



Department
of Energy &
Climate Change

DECC Equal Pay Review 2012

February 2013

DECC Equal Pay Review 2012.....	1
Alternative Formats.	4
Executive Summary.....	6
Background.....	6
Key Findings	6
Gender	6
Age.....	7
Working Pattern.....	7
Recommendations	7
[1] Strategic Direction	7
[2] Monitoring, Evaluation and Further Understanding	8
[3] Existence and Compliance with Policies	8
1. Introduction.....	9
1.1 Scope.....	9
1.2 Data Sources.....	10
2. Pay System in DECC.....	11
2.1 Background on Pay in DECC	11
2.2 Grading Structure	11
2.3 Elements making up Pay	12
2.3.1 Base Pay	12
2.3.2 Allowances	13
2.3.3 Specialist Pay Enhancements	14
2.3.4 Performance Awards	16
2.4 Pay Progression	18

2.5 Salary Sacrifice benefits.....	18
3. Analysis Presented	19
3.1 Basic Pay Gap Calculation.....	19
3.2 Mean values	19
3.3 Factors analysed to consider differences in Basic pay	20
3.4 Distribution of Base Pay	21
3.5 Statistical Tests.....	21
4. Findings from Analysis	22
4.1 Gender Analysis	22
4.1.1 Base Pay	23
4.1.2 Allowances.....	28
4.1.3 Specialist Pay Enhancements.....	28
4.1.4 Performance Awards.....	29
4.1.5 Salary Sacrifice	29
4.1.6 Summary of Gender Analysis.....	30
4.2 Age Analysis	30
4.2.1 Base Pay	32
4.2.2 Allowances.....	37
4.2.3 Specialist Pay Enhancements.....	38
4.2.4 Performance Awards.....	38
4.2.5 Salary Sacrifice	39
4.2.6 Summary of Age Analysis	39
4.3 Working Pattern Analysis	41
4.3.1 Base Pay	41
4.3.2 Allowances.....	45

4.3.3 Specialist Pay Enhancements	45
4.3.4 Performance Awards	46
4.3.5 Salary Sacrifice.....	46
4.3.6 Summary of Working Pattern Analysis.....	47
5. Relevant Policies	47
5.1 Pay.....	47
5.2 Recruitment.....	47
5.3 Performance Appraisal	48
5.4 Learning and Development.....	48
5.5 Public Sector Equality Duty	48
6. Conclusions and Recommendations.....	50
6.1 Conclusions.....	50
6.2 Recommendations.....	50
6.2.1 Strategic Direction	50
6.2.2 Monitoring, Evaluation and Further Understanding	51
6.2.3 Existence and Compliance with Policies	51
Annex A – Data Sources.....	52
Annex B – Technical Annex	54

Alternative Formats.

If you require further information on this document or require the document in another format, please contact Derek Coombes, DECC Head of Performance and Reward

Email: derek.coombes@decc.gsi.gov.uk

Telephone: 0300 068 6784

Executive Summary

Background

The Department of Energy and Climate Change (DECC) was created on 3rd October 2008 under a Machinery of Government change by merging parts of DEFRA (Department of Environment, Food and Rural Affairs) with parts of BERR (Department for Business, Enterprise and Regulatory Reform).

Staff transferred under COSOP (Cabinet Office Standards of Practice on Staff Transfers) and retained their existing terms and conditions until these were later renegotiated and harmonised.

As part of the DECC 2009 pay award the pay for individual groups of specialists were harmonised and new rates for allowances introduced for staff below the Senior Civil Service (SCS).

In 2010 and 2011 there has been a two-year pay freeze for staff below the SCS earning more than £21,250. Despite the pay freeze in 2010, DECC was able to harmonise the remaining pay related terms and conditions for staff below the SCS (excluding ex DEFRA milestone payments).

Under the remit for the 2012 pay award DECC is able to increase pay awards by an average increase of 1%, for all staff below SCS.

Key Findings

The following summarises the main findings from this equal pay review:

Gender

The overall gender basic pay gap is largely due to the unequal representation of men and women between grades. If representation was equal by gender then the mean basic pay gap between men and women would be 1.0%, in favour of men. However, the actual gender pay gap between mean salaries is 6.2%, and this difference is statistically significant.

Key to reducing the gender basic pay gap is improving the representation of women at higher grades.

For both the end of year performance award and in-year bonuses, no statistically significant differences were found in staff who received an award by gender.

Age

Mean salary values show that staff aged 16-29 are paid less than staff aged 30-39, which is largely due to younger workers being at more junior grades and nearer the bottom of their payscales. The mean basic pay gap is -22.5% in favour of the 30-39 age group.

Differences in the mean pay of the age groups 30-39 and 40-49 and the age groups 40-49 and 50 plus is small.

However, there are some differences in pay within grade by age group. These could be as a result of the length of time staff have been in grade. Good practice for the achievement of equal pay is to have short pay bands which do not allow for large differences to exist within grade.

For both the end of year performance award and in-year bonuses, no statistically significant differences were found in staff who received an award by age group.

Working Pattern

The overall mean basic pay gap between full-time and part-time staff is -7.3%, in favour of part-time staff. The overall differences are largely due to part-time workers being higher up their pay scales compared to full-time workers. This could be due to staff with higher earnings feeling that they can afford to work part-time. The Department should however be supportive of staff working flexible working patterns and part-time, across all grades.

Part-time and full-time staff were equally likely to receive in-year bonuses.

Recommendations

The equal pay review has identified several recommendations in order to make progress in reducing basic pay gaps in the future. The recommendations are outlined under three key headings below.

[1] Strategic Direction

The recommendations in this section summarise the strategic HR policies that the DECC should adopt (or continue with).

1) Improve representation across grades

To obtain equal pay, proportionate representation across grades is extremely important. DECC should continue to work towards improving representation of women at all grades in which they are under-represented.

2) Shorten pay scales

To reduce any within grade pay discrepancies DECC should continue to work (within Departmental priorities) towards shortening pay scales.

[2] Monitoring, Evaluation and Further Understanding

The recommendations in this section summarise where regular monitoring should take place and areas where further understanding and robust data is important.

3) Work towards a position where we can collect time in grade data

To fully investigate underlying causes to differences in pay it is important to have robust data on time in grade. DECC should work towards a position where we can collect time in grade data for all staff.

4) Monitor information on promotions and recruitment

Promotion and recruitment are key components of any strategy to reduce pay inequalities. Further work is required and planned to obtain comprehensive information in this area.

[3] Existence and Compliance with Policies

The recommendations in this section summarise those associated to key HR policies.

5) Ensure implementation of the performance management policy

End of year ratings should continue to be monitored and feedback sought about the operation of the performance management system.

6) Promote DECC grading guidance

DECC should continue to promote and draw managers attention to the grading guidance available on the intranet to ensure that grading decisions across DECC are consistent.

7) Continue to support flexible and part-time working patterns

The Department should continue to support flexible and part-time working patterns across all grades.

1. Introduction

The purpose of this Equal Pay Review is to analyse the Department's pay system to provide assurance that it is free from bias in terms of gender, age and working pattern. Where any basic pay gaps are found, potential contributing factors are investigated and recommendations have been suggested to enable the issues to be resolved, or to identify further work to fully understand the underlying factors.

1.1 Scope

The base data considered in this review covers a snapshot of permanent Civil Service staff at Grades AA to Grade 6 at the Department of Energy and Climate Change (DECC) on payroll as at 30th November 2011. The review focuses on age, gender and working pattern as full data for DECC staff are available in these areas. Where pay differences are noted, an understanding of the underlying factors contributing to these differences will be examined using any available data as at 30th November 2011, or the year to 30th November 2011. A full list of data considered and sources with any deviations noted is available at Annex A.

The review does not cover DECC's delivery partners (NDPB's) as they operate their own pay and grading structures.

As pay policies for Senior Civil Servants (SCS) are set centrally by the Cabinet Office, DECC SCS staff have been excluded from this review.

Staff on loan or secondment to DECC who remain on their parent department's terms and conditions have been excluded.

Any staff on loan at a higher grade to their substantive grade are considered to be at their temporary grades within this report, as they would fall under the terms and conditions of the higher grade while working at DECC. Internal DECC staff on temporary promotion are analysed at the substantive grade and salary; with their temporary promotion status considered separately.

The review does not include analysis on the following protected characteristics: disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief and sexual orientation. Due to high non-declaration rates the data for these protected characteristics is not sufficiently robust enough for analytical purposes. The Department is seeking to increase declaration rates and HR will review whether analysis can be undertaken in future years.

1.2 Data Sources

The base data considered was taken from the staff payroll system as at 30th November 2011. Diversity information was matched onto this data and taken from the 4Me system. The data has been used to calculate the overall basic pay gap between the different genders, age groups and by working pattern.

As at the 30th November 2011, DECC had 1,045 staff on London pay scales and 86 staff on National pay scales on payroll at Grades AA to Grade 6. To analyse the overall basic pay gap an adjustment was made to the salaries received by staff on the National pay scale to bring them onto the London pay scales. Full time equivalent salaries were considered when calculating the overall basic pay gap. Further technical details and information on calculations can be found at Annex B.

2. Pay System in DECC

2.1 Background on Pay in DECC

The Department of Energy and Climate Change (DECC) was created on 3rd October 2008 under a Machinery of Government change by merging parts of DEFRA (Department of Environment, Food and Rural Affairs) with parts of BERR (Department for Business, Enterprise and Regulatory Reform).

