stage?			
3.	If you have such policies, are they applied in practice?			
4.	Have those responsible for applying the policies been trained in equal pay principles and the avoidance of bias?			
5.	Are the policies transparent and communicated clearly to line managers and employees?			
6.	Does your statistical analysis show that men and women are treated comparably in respect of market payments?			
7.	Are your market payments supported by evidence from:			

a.	Recruitment and retention exercises and/or			
b.	External market data suppliers?			
8.	Have you asked the provider(s) of any external market data for confirmation that their data collection and analysis processes have been equality proofed?			
9.	Are market payments reviewed regularly to ensure that they remain justifiable?			

## Working time payments

In many public sector pay systems, pay includes a number of elements which are paid as work-related premia in addition to basic pay. These include working time premia, such as overtime, shift pay, on call payments

Equal pay problems with working time payments arise primarily from unequal access, for example, where:

- Predominantly female jobs are excluded from the payments, or have restricted access to them
- Overtime is restricted to certain jobs, or allocated on a discretionary basis

If employees undertaking equal work do not receive equal premium payments there may be an equal pay problem, if you cannot objectively justify the difference. Objectively justifying differential access or payments can present a considerable challenge to employers, for example, justifying a rotating shift system in a service related department if it has the twin effects of disproportionately excluding more women and raising the earnings of an otherwise low paid predominantly male group. Justification could be particularly difficult when it may be possible to provide the required level of service by other means, such as part-time shifts, and to reduce the numbers genuinely required to work the night-time shift.

In some Forces premium payments are consolidated into basic pay. It is important to be able to identify the element of basic pay attributable to work related premia so that such payments can be justified in the event of a challenge.

The checklist below will assist in identifying equal pay issues. The list of payments is drawn from the PSC Pay and Conditions of Service Handbook. Other working time payments should be added to the list as appropriate. If you cannot answer 'yes' to any of the questions in the checklist you will need to further investigate the pay practice to ensure it is free from gender discrimination.

### Working time payments checklist

1. Where men and women are doing equal work, do they have equal access to payments to the following?

Type of payment	Yes	No	Comment
Overtime			
Shift pay			
Unsocial/irregular hours payments			
Payments for short notice change to rostered shifts			
On-call payments			
Standby duty payments			
Payments for public holiday working			

Any other working time payments			
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2. Can the payments still be objectively justified?

Type of payment	Yes	No	Comment
Overtime			
Shift pay			
Unsocial/irregular hours payments			
Payments for short notice change to rostered shifts			
On-call payments			
Standby duty payments			
Payments for public holiday working			
Any other working time payments			

3. Where men and women are doing equal work, is their average payment equal?

Type of payment	Yes	No	Comment
Overtime			
Shift pay			
Unsocial/irregular hours payments			
Payments for short notice change to rostered shifts			
On-call payments			
Standby duty payments			
Payments for public holiday working			
Any other working time payments			

## Benefits

Employers may provide a range of benefits as part of remuneration packages. In terms of equal pay law, each element of the pay package must be treated separately for equal pay problem purposes.

Issues of particular concern regarding gender equality in benefits include:

- Unequal access e.g. the exclusion of part time workers from a benefit where the majority of part time workers are women
- Providing different levels of benefit to different categories of staff undertaking equal work

The checklist that follows will assist in identifying equal pay issues. The list of benefits is drawn from the PSC Pay and Conditions of Service Handbook. Other benefits should be added to the list as appropriate. If you cannot answer 'yes' to any of the questions in the checklist you will need to further investigate the pay practice to ensure it is free from gender discrimination.

### Benefits checklist

1. Where men and women are doing equal work, are the proportions receiving the benefit equal?

Type of benefit:	Yes	No	Comment
Occupational pension			
Sick pay			
Holidays			
Car allowances			
Additional travelling expenditure			
Other benefits (to be identified)			

2. Where men and women are doing equal work is their average payment/benefit equal?

Type of benefit:	Yes	No	Comment
Occupational pension			
Sick pay			
Holidays			
Car allowances			
Additional travelling expenditure			
Other benefits (to be identified)			

3. Can any differences in benefits still be objectively justified?

<b>Type of benefit:</b>	<b>Yes</b>	<b>No</b>	<b>Comment</b>
Occupational pension			
Sick pay			
Holidays			
Car allowances			
Additional travelling expenditure			
Other benefits (to be identified)			

## Broad banding

Broad banded pay structures face additional equal pay issues because they are likely to have bands covering jobs or roles of significantly different value. In particular:

- Jobs may have been allocated to bands, or roles within bands, either without reference to their relative values or through some non-analytical ‘whole role’ comparison;
- In a career band structure, the bands may be based on role clusters or job families with little or no reference to the relative values of jobs or roles;
- Assimilation into either type or broad banded structure from previously different grades may have resulted in women tending to be assimilated towards the bottom of the broad band and men further through the band. Progression within and through the band may offer little realistic prospect of the gap in average salary narrowing;
- The linking of target rates or pay zones within a band to perceived market rates may import discriminatory pay practices from the external market
- Complex methods of pay progression within a band may produce a lack of transparency and mask discriminatory pay practices.

To audit a broad banded pay structure you will need to:

- Establish which jobs within the broad band structure are of equal value;
- Analyse any gender pay differences for jobs which are of equal value.

