

# Equal pay review 2010

The new Equality Act promotes equal pay and pay transparency, compelling public sector employers to publish information on gender pay differentials. This will prevent employers from disciplining employees who discuss their pay, where employees perceive that pay may be linked to some form of discrimination. This approach aims to eradicate the gender pay gap, which stood at 16.4% (ONS gender pay gap 2009) for full-time roles despite almost 40 years of legislation.

All employers have a responsibility to ensure equal pay and Consumer Focus is committed to treating all employees equally and fairly, and ensuring that our pay systems are transparent. This is demonstrated through our structured pay system which is openly published on the internet.

## The principles of equal pay

- 1.1. The fundamental principles of equal pay ensure men and women are paid the same amount for 'like work', work 'rated as equivalent' (through job evaluation) or 'work of equal value' (where the roles may be different, but have equal value in terms of demands or skills necessary). Where men and women are paid at different rates for the same or similar work, the employer must prove that there is a defensible reason demonstrating it is not gender-related.
- 1.2. In order to bring an Equal Pay claim, an applicant must find a 'comparator'. This is someone of the opposite gender, working for the same employer, doing like work, who is paid more or has more beneficial terms and conditions, than the person bringing the claim. This comparator can be someone working for the employer at the same time or in the past, therefore comparisons may be made with predecessors in the same job.
- 1.3. However, a change in the Equality Act allows a claim of direct pay discrimination to be made, even if no real person comparator can be found. This means that a claimant who can show evidence that they would have received better remuneration from their employer if they were of a different sex may have a claim, even if there is no-one of the opposite sex doing equal work in the organisation. This would be a claim under sex discrimination.
- 1.4. To defend a claim an employer must show the difference in pay is due to a genuine material factor (GMF) for example:
  - the person bringing the claim and the comparator are not engaged in 'like work', or
  - a bona fide and non-discriminatory job evaluation scheme has been conducted and the work is not 'rated as equivalent', or
  - the work is not of 'equal value', or
  - any difference in pay is genuinely due to any other material factor or difference other than the difference of gender.
- 1.5. The consequences of an equal pay claim mean that an employment tribunal can order:
  - equalisation of their contractual terms for the future

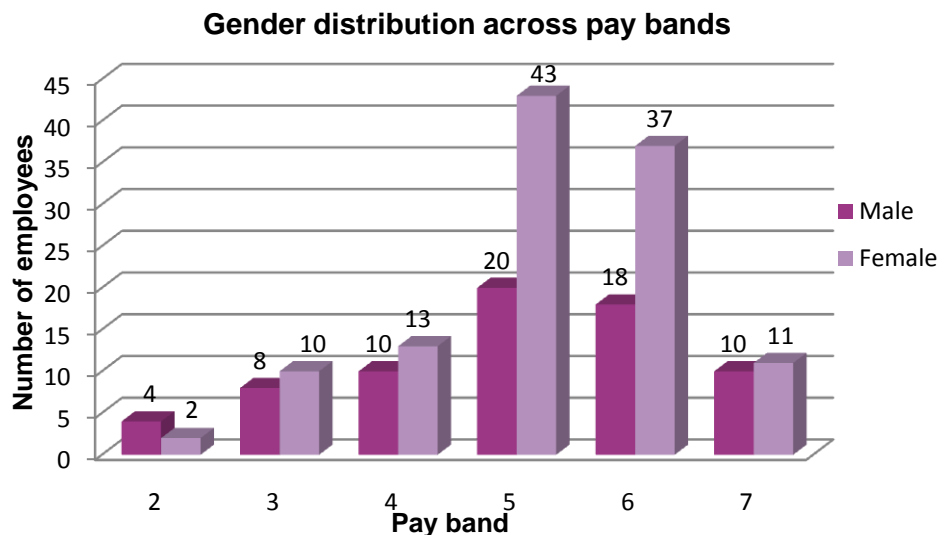
- arrears of pay for up to six years (five years in Scotland)
- interest on any arrears payable.

## Equal pay in Consumer Focus

- 2.1. Job roles within Consumer Focus have been independently and analytically evaluated by Hay Group, to reflect equitable value for work of an equal nature and to be able to defend and demonstrate equal pay.
- 2.2. The pay bands are also reviewed by Hay Group to ensure Consumer Focus salaries remain competitive in the external jobs market, ensuring consistency and fairness. They were initially reviewed in line with market rates at the establishment of Consumer Focus, and again in line with the pay remit 2009. It would be seen as best practice and recommended to continue this practice whenever possible, in conjunction with the annual salary review.
- 2.3. This report provides a summary of an equal pay review undertaken on 01 September 2010 and compares this with the same information provided in September 2009.

## Gender distribution in Consumer Focus

- 3.1. Firstly, it is worth noting that the overall gender split in Consumer Focus is weighted towards more female employees than male employees.
- 3.2. Consumer Focus comprises approximately 62% female employees and 38% male employees.
- 3.3. The overall distribution of gender by pay band is demonstrated in the diagram below.



- 3.4. This shows a fair consistent distribution in each of the pay bands, except notably, twice as many females in pay bands 5 and 6 than males. Considerations of this may include opportunities for progression and promotion of males rather than females; personal preferences of females employed in lower paybands; or the vocational nature of the work involved. Although after consideration of several possible reasons for why this is, it is impossible to attribute a conclusive reason for this.
- 3.5. The main anomaly can be seen in the male/female distribution of senior management levels, which does not reflect the same female bias as the rest of the organisation. This was

partially re-addressed firstly with the appointment of Maria Battle as Senior Director Wales, and more recently, Marieke Dwarshuis as Senior Director Scotland, but is still not representative of the overall, wider organisational gender distribution.