Staff transferred under COSOP (Cabinet Office Standards of Practice on staff transfers) and retained their existing terms and conditions until these were later renegotiated.

With effect from 1st August 2009 all staff below SCS (Senior Civil Service) level were moved onto the DECC pay scales and harmonised to a DECC grade. Staff received a DECC 2009 pay award and as part of this the pay for specialists were harmonised and new rates for allowances were introduced.

As part of the emergency Budget in 2010 the Chancellor announced a package of measures to reduce the budget deficit. This included an announcement that a two-year pay freeze (for staff below the SCS) would be implemented immediately for Civil Service staff earning more than £21,250. For DECC this applied to the 2010 and 2011 pay awards. Despite the pay freeze in 2010, DECC was able to harmonise the remaining pay related terms and conditions for staff below the SCS (excluding ex DEFRA milestone payments).

Under the remit for the 2012 pay award¹ DECC is able to increase pay by an average increase of 1%, for all staff below SCS.

2.2 Grading Structure

The DECC grading structure for staff below SCS level is shown below in Table 2.1.

¹ Full details of the 2012 pay award are available at:
http://www.hm-treasury.gov.uk/d/civil_service_pay2012_13.pdf

Below SCS, jobs are allocated one of the grades listed in Table 2.1 by the recruiting manager and the Deputy Director has responsibility to ensure jobs within their area are graded correctly, through using the guidance available in the staff handbook².

Permanent progression from one grade to the next is through open competition, where a vacancy arises or a new post is created.

Staff in designated specialist posts receive specialist pay enhancements in addition to their base salary.

Table 2.1 The DECC Grading Structure

Grade	Abbreviations
Administrative Assistant	AA
Administrative Officer	AO
Executive Officer	EO
Higher Executive Officer	HEO
Fast Stream	Fast Stream
Senior Executive Officer	SEO
Grade 7	G7
Grade 6	G6

2.3 Elements making up Pay

There are four main elements that make up pay:

- (1) Base pay;
- (2) Allowances;
- (3) Specialist Pay Enhancements; and
- (4) Performance Awards.

2.3.1 Base Pay

Base pay is paid according to Grade. DECC operates separate pay scales for London and Nationally based staff. The pay scales effective from 1 August 2011 are shown below (in Table 2.2).

New staff who are external to the Civil Service will usually start at the pay scale minimum and will progress up the pay scale by the amounts detailed in the appropriate annual pay offer.

² Guidance used to allocate a job to a grade can be found at <http://lis/decc/human-resources/handbook/pay-ranging.html>.

Staff laterally transferring from other Government departments will usually retain their existing salary up to the DECC maximum or be placed on the DECC minimum if their salary is below this level.

Staff transferring to DECC on promotion will usually receive an increase of 10% of their existing salary (subject to the DECC maximum) or be placed on the DECC minimum if this is higher.

Table 2.2 DECC Pay Scales

	London		National	
	Minimum	Maximum	Minimum	Maximum
AA	£18,567	£19,712	£14,567	£15,712
AO	£21,250	£22,646	£17,534	£19,146
EO	£24,992	£29,060	£21,250	£25,060
HEO	£29,261	£34,424	£25,261	£30,424
Fast Stream	£27,000	£33,654	£25,000	£29,654
SEO	£34,713	£41,851	£30,713	£37,851
G7	£46,975	£56,597	£42,975	£52,597
G6	£56,707	£68,322	£52,707	£64,322

2.3.2 Allowances

DECC pays the following allowances as outlined in Table 2.3. Any changes to these are considered in line with the annual pay remit exercise.

Table 2.3 DECC Allowances

Allowance	Description
On Call Allowance	On Call Allowance is payable to staff in Grades AA to Grade 6 who have a specific rostered commitment to be on call – that is, to be available to attend the office in an emergency.
Standby Allowance	Standby Allowance is payable to staff in Grades AA to Grade 6 who have a specific rostered commitment to remain overnight on standby at their place of work for the full rostered period after a full day's work. It does not apply to situations where someone can leave their place of work after providing details of where they can be contacted, should they be needed (in such cases they may be Night Duty Officers).
Offshore Allowance	Offshore allowance is paid to staff who are required to visit offshore oil and gas installations as part of their official duties.
Overtime/Travelling Time	In exceptional circumstances staff in Grades AA to Grade 6 may be able to claim overtime or time off in lieu (TOIL) for the additional hours they have spent working or travelling.
Temporary Cover	Temporary Cover is intended to be used in exceptional circumstances. It allows a member of staff to fill a post in a higher grade, normally for between one and three months. Temporary Cover may be used: in order to meet a short-term business need such as maternity leave; long-term sickness; a need pending a permanent appointment to the post; or a short term specific project.
Meal Allowance	Meal allowance is payable if, for operational reasons, an individual has to purchase a meal which they otherwise would have taken at home.
Market Related Retention and Recruitment Bonus	Paid to generalist staff working in designated oil and gas related posts. A non consolidated, non pensionable bonus of £750 is paid in both February and August to aid retention of key staff.

2.3.3 Specialist Pay Enhancements

Specialist Pay Enhancements are paid to qualifying staff undertaking designated posts. The pay enhancement is paid in addition to base pay and is pensionable. The enhancement is attached to the post and not the individual. Payment of specialist pay enhancements is terminated if an individual moves to a non qualifying post. The rates of the enhancements effective from 1 August 2011 are shown in Table 2.4.

Table 2.4 DECC Pay Enhancements

LONDON ENHANCEMENTS			
Specialist Area	Specialism	Grade	Rate
Accountant	Qualified	EO	£6,037
		HEO	£6,795
		SEO	£8,838
	Part Qualified 1st stage	EO to SEO	£1,249
	Part Qualified 2nd stage	EO to SEO	£2,496
	Qualified	G7 & G6	£4,495
Economist	Entry Level	Fast Stream	£3,989
	Entry level + MSc	Fast Stream	£6,489
		G7	£3,559
		G6	£2,906
Electronic Engineer	Electronics	G7	£5,870
		G6	£3,662
Electrical Engineering Inspector	Senior	G7 & G6	£12,685
Electronic Engineering	Science	SEO	£6,313
Electronic Scientific	Science	SEO	£6,313
HR Business Partner		G6	£4,101
Information		EO to G6	£5,016
IT Intelligent Customer Function		EO to G6	£6,312
	Procurement	EO to G6	£6,312
Lawyers		SEO to G6	£2,326
Librarianship		EO to G6	£6,312
Mapping and Charting		EO	£5,123
		HEO	£4,045
MENTOR Advanced User		AA to HEO	£1,077
Operational Research (OR)	Without MSc	EO to HEO	£2,545
	With MSc	EO to HEO	£5,045
		SEO to G7	£5,529
		G6	£4,729
Petroleum Specialist		HEO	£21,110
		SEO	£33,419
		G7	£20,157
Procurement	Level 1	AA to G6	£1,712
	Level 2	AA to G6	£4,560
Reservoir Evaluation Specialist		HEO	£24,320
		SEO	£35,998
		G7	£28,348
		G6	£22,639
Scientific		EO	£5,123
		HEO	£4,045
		SEO	£4,652
Statistician	Entry Level	Fast Stream	£3,989

	Entry Level + MSc	Fast Stream	£6,489
	Entry Level	EO to SEO	£5,699
	Entry Level + MSc	EO to SEO	£8,199
	Entry level + MSc	G7 & G6	£2,440
Typing/Secretarial		AO	£1,339
NATIONAL PAY ENHANCEMENTS			
Specialist Area	Specialism	Grade	Rate
Environmental Specialists		HEO	£22,235
		SEO	£34,891
		G7	£22,553
Investigation Officers		HEO & SEO	£1,997
Petroleum Specialist		HEO	£22,306
		SEO	£34,836
		G7	£22,621
Reservoir Evaluation Specialist		HEO	£25,515
		SEO	£37,415
		G7	£30,812
		G6	£25,294
RETAINED PAY ENHANCEMENTS			
Specialist Area	Specialism	Grade	Rate
Economist	Experienced Staff	Fast Stream	£7,543
	Entry level + MSc	Fast Stream	£6,950
	Experienced + MSc	Fast Stream	£10,502
Operational Research (OR)	Without MSc	EO to HEO	£4,045
	With MSc	EO to HEO	£7,006
		SEO to G6	£8,229
Statistician	Experienced Staff	Fast Stream	£7,543
	Entry Level + MSc	Fast Stream	£6,950
	Experienced + MSc	Fast Stream	£10,502
	Entry Level + MSc	EO to SEO	£8,659

2.3.4 Performance Awards

DECC pays bonuses and rewards as outlined in Table 2.5. Non pay rewards are not analysed in this report because staff members do not receive money directly.

Table 2.5 DECC Performance Awards

Bonus/Reward	Description
End of Year Performance Award	End of year performance awards are paid to staff based on the performance rating they receive at their end of year performance appraisal reviews.
Special Bonus	Special bonuses are one off payments that can be given to staff to recognise and reward their performance
Non Pay Reward	Non pay rewards are a quick way of acknowledging one off achievements. The rewards can be given in the form of flowers, chocolates, gift vouchers or anything else provided it is not given as actual money.

