

Equality Impact Assessment

Context

1. under s.149 of the Equality Act 2010, when making decisions, Essex County Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sex/gender
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. The EqIA will be published [online](#):
8. All **Cabinet Member Actions, Chief Officer Actions, Key Decisions and Cabinet Reports must be** accompanied by an EqIA.
9. For further information, refer to the EqIA guidance for staff.
10. For advice, contact:
Shammi Jalota shammi.jalota@essex.gov.uk
Head of Equality and Diversity
Corporate Law & Assurance
Tel 0330 134592 or 07740 901114



Section 1: Identifying details

Your function, service area and team: OD and People

If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team:

Title of policy or decision: Layer 3 and below Pay and Grading

Officer completing the EqIA: Emma Sayers Tel: Email: emma.sayers@essex.gov.uk

Date of completing the assessment: 21st August 2017

Section 2: Policy to be analysed

2.1	<p>Is this a new policy (or decision) or a change to an existing policy, practice or project?</p> <p>The current local performance related pay arrangements have been in existence in the organisation since 2007 and was last comprehensively reviewed in 2010.</p> <p>A new pay and grading system was put in place for layers 1 & 2 of the organisation through OD phase 1 in April 2017.</p> <p>The Head of Paid service is considering a decision to start Trade Union Negotiations with the aim of reaching a collective agreement on a new pay and grading scheme and to consider other changes to terms and conditions linked to pay.</p> <p>Further decision reports with accompanying EQIAs will be provided if a collective agreement is reached to or if it is not and ECC wishes to proceed, consultation on a dismiss and reengage exercise.</p> <p>This EQIA provides initial analysis of the impact of option C (pay and grading) as detailed in the Head of Paid Service report.</p>
2.2	<p>Describe the main aims, objectives and purpose of the policy (or decision):</p> <p>The pay structure was last comprehensively reviewed in 2010 when pay market conditions and organisational requirements were very different. In Phase 1 of the current organisation re-design, the pay and grading structure was changed for director roles.</p> <p>In our last two employee surveys, the CEO and Leader Roadshows and other employee forums, employees have strongly voiced their dissatisfaction with the current pay arrangements and we committed to review this. Employees' main concerns are:</p> <ul style="list-style-type: none">• Pay discrepancies amongst employees doing the same job.

- Employees are unclear why they have been placed at a certain point on the pay scale. They have highlighted that they feel that there is a discrepancy in pay between longer serving employees in a grade and those that have been recently recruited.
- Pay bands are very wide, with high overlap, meaning that they feel that accountability and responsibility isn't always clearly differentiated and/or rewarded appropriately.

Analysis of the pay levels of our current employees is that:

- 25% of new recruits overall are currently being recruited on a higher salary than at least one existing employee at the same grade. At band 6, this figure increases to 63% at Band 5 and 77% at band 7)
- 62% of employees are paid the same as or lower than at least one employee graded lower, 3% paid the same or lower than an employee who is 2 grades lower.
- In 10% of jobs there is greater than 30% difference in pay between lowest and highest paid.
- Only 45% of ECC employees are satisfied with their total reward package (pay, pension etc.). This is 15 points lower than “best in class” employers and 9 points lower than Local Government benchmark, and is the fifth most negative scoring question in Your Voice survey 2016.
- With 1% pay increases each year, it would take on average 50 years to get from bottom of pay band to top, with no increases in the pay bands
- There has been a rise in voluntary turnover over last 2 years – from 9.5% to 10.6% (i.e. 11% higher) with the greatest increases in Adults, Childrens and Families and Education.

Equal pay law requires the Council to ensure that people receive the same pay for work of equal value. Whilst our regular equal pay audits have not highlighted any equal pay risks to ECC currently, based on an analysis of male and female salaries, the risk can increase if there is not clear justification for pay levels within grades.

The use of two separate job evaluation systems for our main employment bands has been identified in successive equal pay audits as a potential weakness – although we are not proposing to change the Soulbury and Youth workers' pay.