## Gender pay

4.1. The Equality and Human Rights Commission recommend in their “Code of Practice on Equal Pay” to carry out an equal pay review to ensure that a pay system delivers equal pay free from sex bias. The essential features of an equal pay review, as advised by the Equality and Human Rights Commission, should include:

- Comparing the pay of men and women doing equal work;
- Identifying any equal pay gaps (of 5% or more);
- Eliminating those pay gaps that cannot satisfactorily be explained on grounds other than sex.

4.2. A comparison of mean salaries of female and male employees by pay band and from the previous equal pay review (in September 2009) is demonstrated below. This compares full-time equivalent salaries to ensure like-for-like comparisons.

Pay band	Gender	as at 01 September 2009				as at 01 September 2010			
		Number of employees (FTE)	Mean average salary	Total mean average salary	Pay gap (% difference)	Number of employees (FTE)	Mean average salary	Total mean average salary	Pay gap (% difference)
2	Female	1.0	£68,616	£73,323	7.76%	2 (2.0)	£71,986	£74,167	4.55%
	Male	5.0	£73,943			4 (4.0)	£75,258		
3	Female	7.0	£56,261	£56,115	-0.49%	10 (8.9)	£55,912	£55,752	- 0.65%
	Male	7.9	£55,988			8 (7.8)	£55,551		
4	Female	22.0	£45,246	£45,642	2.36%	13 (13.0)	£44,250	£44,566	1.64%
	Male	12.8	£46,314			10 (9.8)	£44,975		
5	Female	39.9	£33,658	£34,073	3.84%	43 (39.2)	£35,090	£34,585	- 4.69%
	Male	19.5	£34,951			20 (19.5)	£33,518		
6	Female	33.4	£24,891	£25,208	3.21%	37 (35.0)	£25,696	£25,738	0.52%
	Male	23.0	£25,690			18 (18.0)	£25,829		
7	Female	9.0	£19,955	£19,728	- 2.28%	11 (10.0)	£19,761	£19,489	- 2.98%
	Male	9.4	£19,500			10 (8.9)	£19,190		

(A negative % difference indicates female employees averaging higher salaries.)

4.3. The pay gap between the mean average salary of male and female employees in any of the pay bands is not deemed to be at a significant level to cause concern (the Equality and Human Rights Commission advise that differences in salary of over 5% be considered significant). This suggests that there are no immediate organisational gender pay issues.

4.4. This improvement supports and reinforces the move to address the risk of pay inequalities in pay bands 4 and 5, where the differentials have changed dramatically. This may be attributed not only to addressing the length of pay bands, by shortening pay bands 4 and 5 in the 2009 pay remit, but also with employee turnover and highlighting the good practice of appointing at the entry levels of the pay bands, for both external and internal appointments.

## Equal pay in relation to hours worked

- 5.1. Consumer Focus currently has 13% of employees working part-time, the remaining 87% work a full 36 hour week.
- 5.2. A comparison of mean salaries of those employees working full or part-time by pay band is demonstrated below. This compares full-time equivalent salaries to ensure like-for-like comparisons.

Pay band	Part time		Full time		Pay gap (% difference)
	Number of employees (FTE)	Full-time mean average salary	Number of employees (FTE)	Full-time mean average salary	
2	0	£0.00	6	£74,167	n/a
3	2.7	£53,848	14	£56,164	4.30%
4	0.8	£44,000	22	£44,591	1.34%
5	5.7	£36,275	53	£34,266	- 5.86%
6	3	£25,340	50	£25,778	1.73%
7	1.9	£19,734	17	£19,432	- 1.55%

(A negative % difference indicates part-time employees averaging higher salaries.)

- 5.3. The differentials between those working full- or part-time hours, all fall between the level of significance, except for pay band 5 where the pay differential favours part-time employees.
- 5.4. It is important to recognise that due to the relatively small numbers of part-time employees in each pay band, these few may distort the overall picture and may be attributed to individual circumstances, rather than represent the consensus within Consumer Focus.

## Recommendations

- 6.1. To continue reinforcing the good practices adopted through the recruitment and selection policy on starting salary.
- 6.2. To continue to scrutinise any requests for regradings, acting-up and additional responsibility allowances.
- 6.3. To continue to monitor and review the organisation's situation with equal pay, in line with the annual pay remit, market rates and the Single Equality Scheme.

# Appendix 1 - Consumer Focus pay bands 2009-2010

pay band	min salary	point 1	point 2	point 3	point 4	point 5	point 6	point 7	point 8	point 9	max salary
2	£62,000	£63,654	£65,308	£66,962	£68,616	£70,270	£71,924	£73,578	£75,232	£76,886	£78,540
3	£52,000	£53,300	£54,600	£55,900	£57,200	£58,500	£59,800	£61,100	£62,400	£63,700	£65,000
4	£44,000	£44,700	£45,400	£46,100	£46,800	£47,500	£48,200	£48,900	£49,600	£50,300	£51,000
5	£33,000	£33,900	£34,800	£35,700	£36,600	£37,500	£38,400	£39,300	£40,200	£41,100	£42,000
6	£24,000	£24,600	£25,200	£25,800	£26,400	£27,000	£27,600	£28,200	£28,800	£29,400	£30,000
7*	£17,000	£17,500	£18,000	£18,500	£19,000	£19,500	£20,000	£20,500	£21,000	£21,500	£22,000

\*starting salary for positions in pay band 7 in London is £19,000 per annum