End of Year Performance Award

For 2011 after careful consideration it was decided to award non consolidated end of year performance awards to those rated as 1 – Strongest Contributor and 2 – Strong Contributor. For 2011 the value of the awards for those with a rating 1 – Strongest Contributor, roughly equate to 4.4% of the pay range Minimum. The values of the awards for those with a rating 2 – Strong Contributor is half of that for those with a rating 1. The amounts of the awards are shown in Table 2.6 below.

Table 2.6 DECC 2011 End of Year Performance Awards

	1 – Strongest Contributor	2 – Strong Contributor
AA	£820	£410
AO	£940	£470
EO	£1,100	£550
HEO	£1,290	£645
Fast Stream	£1,190	£595
SEO	£1,530	£765
G7	£2,070	£1,035
G6	£2,500	£1,250

2.4 Pay Progression

Pay is reviewed annually with effect from 1 August and staff progress up the pay scale as advised in the annual pay offer document.

As at the end of November 2011, 19 ex DEFRA staff still had reserved rights to Milestones and will only lose their entitlement if they move voluntarily to a new role, or if their salary exceeds the milestone amount.

For staff entitled to the Milestones, if they have not already reached the relevant Milestone salary after the appropriate period of qualifying service in their Grade their salary is automatically increased to the Milestone value on 1 July. The Milestone values and qualifying length of service is shown below in Table 2.7.

Table 2.7 DEFRA Milestone Reserved Right Values by Location

London									
Pay Range	A	B	C	D	E	F	G	H	J
Value (Yrs)	18,150 (3)	21,462 (3)	26,826 (3)	31,620 (3)	31,473 (4)	37,708 (3)	49,445 (4)	50,223 (4)	61,015 (4)
Value (Yrs)	18,576 (6)	21,972 (6)	27,622 (6)	32,610 (6)	-	39,239 (6)	51,779 (6)	52,167 (6)	63,377 (6)
National									
Pay Range	A	B	C	D	E	F	G	H	J
Value (Yrs)	14,919 (3)	18,265 (3)	23,955 (3)	28,185 (3)	28,275 (4)	34,903 (3)	45,494 (4)	46,204 (4)	56,980 (4)
Value (Yrs)	15,276 (6)	18,692 (6)	24,643 (6)	29,053 (6)	-	36,273 (6)	47,626 (6)	47,982 (6)	59,169 (6)

2.5 Salary Sacrifice benefits

Salary sacrifice is a contractual arrangement whereby an employee gives up the right to receive part of their salary in return for their employer's agreement to provide some form of non-cash benefit. The sacrifice is made before the calculation of tax and National Insurance which results in both the individual and employer paying less tax and National Insurance resulting in a saving.

DECC staff with parental responsibility for a child under the age of 15 (16 if the child is disabled) are able to benefit from the use of a salary sacrifice childcare vouchers scheme.

DECC also offers a cycle to work scheme where all staff are able to hire a bike from DECC to cycle to work on.

3. Analysis Presented

This section details the main analysis presented within this review. Further details of the data used and technical notes are given in Annexes A and B.

3.1 Basic Pay Gap Calculation

The following calculation was used in establishing pay gaps between different diversity (gender, age and working pattern) groups.

$$\text{Basic Pay Gap} = \frac{\text{difference in mean pay between the two groups}}{\text{mean pay of the advantaged group}}$$

advantaged group = group with the higher salary

The calculation considered the mean (average) basic pay of the two groups. For gender and working pattern calculations the advantaged groups have been taken to be the group that overall earns more and the calculations by grade assume a similar method so that figures can be compared to one another. For age the advantaged group has been taken to be the older age group.

The basic pay gap statistic is based on mean (average) basic pay which considers the total of the earnings for everyone in a particular group and divides by the number of people within the group. The advantage in considering mean (average) basic pay is that calculations to control for representation across grades are made possible (as described further in Section 3.3). A disadvantage is that the mean (average) can be heavily influenced by some extreme values (outliers – high and low salaries) particularly when the number of employees in a group are small.

3.2 Mean values

For allowances, pay enhancements and performance mean values by diversity group were compared. Statistical tests as outlined in Section 3.4 and detailed in Annex B were also performed.

3.3 Factors analysed to consider differences in Basic pay

To a large extent the overall basic pay gaps can be explained by the representation of the various diversity groups across the grades. A pay gap statistic (using mean (average) pay) which controlled for representation was reviewed.

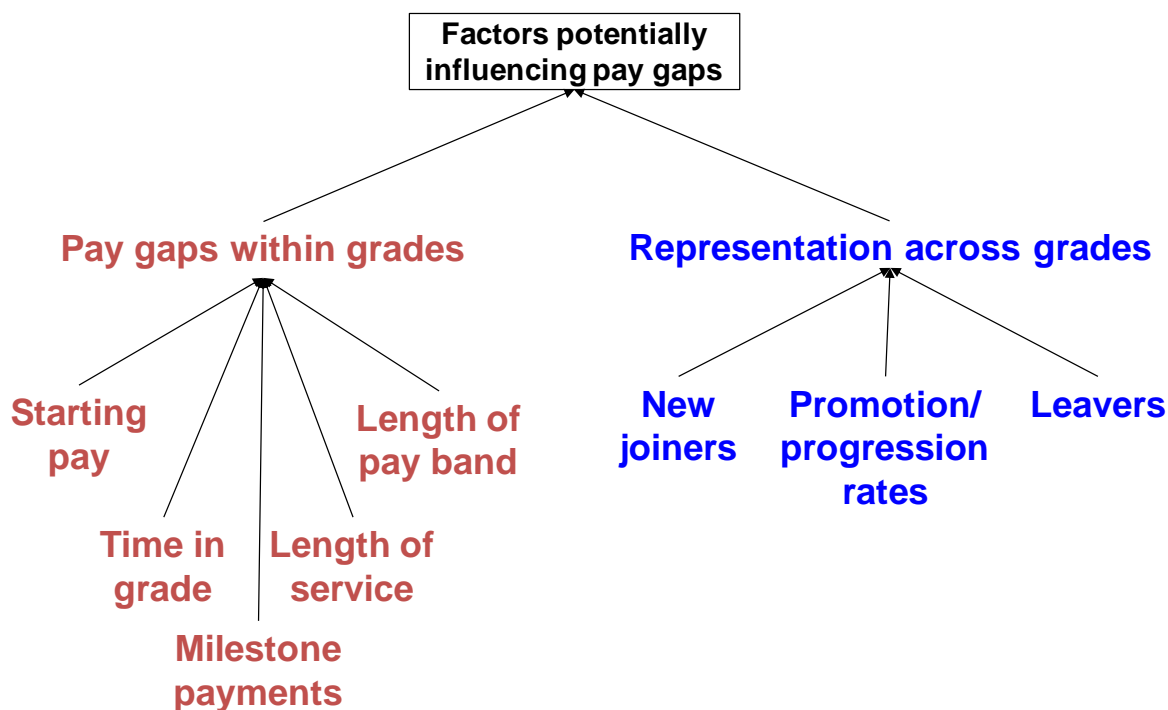


Figure 3.1 Analytical Framework used to identify drivers for any pay discrepancies

Where data was available, other factors (as outlined in Figure 3.1) which could contribute to different groups having different basic pay were considered, including: starting pay of new joiners, length of service, contractual agreements such as milestone payments, the grade at which new joiners started, and the grades from which different diversity group left the Department.

Some key factors were not analysed due to unavailability of data, for example, time in grade and promotion.

3.4 Distribution of Base Pay

Figure 3.2 was plotted for the salaries of staff in each diversity group, to demonstrate the spread of salaries within a group. The chart plots the median, the range of actual salaries from the lowest to higher, and the inter-quartile range.

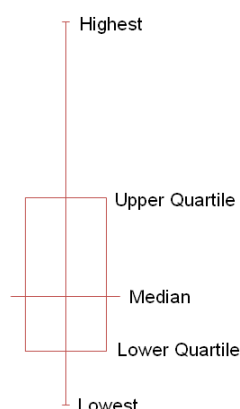


Figure 3.2 Distribution of Base Pay

Definitions

Highest – this value represents the highest basic salary within the group.

Upper Quartile – arranging salaries in ascending order then dividing into four equal parts gives quartile values. As a range the upper quartile are the salary values represented by the part containing the highest data values. The upper quartile value here is the value towards the lower end of this range.

Median – arranging salaries in ascending order and taking the middle value gives the median salary.

Lower Quartile – arranging salaries in ascending order then dividing into four equal parts gives quartile values. As a range the lower quartile are the salary values represented by the part containing the lowest data values. The lower quartile value here is the value towards the higher end of this range.

Lowest – this value represents the lowest basic salary received by a staff member within the group.

3.5 Statistical Tests

Statistical tests were used to identify whether any differences could be explained by chance (i.e. were not significant) or whether the differences were big enough to indicate a systematic

difference (i.e. were significant). Any difference significant at the 95% has been highlighted. A full summary of the tests used is given at Annex B.

4. Findings from Analysis

This section provides details on the key findings which are summarised in the Executive Summary. The details are presented by gender, age group, and working pattern, on each of the elements outlined in sections 2.3 to 2.5.

Where groups were too small (5 or fewer), categories were grouped together using principles outlined in Annex B.

4.1 Gender Analysis

The overall gender basic pay gap is largely due to the unequal representation of men and women between grades. If representation was equal by gender then the mean basic pay gap between men and women would be 1.0%, in favour of men. However, the actual gender basic pay gap between mean salaries is 6.2%.

