

## Equal pay audits

The new Equality Bill will require public sector employers to undertake more systematic monitoring of the needs of specific equality groups and how they are affected by changes in policies and procedures.

The Framework Agreement already requires HEIs to undertake an equal pay audit after implementation and periodically thereafter but Capita's independent review of HERA and its use by HEIs suggested that many organisations had not yet completed their audits. The staff side were also critical of some of the audits undertaken.

According to UCEA's review of the implementation of the Framework Agreement, one of the main remaining tasks is to close the gender (and presumably other) pay gaps.

The HERA toolkit both facilitates and enhances the potential to undertake comprehensive audits and understand the causes of inequalities.

An equal pay review conducted by an independent, expert third party, not only saves HEIs a considerable amount of time but it can add value by providing contextual information and an informed interpretation of the results.

Our audits follow the recommendations made in the EHRC's Equal Pay Review Kit and Code of Practice, and JNCHES guidance, and typically involve analysis of:

- Pay and workforce data to identify:
  - Where there are significant pay inequalities arising between equality groups carrying out 'equal work'.
  - The causes of inequalities such as the extent to which equality groups are clustered in low paid roles, or there are differences in the payment of allowance or in the rate of pay progression.
- The organisation's pay practices such as the use of service increments, recruitment and retention premia and performance payments, which can all favour men.
- The organisation's equal pay policy and the extent to which it complies with best practice, has been implemented and communicated, and is working effectively.
- What action is required to deal with any gaps and issues identified.

The precise content and structure of reports will be agreed with ECC members but will generally include:

- A description of the methodology used
- An outline of the institution's equality duty, as a public sector employer

- Developments in relevant legislation and case law
- The results of the pay analysis, such as where there are significant pay inequalities including whether there are differences in:
  - Basic salaries
  - The award of starting salaries above the minimum of the salary scale
  - Pay progression through time to identify differences in opportunities
  - The award of contribution pay
  - The pay and opportunities of part-time workers
- Background and contextual information on the pay gaps and workforce distributions found in other organisations, by using ASHE or HESA data
- The causes of inequalities.

This would include a review of the representation of equality groups in the organisation as a whole, as well as in grades and departments. This would show for example where particular equality groups were clustered at the bottom of grades, or in low/high paying occupations.

- An assessment of the quality and completeness of the pay and workforce information available in terms of undertaking the review.
- Recommendations for changes to the organisation's equality policy. Recommendations will take into account:
  - Equal pay legislation and up-to-date case law in this area
  - Government policies and EHRC/EOC guidance
- Suggested action plans for addressing issues identified, which would be developed in partnership with ECC consultants.

Capita has worked with a range of public sector employers to undertake equal pay audits.

The cost of undertaking audits varies considerably according to the size of the organisation, and the comprehensiveness of the audit. Consultancy work is charged at a discounted rate of £808 per day.