The organisation redesign process means that all employees will be given a new job role. Whilst some parts of the organisation have already moved into new bands, we have sought to inform them that pay is being reviewed and that the band for their new role may change accordingly.

This will help ensure that the new structure reduces the level of perceived pay inequality. A system of pay which is fair and benchmarked to competitor employers will help ECC to create an Employee Value Proposition (EVP) to attract and retain the most talented employees to deliver our Organisation Strategy and Strategic Priorities.

In addition to these employee perception issues, the legal requirement for ECC to



meet the National Living Wage (NLW) is making the need for change more pressing. The NLW means we need to, in effect, increase the bottom of band 1 for those aged over 25. This is eroding the difference in pay between current band 1 and band 2 salary ranges.

The Organisational Strategy adopted in July 2017 states '***we will invest in our employees to make sure they can drive the transformation our communities need***'. A new pay and grading system help support the new organisation and address pay fairness issues as follows:

Support the New Organisation	Address Pay Fairness/ Perception Issues
<ul style="list-style-type: none"> • Drive the right culture • Attract and retain a changing workforce • Respond to the national living wage • Support future reward / Employee Value Proposition 	<ul style="list-style-type: none"> • One job evaluation system for main roles • New job profiles for all roles • Remove overlap between grades • Benchmark appropriately • Pay arrangements understood and seen as fair and equitable

What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)?

A pay and grading system that supports future organisation design, allows budget to be controlled and fairly distributed, and employees are paid at the correct level.

2.3	<p>Does or will the policy or decision affect:</p> <ul style="list-style-type: none"> • service users • employees • the wider community or groups of people, particularly where there are areas of known inequalities? <p>This decision will affect employees.</p> <p>Will the policy or decision influence how organisations operate? No this change will not affect how other organisations operate.</p>
2.4	<p>Will the policy or decision involve substantial changes in resources? No</p>
2.5	<p>Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes?</p> <p>If the proposal goes ahead, the Council's Pay Policy will be amended to reflect the changes.</p>



Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	<p>What does the information tell you about those groups identified?</p> <p>A pay modelling tool has been developed to analyse the impact of the new pay structure using employee data as at June 2017. This data shows that there are 6542 permanent and fixed term employees in Bands 1 - 9.</p> <p>The data tells us that:</p> <ul style="list-style-type: none">- 38.2% of this group are aged 50 plus- 5.5% of this group are aged under 25- 73.8% of this group are female- 66.8% of this group are full time- 3.1% of this group have declared a disability- 10.2% of this group are BME
3.2	<p>Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision?</p> <p>There has been no direct consultation with the employees on this proposal. Early discussions are currently taking place with our recognised trade unions.</p> <p>It is also worth noting that dissatisfaction with the link between pay and performance has been raised by employees directly with the Chief executive who has committed to reviewing this.</p>

¹ Data sources within EEC. Refer to Essex Insight:
<http://www.essexinsight.org.uk/mainmenu.aspx?cookieCheck=true>
with links to JSNA and 2011 Census.



3.3

If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary. Please include any reasonable adjustments, e.g. accessible formats, you will provide as part of the consultation process for disabled people:

Detailed of any communication plan will be dependent on the outcome of negotiations.

If a Collective Agreement (CA) is reached there will an engagement plan to help inform employees about how the changes to their terms and conditions will affect them. This is likely to include, drop in sessions, a dedicated email box, dedicated HR employees, telephone lines, intranet pages and letters.

If a CA is not achieved, it is likely that will we to start a period of formal consultation through OD phase 2. The support to employees will include, drop in sessions, a dedicated email box, dedicated HR employees, telephone lines, intranet pages and letters.



Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

- (1) Analysis has been carried out using a pay modelling tool to understand the overall average % salary change across all protected characteristics. This salary change covers any pay rise on initial move to the new pay scheme, the consolidation of any daytime flat rate allowances and other pay supplements, the impact once any pay protection has ended, and the eventual pay increases for employees to be assimilated into the “core zone” of their pay range over a 3-year period. The average % salary change comparison by protected characteristic is shown in the final column of the table below.
- (2) Analysis has been carried out comparing overall “pay gap” across all protected characteristics between the current pay system and the proposed new pay system (once the salary changes referred to in (1) above have been made. The “before” and “after” pay gaps are shown in the table below and indicate an improvement in the pay gap across most of the protected characteristics as a consequence of this decision.