Factors which could contribute to a larger proportion of men at higher grades, include:

- *Total length of service:* on average (mean) men have 12.8 years length of service compared to 11.1 years for women.
- *New starters:* men were slightly more likely to start at grades HEO and Fast Stream when compared to women, and women were more likely to start at grades AO and EO when compared to men, however, these differences were not statistically significant.
- *Leavers:* The number of leavers is small and there was no real difference in the in proportions leaving across grades by gender.

Men were more likely to receive on call and off shore allowances and women were more likely to receive Market Related Recruitment and Retention Bonus, however, there were no significant differences in the value of payments made by gender.

For overtime allowance, temporary allowances, specialist pay enhancements, end of year and special bonuses, no significant differences were identified in who received these by gender and the amounts they received.

Men and women were also similarly likely to take part in the salary sacrifice schemes of childcare vouchers and cycle to work.

4.1.1 Base Pay

If the mix of women and men within each grade remained the same, but the distribution of women and men across every grade was similar (i.e. controlling for the number of men and women at different grades) then the mean basic pay gap would be 1.0% in favour of men (Table 4.1). So improving the representation of women at higher grades is key to reducing the gender basic pay gap.

The actual gender basic pay gap between mean salaries is 6.2% in favour of men.

The overall distribution of base pay by gender is shown in Figure 4.1. Overall the spread of salaries for men is slightly wider than the spread of salaries for women. All salary distributional measures are lower for women than for men.

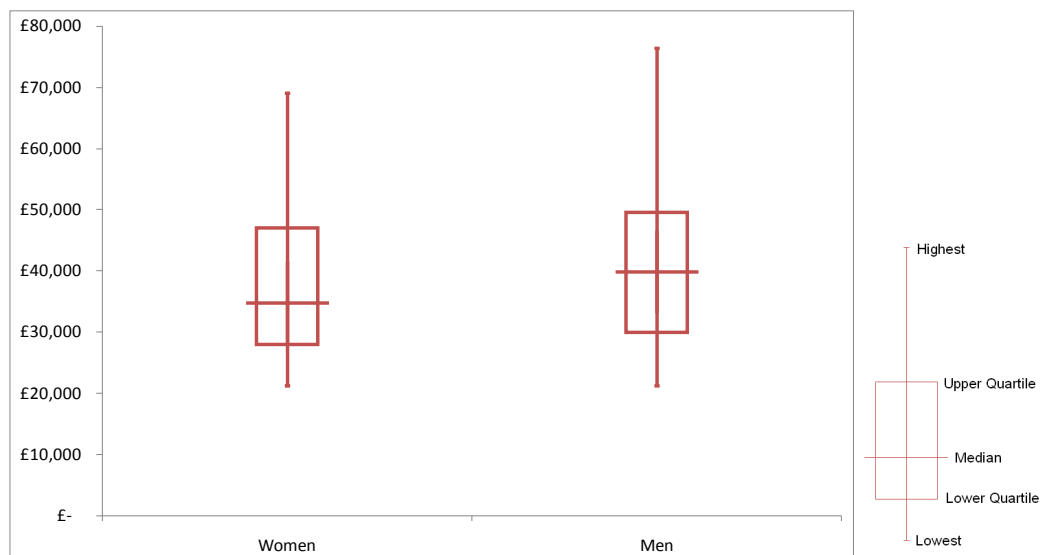


Figure 4.1 Distribution of base pay by gender

There are two main factors that contribute to differences in the base pay between men and women (as outlined in Figure 3.1):

- (1) the difference between men's and women's basic pay within grades, and/or
- (2) the number of men and women within different grades.

(1) Pay within Grades by Gender

Within grades pay differences are minimal and under the Equality and Human Rights Commission's (EHRC) guidelines³ the differences are not large enough to be of concern, since the differences are all less than 3% (Table 4.1). The largest difference in pay is at Grade 6, where men earn on average more than women.

Table 4.1 Differences in Mean Base Pay⁴ by Gender and Grade

Grade	Women	Men	% Pay Gap
AO	£22,150	£21,861	-1.3%
EO	£25,896	£25,956	0.2%
HEO	£30,963	£31,001	0.1%
Fast Stream	£28,186	£27,946	-0.9%
SEO	£36,738	£36,984	0.7%
G7	£48,482	£49,167	1.4%
G6	£59,162	£60,363	2.0%
Overall	£38,583	£41,141	6.2%
Calculations controlling for representation across grades	£39,757	£40,147	1.0%

Negative pay gap values indicate that women are paid more than men. Positive values indicate that men are paid more than women.

Milestone Payments

As at the end of November 2011, 19 ex DEFRA staff still had reserved rights to Milestones payments, 8 women and 11 men. Due to the small number of individuals with reserved rights the impact of these contractual arrangements is minimal.

Marked Time Pay

A total of 33 staff receiving marked time pay as at 30 November 2011, 16 women and 17 men. Due to the small number of individuals with marked time pay the impact on overall pay is minimal.

³ EHRC GUIDANCE AVAILABLE AT: [HTTP://WWW.EQUALITYHUMANRIGHTS.COM/ADVICE-AND-GUIDANCE/GUIDANCE-FOR-EMPLOYERS/TOOLS-EQUAL-PAY/STEP-3-ADDITIONAL-INFORMATION/SECTION 3.5 JUDGING WHAT IS SIGNIFICANT](http://www.equalityhumanrights.com/advice-and-guidance/guidance-for-employers/tools-equal-pay/step-3-additional-information/section-3.5-judging-what-is-significant) SUGGESTS THAT AN 'EFFECT SIZE' OF A 5% DIFFERENCE IN THE PAY OF MEN AND WOMEN DOING EQUAL WORK, OR WHERE THERE IS A PATTERN OF DIFFERENCES FAVOURING ONE GENDER OR ANOTHER, A 3% DIFFERENCE, AS 'SIGNIFICANT'.

⁴ All salaries were adjusted to London pay scales, as outlined in Annex B.

Higher Starting Pay

37.5% of all new starters received starting salaries higher than their grade minimums. A number of factors may be responsible for this e.g. where new recruits came from other government departments, this may be due to individuals receiving a higher salary than the DECC minimum in their previous Department and so transferring to DECC on this amount. Both men and women were equally likely to start on higher starting pay and the amounts received by both genders were not statistically significantly different to one another.

(2) Number of Men and Women at each Grade

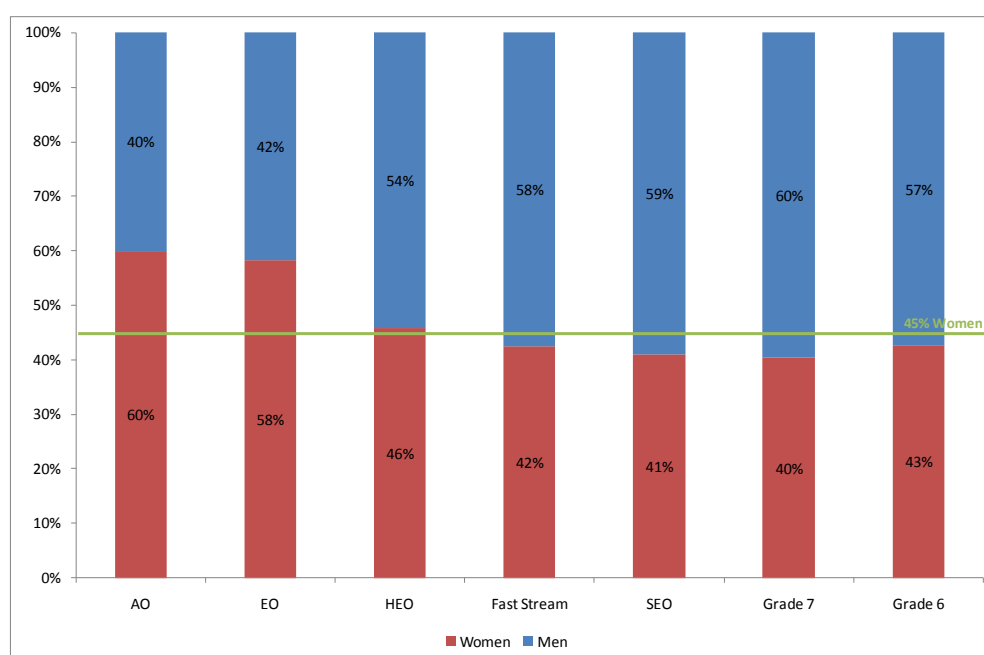


Figure 4.2 Percentage of Men and Women at each Grade

The overall workforce comprises of 45% women and Figure 4.2 confirms that men are better represented in the senior grades (up to Grade 6) within DECC. In particular, at Grades AO and EO there are disproportionately high numbers of women, and 17% of all DECC staff are at these grades.