### Broad banding checklist

Complete the checklist below. If you cannot answer ‘yes’ to any of the questions in the checklist you will need to further investigate the pay practice to ensure it is free from gender discrimination. The checklists on performance related and competency based pay systems may also be relevant to your broad banded structure.

Q.	Checklist question	Yes	No	Comment
1.	Is the average pay of men and women in each band or pay zone equal?			
2.	Has analytical job evaluation been used to allocate jobs to broad bands (as opposed to whole job or role comparison)?			
3.	Are men and women evenly distributed within bands?			
4	Have you monitored to ensure that men and women do not cluster at the top or bottom of the broad bands?			

## **Step 5: Developing an action plan and monitoring and reviewing**

### **1. What happens next?**

What happens next depends upon whether any gaps between men's and women's pay were found for which there was no satisfactory explanation:

- Developing an equal pay action plan is for Forces with gaps between men's and women's pay for which there is no satisfactory explanation;
- Reviewing and monitoring is for all organisations including those with no gaps between men's and women's pay, to ensure that this continues into the future.

### **2. What should an action plan include?**

An action plan should include arrangements to:

- Narrow and ultimately eliminate any significant gaps that cannot be satisfactorily explained on grounds other than sex
- Change policies and practices that contribute to unequal pay
- Introduce an equal pay policy (see below)
- Introduce ongoing monitoring of pay outcomes by gender
- Take forward any checks not completed during the review and any other outstanding matters

If it has not been possible to undertake all the checks included in this Guide immediately, it will be appropriate to include in your action plan a date by which these other checks will be completed. For example, an action plan could include any of the following:

- Review the pay system in terms of race, disability and age by (date)
- Rationalise job titles and conduct full like work checks by (date)
- Undertake checks to job evaluation scheme by (date)
- Work with IT to devise a means of including bonus payments in the EPR database by (date)
- Undertake pay on entry and pay progression checks by (date)

### **3. When should equal pay be brought in?**

For practical and financial reasons, it may not be possible to introduce equal pay immediately. Forces need to be aware that in the interim they are vulnerable to equal pay claims. Any delay in implementing equal pay will increase the risk of equal pay claims. Further, under the Equal Pay Act 1970, employees may be entitled to up to six years back pay. The action plan should make clear what timescales the organisation has in mind, and how it is going to compensate employees who may be entitled to equal pay.

#### 4. How often should monitoring and review take place?

Where it is necessary to change policies and practices that have caused unequal pay, it is recommended that the equal pay review is repeated within a year after the change in policy has been introduced to ensure that the changes to the relevant policies are having the desired effect.

If it has not been possible to include race, disability and age in the review you will want to set a date by which a wider review is undertaken.

Once you are satisfied that the change(s) in policy has (have) eliminated any gender bias in the pay system, it is recommended that the exercise is repeated every two to three years.

#### 5. Introduce an Equal Pay Policy

The EOC recommends that every employer should introduce an Equal Pay Policy that provides employees with a clear statement of the organisation's intentions in respect of equal pay. Evidence of an equal pay policy may assist an employer's defence against an equal pay claim.

The equal pay policy should commit the organisation to providing equal pay with clear accountabilities, regular monitoring in partnership with trade union representatives and adequate resources for Equal Pay Reviews.

#### EOC's model equal pay policy<sup>15</sup>

We are committed to the principle of equal pay for all our employees. We aim to eliminate any sex bias in our pay systems.

We understand that equal pay between men and women is a legal right under both domestic and European law.

It is in the interest of the organisation to ensure that we have a fair and just pay system. It is important that employees have confidence in the process of eliminating sex bias and we are therefore committed to working in partnership with the recognised trade union representatives to take action to ensure that we provide equal pay.

We believe that in eliminating sex bias in our pay system we are sending a positive message to our staff. It makes good business sense to have a fair, transparent reward system and it helps us to control costs. We recognise that avoiding unfair discrimination will improve morale and enhance efficiency.

Our objectives are to:

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<sup>15</sup> Reproduced from the EOC Code of Practice on Equal Pay

- Eliminate any unfair, unjust or unlawful practices that impact on pay
- Take appropriate remedial action.

We will:

- Implement an equal pay review in line with EOC Guidance for all current staff and starting pay for new staff (including those on maternity leave, career breaks or non-standard contracts)
- Plan and implement actions in partnership with trade union representatives
- Provide training and guidance for those involved in determining pay
- Inform employees of how those practices work and how their own pay is determined
- Respond to grievances on equal pay as a priority
- In conjunction with trade union representatives, monitor pay statistics annually.

Sara Leslie  
Sue Hastings

## APPENDIX 1: REFERENCES AND FURTHER READING ON EQUAL PAY REVIEWS

Equal Opportunities Commission: Equal Pay Review Kit (available in hard copy form and from the EOC's website: [www.eoc.org.uk](http://www.eoc.org.uk))

Equal Opportunities Commission: Code of Practice on Equal Pay

Equal Opportunities Commission: research reports on equal pay audits, insert titles

ACAS Advisory Booklet: Job Evaluation – An Introduction

Sara Leslie, Sue Hastings, Jo Morris: Equal Pay, a Practical Guide: Law Society, 2003