Table 1

Protected Characteristic		Average FT salary		Pay Gap		Average % salary change
		Before	After	Before	After	
Gender	Male	£32,315	£33,996	10.5%	9.7%	6.0%
	Female	£29,252	£30,989			6.3%
Race	White British	£30,124	£31,769	1.5%	0.3%	5.9%
	Other	£29,673	£31,669			7.7%
Religion	Christian	£30,257	£32,117	1.1%	1.8%	6.9%
	Other	£29,932	£31,559			6.0%
Sexual orientation	Heterosexual	£29,800	£31,774	-1.5%	0.2%	7.5%
	Other	£30,268	£31,718			5.0%
Disability	Yes	£26,583	£28,447	-11.8%	-10.7%	7.4%
	None	£30,137	£31,854			6.2%
Age	Under 45	£29,339	£31,520	-4.2%	-1.3%	8.0%
	45 and over	£30,611	£31,942			4.8%
Overall		£30,025	£31,747			6.3%

Description of impact

Nature of impact

Positive, neutral, adverse
(explain why)

Extent of impact

Low, medium, high
(use L, M or H)



Age	Positive – pay gap by this protected characteristic improved as shown in Table 1	L
Disability – learning disability	Positive – pay gap by this protected characteristic improved (although employee data not split out by impairment type due to insufficient data)	L
Disability – mental health issues	Positive – pay gap by this protected characteristic improved (although employee data not split out by impairment type due to insufficient data)	L
Disability – physical impairment	Positive – pay gap by this protected characteristic improved (although employee data not split out by impairment type due to insufficient data)	L
Disability – sensory impairment (visual, hearing and deafblind)	Positive – pay gap by this protected characteristic improved (although employee data not split out by impairment type due to insufficient data)	L
Gender/Sex	Positive – pay gap by this protected characteristic improved as shown in Table 1 The gender pay gap by grade would also be improved by implementing option C as shown in Tables 2 and 3 below.	M
Gender reassignment	No data	
Marriage/civil partnership	No data	
Pregnancy/maternity	No data	
Race	Positive – pay gap by this protected characteristic improved as shown in Table 1	L



Religion/belief	Negative – pay gap by this protected characteristic slightly lessened – note small sample size (insert)	L
Sexual orientation	Positive - pay gap by this protected characteristic improved - note small sample size (Insert)	L

Table 2 – Current Equal Pay analysis

Projected new grade	Average FT salary		Difference
	Female	Male	
C	£70,702	£73,398	3.8%
D	£55,475	£57,083	2.9%
E	£41,855	£42,486	1.5%
F	£32,367	£32,878	1.6%
G	£26,580	£26,813	0.9%
H	£21,193	£20,746	-2.1%
I	£16,868	£16,577	-1.7%
J	£14,580	£14,486	-0.6%

Table 3 – Projected Equal Pay analysis (after all pay changes made)

Projected new grade	Average FT salary		Difference
	Female	Male	
C	£75,321	£75,524	0.3%
D	£58,614	£59,099	0.8%
E	£43,975	£44,071	0.2%
F	£33,953	£34,248	0.9%
G	£27,302	£27,440	0.5%
H	£22,211	£22,050	-0.7%
I	£18,786	£18,769	-0.1%
J	£15,789	£15,799	0.1%

Cross-cutting themes

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Socio-economic	N/A	



Environmental, eg housing, transport links/rural isolation	N/A	
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Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No X <input type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.



Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.
Data suggests a small negative impact by religion in pay gap	Although the sample size is small, this matter must be kept under review and further deep dive analysis carried out prior to any further decision on implementation	End October 2017



Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Maxine Taylor

Date:

Signature of person completing the EqlA: Emma Sayers

Date:

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