Position on Pay Scales, Length of Service and Age

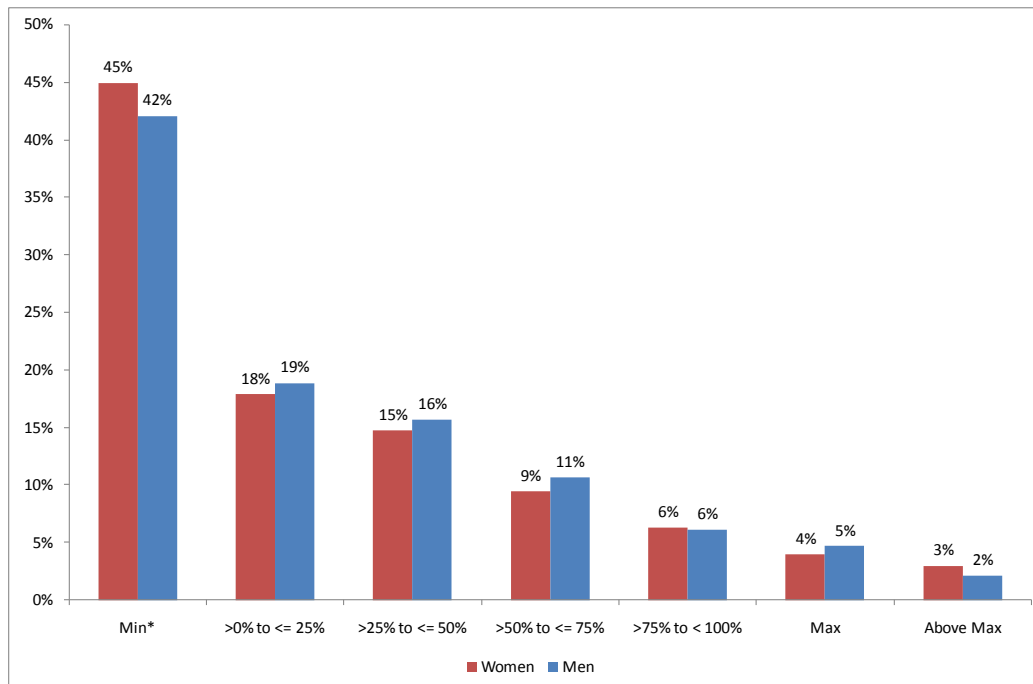


Figure 4.3 Percentage of Men, Women and All Staff by Position on All Pay Scales

Figure 4.3 shows that a slightly greater proportion of women (45%) are at the band minimum than the proportion of men (42%). Men tend to be slightly higher up within pay scales, however, when considering staff above band maximum, 2.9% of women are compared to only 2.1% of men. Statistically these differences were not significant.

Figure 4.4 shows that a slightly greater proportion of men (73%) have length of service greater than or equal to 5 years, when compared to the proportion of women (68%). Also, looking at the numbers of staff that have been in the civil service for 25 years or more, 17% of all men fall under this grouping compared to 11% of all women and statistically this is significantly different. The overall average (mean) length of service for men and women is 12.8 and 11.1 years, respectively, and these were statistically significant.

The average (mean) age of men and women is 40.6 and 39.1 years, respectively.

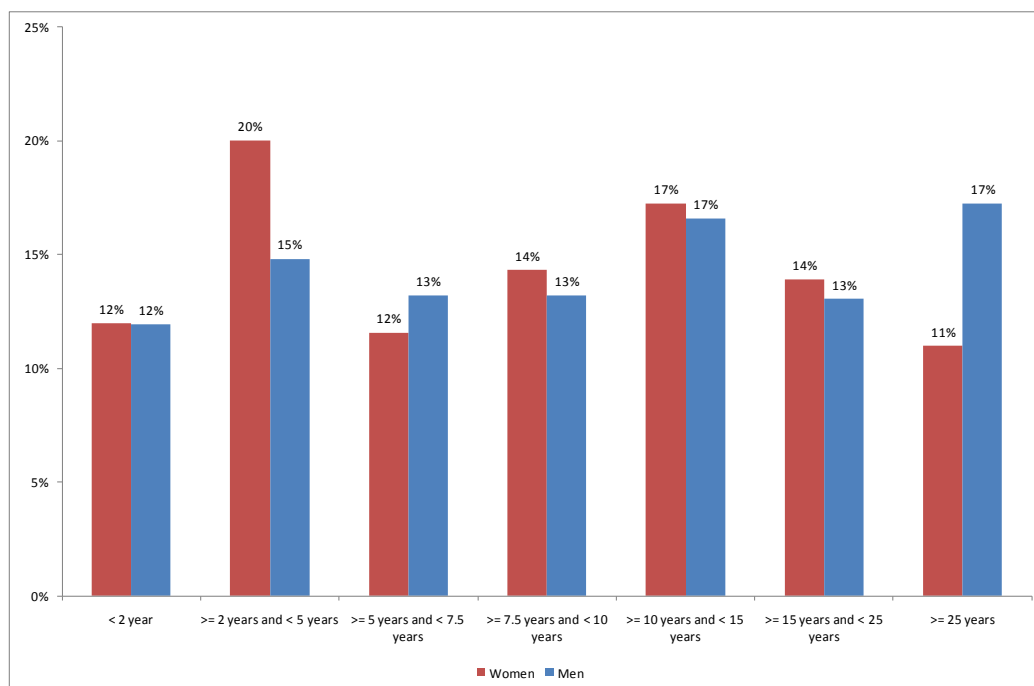


Figure 4.4 Percentage of Men, Women and All Staff by Length of Service

New Starters

216 staff at grades AO to Grade 6 joined DECC payroll in the year to 30 November 2011. Men and women joined across all grades, however:

- women were slightly more likely to join at grades AO and EO; 22% of all the women compared to 18% of all the men who started in this period, and
- men were slightly more likely to join at grades HEO and Fast Stream; 36% of all the men compared to 30% of all the women who started in this period.

Leavers

69 staff at grades AO to Grade 6 left DECC in the year to 30 November 2011, that would have appeared on DECC's payroll. 32 were women and 37 were men. There were no real differences in the proportions leaving across grades by gender.

4.1.2 Allowances

Table 4.2 Allowances paid to individuals in the year to 30 November 2011 by Gender

Allowance	Number to receive	Distribution (%)			Average (mean) amount (£)		
		Men	Women	Sig.	Men	Women	Sig.
On Call	65	6.6%	4.7%	N	473	439	N
Offshore allowance	21	2.6%	1.0%	Y	1,089	995	N
Overtime	142	11.9%	13.3%	N	2,868	2,131	N
Temporary cover	60	6.0%	4.5%	N	702	603	N
MRRR Bonus	45	2.7%	5.5%	Y	1,368	1,393	N

For allowances received by staff there were statistically significant differences by gender in who received different types of offshore allowances and Market Related Recruitment and Retention Bonuses, however, no significant differences were found in the amounts received by men and women. Table 4.2 shows that by DECC populations:

- Men were 2.6 times more likely to receive off shore allowances than women. The offshore allowance is paid to environmental offshore inspectors when they go offshore, very few are women and this is a general reflection of the offshore oil and gas industry; and
- Women were 2 times more likely to receive MRRR bonus allowance than men. The MRRR bonus is paid for generalist posts dealing with the energy industry in locations where generalist staff retention is a major issue that needs to be addressed. The split between genders is much more even for generalist posts than the specialist posts above. This, coupled with there being fewer women (45%) across DECC compared to men (55%) leads to women being twice as likely to receive the MRRR bonus.

4.1.3 Specialist Pay Enhancements

On 30th November 2011, 24.1% of women were receiving a specialist pay enhancements compared to 30.0% of men. There were no statistical differences found in the amounts received by women and men.

Table 4.3 Specialist Pay Enhancements paid as at 30 November 2011 by Gender

Specialist Pay Enhancements	Number to receive	Distribution (%)			Average amount (£)		
		Men	Women	Sig.	Men	Women	Sig.
	309	30.0%	24.1%	N	8,359	7,505	N

4.1.4 Performance Awards

Table 4.4 Summary of Performance Awards and amounts paid by Gender, 2011 Award

Performance Awards	Number to receive	Distribution (%)			Average amount (£)		
		Men	Women	Sig.	Men	Women	Sig.
End of year award	408	34.0%	38.6%	N	1,096	1,069	N
Special in-year bonus	473	41.3%	42.4%	N	421	436	N

A full analysis on the end of year performance award has been completed previously and available on the intranet⁵. Considering the high level statistics (as summarised in Table 4.4) there were no significant differences by gender in who received a payment or not, and for the amounts paid out.

For special in-year bonuses there were no significant differences by gender in who received a payment or not, and between the amounts paid.

4.1.5 Salary Sacrifice

No statistical differences were found in the number of women and men using the childcare voucher and cycle to work salary sacrifice schemes.

⁵ The full diversity analysis of end of year performance ratings is available at <http://lis/decc/human-resources/docs/Analysis-Performance-Ratings-Oct11.ppt>. Note that not all the numbers will be identical due to new joiners to the department, leavers and some staff not being eligible for the award due to length of service.

Table 4.5 Salary Sacrifice usage by Gender

Salary Sacrifice	Number to use scheme	Distribution (%)		
		Men	Women	Sig.
Childcare Vouchers	86	8.1%	7.1%	N
Cycle to work	22	2.1%	1.8%	N

4.1.6 Summary of Gender Analysis

Controlling for representation across grades the mean pay gap would reduce 1.0% in favour of men. Therefore, key to reducing the overall pay gap by gender will be through ensuring a more representative staffing mix across all grades, particularly an increased proportion of women at the grades of Fast Stream and SEO to G6, and an increased proportion of men at the grades AO and EO.

The overall mean gender pay gap is 6.2% in favour of men. These overall differences in pay by gender are statistically significant and are largely due to a greater proportion of men being higher up the grading structure.

Recommendation: Strategic Direction

Focus on improving representation of women at higher grades to help reduce the overall gender pay gap.

Men were more likely to receive on call and off shore allowances and women were more likely to receive Market Related Recruitment and Retention Bonuses, however, there were no significant differences in the value of payments made by gender.

For overtime allowance, temporary allowances, specialist pay enhancements, end of year and special bonuses, no significant differences were identified in who received these by gender and the amounts they received.

Men and women were also similarly likely to take part in the salary sacrifice schemes of childcare vouchers and cycle to work.

4.2 Age Analysis

In general the overall analysis by age group confirms what would be expected. Staff in older age groups tend to be paid more than younger staff groups. Differences are largest between the groups 16-29 and 30-39, where the mean pay gap value is -22.5%, in favour of the 30-39 age group.

Analysis of the lengths of current pay bands and pay gaps by grade highlight a need for further understanding and the shortening of pay bands.

Factors which contribute to the differences in pay by age group, include:

- *Total length of service*: as age group increased so did the total length of service.
- *New starters*: Overall, staff in older age groups tended to start higher up the pay bands. The majority of staff joining the Department were below 40 years old.
- *Leavers*: The number of leavers is small but higher proportions of staff left from the age groups 16-29 and 50 plus.

Similar proportions of staff by age group received on call, offshore allowances and pay enhancements. However, staff in older age groups received larger amounts than staff in younger age groups.

Younger staff are more likely to undertake overtime. Differences in amounts paid for overtime did throw up statistical differences, however, there was no general pattern with age; experience and grade mix might be confounding factors here.

Staff aged 39 and below were more likely to be receiving temporary cover allowances. However, no significant differences were found in the amounts paid.

Staff aged 40 and over are more likely to be in receipt of the Market Related Recruitment and Retention Bonus.

For both the end of year performance award and in-year bonuses, no statistically significant differences were found in who received an award by age group. However, statistical differences were found in the amounts awarded within both types of performance award.

Staff aged 16-39 and staff aged 40 and over were similarly likely to take part in the salary sacrifice schemes of childcare voucher and cycle to work.

4.2.1 Base Pay

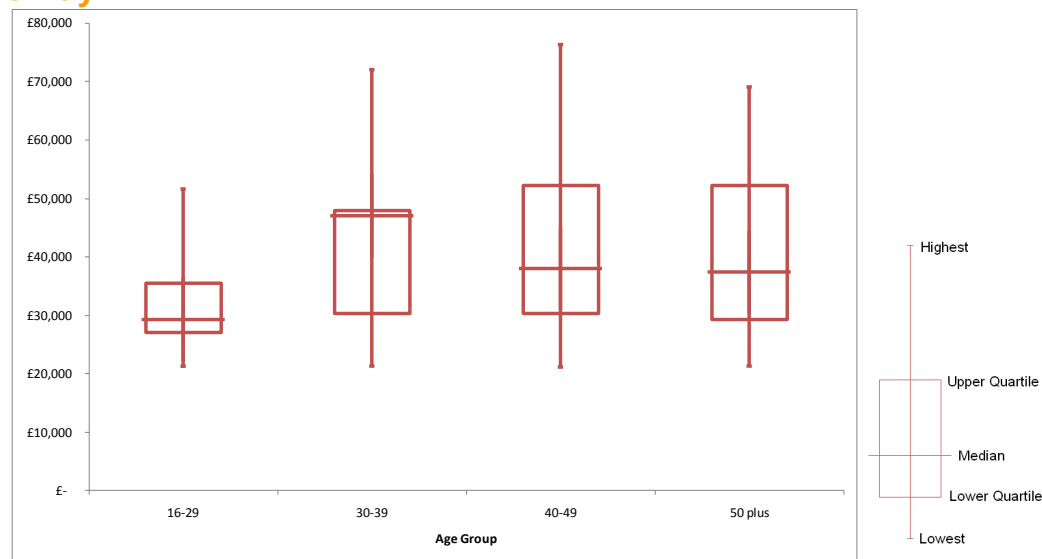


Figure 4.5 Distribution of base pay by Age Group

Figure 4.5 and Table 4.6 show that staff aged 30-39 years have the highest median and mean earnings when compared to all other age groups and the range of salary amounts staff aged 16-29 years receive is narrower than for all the other age groups.

Table 4.6 summaries the pay gap calculations by age and grade. Overall, staff aged 16-29 years are paid less than 30-39 years, with a mean pay gap of 22.5%.

Staff aged 30-39 years are on average (mean) paid similar amounts to staff aged 40-49 years.

Staff aged 40-49 years have mean salaries similar to staff aged 50 and over, with pay gaps of 0.7%.

There are two main factors that contribute to differences in the base pay by age group (as outlined in Figure 3.1):

- (1) the difference in pay within grades by age group, and/or
- (2) the number of staff within different grades by age group.

*(1) Pay within Grades by Age Group***Table 4.6 Differences in Mean Base Pay by Age Group and Grade**

Grade	16-29	30-39	40-49	50 plus	% Pay Gap, 16-29 to 30-39	% Pay Gap, 30-39 to 40-49	% Pay Gap, 40-49 to 50 plus
AO	21372	22134	22119	22343	-3.4%	0.1%	-1.0%
EO	24992	25670	26233	26558	-2.6%	-2.1%	-1.2%
HEO & Fast Stream	28603	30463	31353	32339	-6.1%	-2.8%	-3.0%
SEO	35590	35799	37651	37904	-0.6%	-4.9%	-0.7%
Grade 7	47204	47939	50095	51542	-1.5%	-4.3%	-2.8%
Grade 6	N/A	57982	60263	62788	N/A	-3.8%	-4.0%
Overall	32339	41728	41313	41017	-22.5%	1.0%	0.7%

By age we would expect some differences in pay within grade, which would reflect how far an employee has progressed up a particular grade scale and based on their time in grade. A full analysis of time in grade was not possible due to lack of robust data in this area, however length of service analysis was completed and is presented below in section (2).

Under the Equality Act 2010 employers can justify any benefit based on seniority in service as a legitimate tool for attracting, retaining and rewarding experienced staff and maintaining workforce stability. The Act provides that any benefit based on a length of service requirement of 5 years or less is lawful. In addition, the Act says that it will not be unlawful to provide different levels of benefit based on length of service of more than 5 years where the employer “reasonably believes that doing so will fulfill a business need”, e.g. by encouraging loyalty, increasing motivation, or rewarding the experience of some or all workers. Long pay bands may amount to indirect age discrimination and can result in pay variations beyond 5 years within grade. Key to reducing pay gaps by grade (as highlighted in Table 4.6) are to maintain proportionate pay bands which reflect the expected pay progression increases likely over a five year period.

Table 4.7 summaries the effect over 5 years of having a yearly increase in pay of between one and five percent. The overall increase would be between 5% and 28%. Table 4.8 shows the length of the current pay bands which vary between 6% and 25%. There is some scope to tighten up pay bands going forward so that they reflect likely pay increases at Grades AA to Grade 6.

Table 4.7 Translating yearly increases into overall 5 year increases

Average yearly % increase	Equivalent increase over 5 years
1%	5%
2%	10%
3%	16%
4%	22%
5%	28%

Table 4.8 Length of Pay Bands

	London			National		
	Band Minimum	Band Maximum	Band Length as % of Band Minimum	Band Minimum	Band Maximum	Band Length as % of Band Minimum
AA	£18,567	£19,712	6%	£14,567	£15,712	8%
AO	£21,250	£22,646	7%	£17,534	£19,146	9%
EO	£24,992	£29,060	16%	£21,250	£25,060	18%
HEO	£29,261	£34,424	18%	£25,261	£30,424	20%
Fast Stream	£27,000	£33,654	25%	£25,000	£29,654	19%
SEO	£34,713	£41,851	21%	£30,713	£37,851	23%
G7	£46,975	£56,597	20%	£42,975	£52,597	22%
G6	£56,707	£68,322	20%	£52,707	£64,322	22%

Milestone Payments

As at the end of November 2011, 19 ex DEFRA staff still had reserved rights to Milestones payments, 9 were aged 30-39 and 10 were aged 40 years and over. Due to the small number of individuals with reserved rights the impact of these contractual arrangements is minimal.

Marked Time Pay

A total of 33 staff receiving marked time pay as at 30 November 2011, 15 aged 16-39, 10 aged 40-49 and 8 aged 50 years and over. Due to the small number of individuals with marked time pay the impact on overall pay is minimal.

Higher Starting Pay

37.5% of all new starters received starting salaries higher than their grade minimums, which may be due to individuals receiving a higher salary than the DECC minimum in their previous Department and so transferring to DECC on this amount. 12 were aged 16-29, 41 were 30-39, 17 were 40-49 and 11 were aged 50 years and over. The numbers to start on higher starting pay by age group were statistically significant, with older joiners more likely to start higher up the pay scales.

(2) Number of staff by Age Group at each Grade

55% of DECC's workforce is aged 39 or under, and 45% is aged 40 and over.

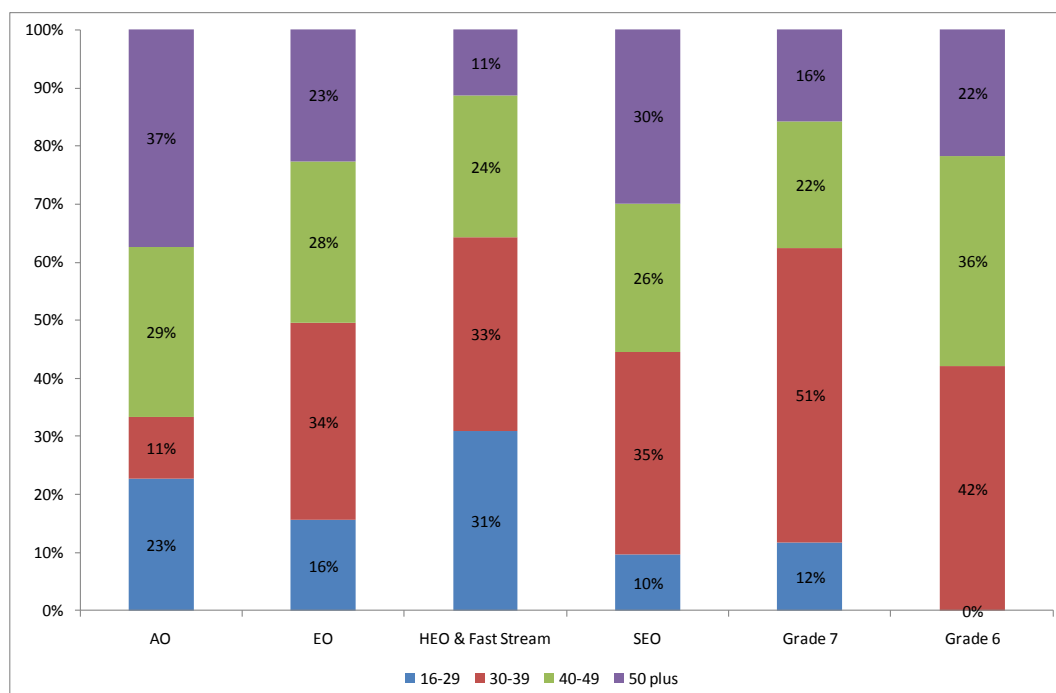


Figure 4.6 Percentage by Age Group at each Grade

Figure 4.6 shows that no staff aged 16-29 years had a substantive grade of Grade 6, and staff aged 16-29 years were best represented at HEO and Fast Stream grades, making up 31% of staff at these grades. Staff aged 30-39 are best represented at Grades 7 and 6, making up 51% and 42% of staff at these grades, respectively. Staff aged 40-49 are best represented at Grade 6, making up 36% of staff at this grade. These distributions reflect what might be expected given the experienced gained with age.

However, staff aged 50 and over are best represented at Grade AO, making up 37% of staff at this grade.

Position on Pay Scales, Length of Service and Age

Figure 4.7 confirms that the majority of staff aged 16-29 years are at the band minimum of their grade pay scales, and that as the age group increases the position on pay scales also increases. Figure 4.8 confirms that staff from older age groups have longer length of service.

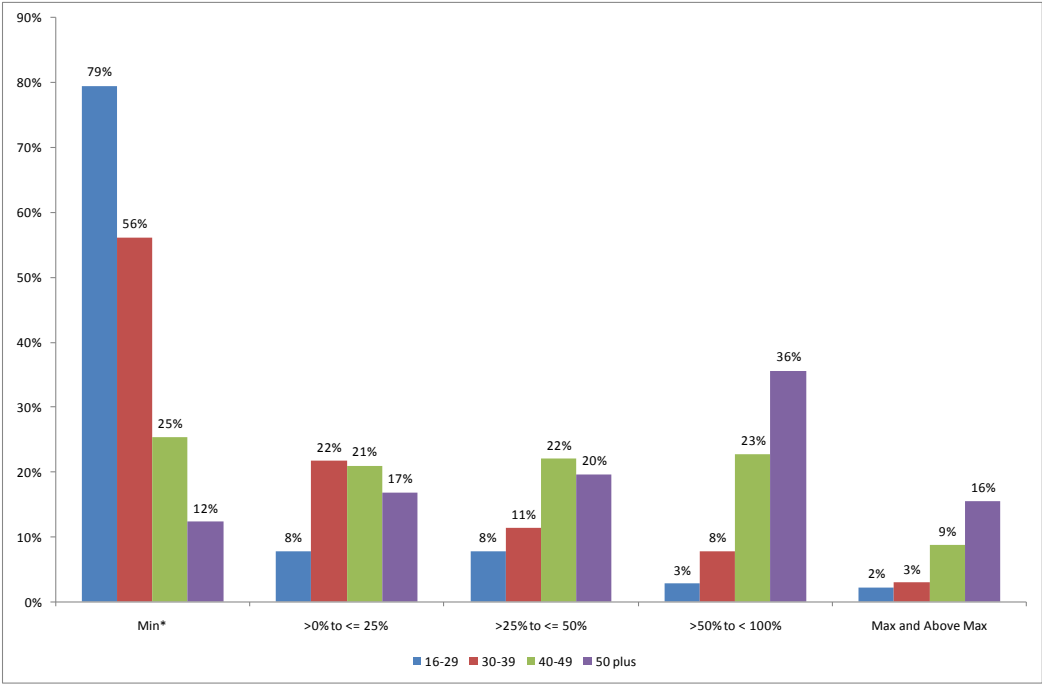


Figure 4.7 Percentage by Age Group and All Staff by Position on All Pay Scales

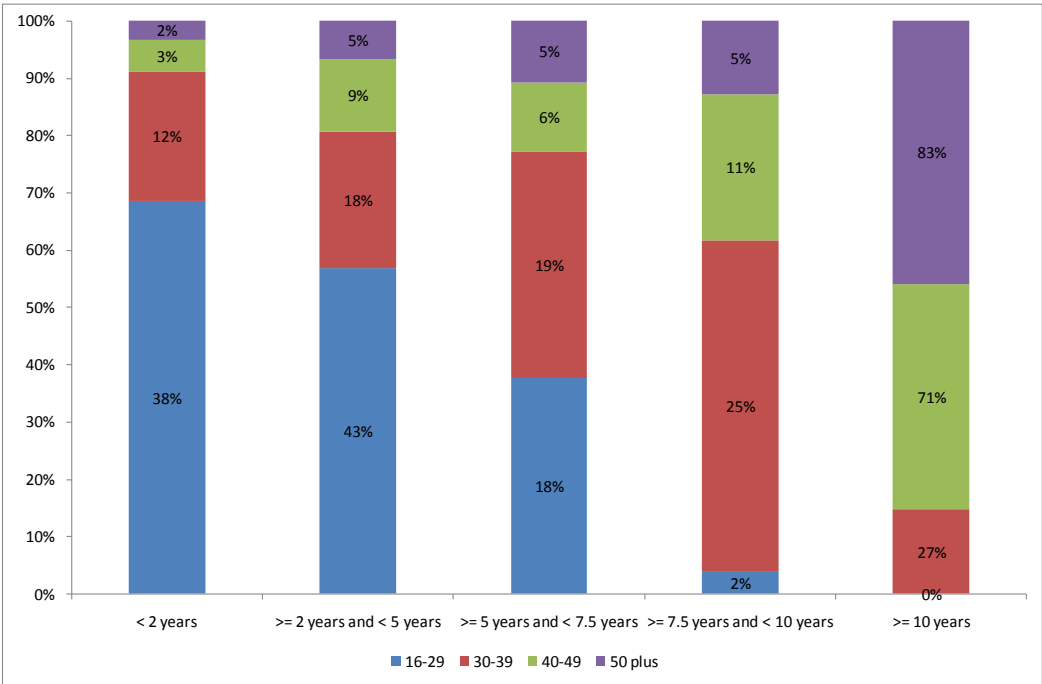


Figure 4.8 Percentage by Age Group and Length of Service

New Starters

216 staff at grades AO to Grade 6 joined DECC payroll in the year to 30 November 2011. Staff joined across all four age groups, however:

- almost 80% of new starters were below 40 years old,
- 40% of 16-29 year olds started at Grade Fast Stream, and
- 43% of 30-39 year olds started at Grade 7.

Leavers

69 staff at grades AO to Grade 6 left DECC in the year to 30 November 2011, that would have appeared on DECC's payroll. Higher proportions of staff left from the age groups 16-29 and 50 plus.

4.2.2 Allowances

Table 4.9 shows that similar proportions of staff by age group receive on call and offshore allowances. However, staff aged 40 and over receive larger amounts than staff from younger age groups.

Offshore allowances are paid to staff who are required to visit offshore oil and gas installations as part of their official duties and are generally oil and gas specialists. These roles tend to attract older staff and males. Considering all the staff who receive a specialist allowance for a profession related to oil and gas, 67% are aged 40 and over, and 61% are male.

Table 4.9 Allowances paid in year to 30 November 2011 by Age Group

Allowances	Measure	16-29	30-39	40-49	50 plus	Total to receive	Sig.
On Call	Distribution (%)	6.1%	5.7%	5.4%	5.3%	65	N
	Average amount (£)	213	411	576	621	460	Y
Offshore allowance	Distribution (%)	1.3%		2.7%	2.3%	21	N
	Average amount (£)	580		1,219	1,601	1,067	Y
Overtime	Distribution (%)	19.4%	12.4%	11.9%	8.2%	142	Y
	Average amount (£)	2,209	2,709	2,314	2,921	2,515	Y
Temporary cover	Distribution (%)	6.7%	7.8%	2.7%		60	Y
	Average amount (£)	761	686	529		664	N
MRRR Bonus	Distribution (%)	2.3%		6.4%	5.5%	45	Y
	Average amount (£)	1,286		1,421	1,421	1,438	Y

Younger staff are more likely to undertake overtime. Differences in amounts paid for overtime did throw up statistical differences, however, there was no general pattern with age and experience and grade mix might be confounding factors here.

Staff aged 39 and below are more likely to be receiving temporary cover allowances. However, no significant differences were found in the amounts paid.

Staff aged 40 and over are more likely to be in receipt of the Market Related Recruitment and Retention Bonus (MRRRB). Statistical differences were found in the amounts received by age group, however, these were mainly due to the start date of individuals meaning that they missed one of the payments (MRRRB is paid in two instalments, in the months of February and August).

4.2.3 Specialist Pay Enhancements

Similar proportions of staff receive pay enhancements by age group and no statistical differences were found. However, variations were found in the amounts paid, with older age groups receiving higher amounts. These differences were due to greater numbers of older staff being oil and gas specialists and receiving specialist pay enhancements up to the value of £37,415. Of all the staff aged 50 plus receiving specialist pay enhancements 38% were within the oil and gas profession.

Table 4.10 Specialist Pay Enhancements paid as at 30 November 2011 by Age Group

Specialist Pay Enhancements	Measure	16-29	30-39	40-49	50 plus	Total to receive	Sig.
	Distribution (%)	29.4%	25.9%	26.8%	29.2%	309	N
	Average amount (£)	5,169	5,676	8,364	13,559	8,019	Y

4.2.4 Performance Awards

Table 4.11 Summary of Performance Awards and amounts by Age Group

Performance Awards	Measure	16-29	30-39	40-49	50 plus	Total to receive	Sig.
End of year award	Distribution (%)	35.0%	38.9%	36.9%	30.1%	408	N
	Average amount (£)	899	1,165	1,035	1,032	1,083	Y
Special in-year bonus	Distribution (%)	43.3%	45.5%	40.7%	34.7%	473	N
	Average amount (£)	411	450	416	404	427	Y

A full analysis on the end of year performance award has been completed previously and available on the intranet.

For both the end of year performance award and in-year bonuses, no statistically significant differences were found in staff who received an award by age group. However, statistical differences were found in the amounts awarded within both types of performance award.

4.2.5 Salary Sacrifice

No statistical differences were found in the number of staff aged 16-39 and staff aged 40 and over, using the childcare voucher and cycle to work salary sacrifice schemes.

Table 4.12 Salary Sacrifice by Age Group

Salary Sacrifice	16-39	40 plus	Total to receive	Sig.
Childcare Vouchers	8.9%	6.0%	86	N
Cycle to work	2.3%	1.6%	22	N

4.2.6 Summary of Age Analysis

The analysis by age group confirms what would generally be expected; staff in older age groups tend to be paid more than younger staff groups. Differences are largest between the groups 16-29 and 30-39, where the mean pay gap value is -22.5%.

Analysis of the lengths of current pay bands and pay gaps by grade highlight a need for further understanding and the shortening of pay bands.

Recommendation: Strategic Direction

Focus on shortening pay scales to reduce any within grade pay gaps.

Recommendation: Monitoring, Evaluation and Further Understanding

To fully understand the causes of within grade pay gaps, time in grade data must be collected and recorded.

Similar proportions of staff by age group received on call, offshore allowances and pay enhancements. However, staff in older age groups received larger amounts than staff in younger age groups, which can be explained by older staff more likely to be working in the oil and gas profession, which attract higher pay enhancements.

Younger staff are more likely to undertake overtime. Differences in amounts paid for overtime did throw up statistical differences, however, there was no general pattern with age and experience and grade mix might be confounding factors here.

Staff aged 39 and below were more likely to be receiving temporary cover allowances. However, no significant differences were found in the amounts paid.

Staff aged 40 and over are more likely to be in receipt of the Market Related Recruitment and Retention Bonus.

For both the end of year performance award and in-year bonuses, no statistically significant differences were found in who received an award by age group. However, statistical differences were found in the amounts awarded within both types of performance award.

Staff aged 16-39 and staff aged 40 and over were similarly likely to take part in the salary sacrifice schemes of childcare voucher and cycle to work.

4.3 Working Pattern Analysis

The overall mean pay gap between full-time and part-time staff is -7.3%, in favour of part-time staff. The overall differences are due to part-time workers being higher up their pay scales compared to full-time workers.

Factors which could contribute to a larger proportion of part-time staff earning more than full-time staff, include:

- (1) *Total length of service*: on average (mean) part-time staff have 15.7 years length of service compared to 11.8 years for full-time staff.
- (2) *New starters*: part-time workers were more likely to join the Department on higher starting pay.

No significant differences were found in overtime allowances, Market Related Recruitment and Retention Bonus (MRRRB) and specialist pay enhancements.

There were significant differences in end of year bonuses based on performance ratings – with part-time staff being less likely to receive an end of year bonus. However, no such differences existing in special bonus allocation, where both groups were equally likely to receive a special bonus.

No statistical differences were found in the number of part-time and full-time staff using the cycle to work salary sacrifice schemes. However, part-time staff were significantly more likely to be using the childcare vouchers salary sacrifice scheme.

4.3.1 Base Pay

Part-time staff in DECC have higher base pay than full-time staff. The difference in percentage terms between the mean basic pay of part-time staff and full-time staff is -7.3% in favour of part-time staff.

The overall distribution of base pay by working pattern is shown in Figure 4.9. Overall the spread of salaries for full-time staff is slightly wider than for part-time staff, with the minimum salaries in both groups being similar, but the highest full-time earner earning more than the highest part-time earner. However, 50% to 75% highest paid staff within part-time workers are clustered into a narrower pay range than that for full-time workers.

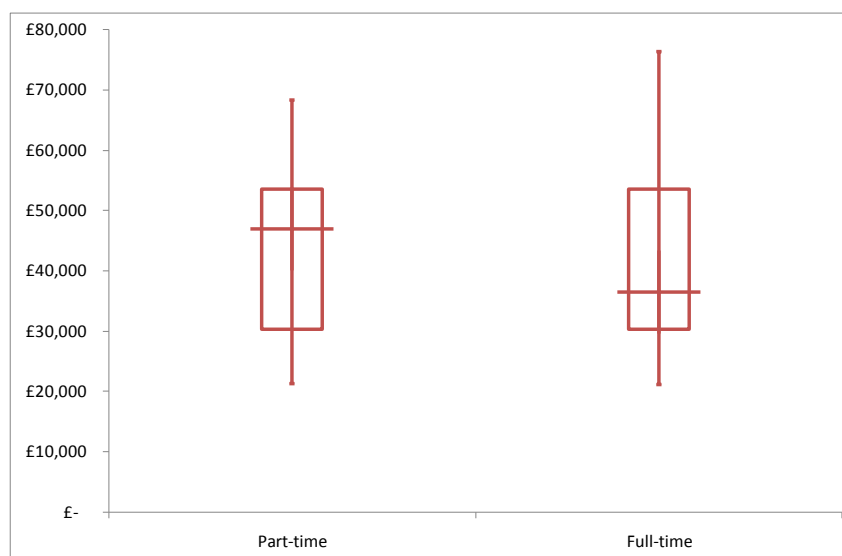


Figure 4.9 Distribution of base pay by Working Pattern

There are two main factors that contribute to differences in the base pay of part-time and full-time staff (as outlined in Figure 3.1):

- (1) the difference between the pay of part-time staff and full-time staff within grades, and
- (2) the number of part-time and full-time staff within different grades.

(1) Pay within Grades by Working Pattern

Table 4.13 Differences in Mean Base Pay by Working Pattern and Grade

Grade	Full-time	Part-time	% Pay Gap
AO	£21,983	£22,333	-1.6%
EO	£25,891	£26,598	-2.7%
HEO & Fast Stream	£30,241	£32,105	-6.2%
SEO	£36,725	£39,251	-6.9%
Grade 7	£48,825	£49,859	-2.1%
Grade 6	£48,825	£60,638	-1.5%
Overall	£39,793	£42,696	-7.3%

Within grades pay differentials exist by working pattern. Within every grade part-time staff are on average on higher salaries than full-time staff, as outlined in Table 4.13. The largest difference is at SEO grade; at this grade part-time staff have 11.5 years average total length of service compared to 4.0 years for full-time staff.

Milestone Payments

As at the end of November 2011, 19 ex DEFRA staff still had reserved rights to Milestones payments, 16 full-time and 3 part-time staff. Due to the small number of individuals with reserved rights the impact of these contractual arrangements is minimal.

Marked Time Pay

A total of 33 staff receiving marked time pay as at 30 November 2011, 30 full-time and 3 part-time staff. Due to the small number of individuals with marked time pay the impact on overall pay is minimal.

Higher Starting Pay

37.5% of all new starters received starting salaries higher than their grade minimums, which may be due to individuals receiving a higher salary than the DECC minimum in their previous Department and so transferring to DECC on this amount. Part-time workers were more likely to start on higher starting pay than full-time staff but this was not statistically significant.

(2) Number of staff by Working Pattern at each Grade

The overall workforce comprises of 6.7% part-time staff and Figure 4.10 confirms that there are part-time staff across all grades, with the highest proportions within grade to be at Grade AO (15% of all AO staff) followed by Grade 6 (11% of all Grade 6 staff).

Across DECC women are 6.5 times more likely to be working part-time when compared to men who work part-time (12.5% of all women work part-time, compared to 1.9% of men).

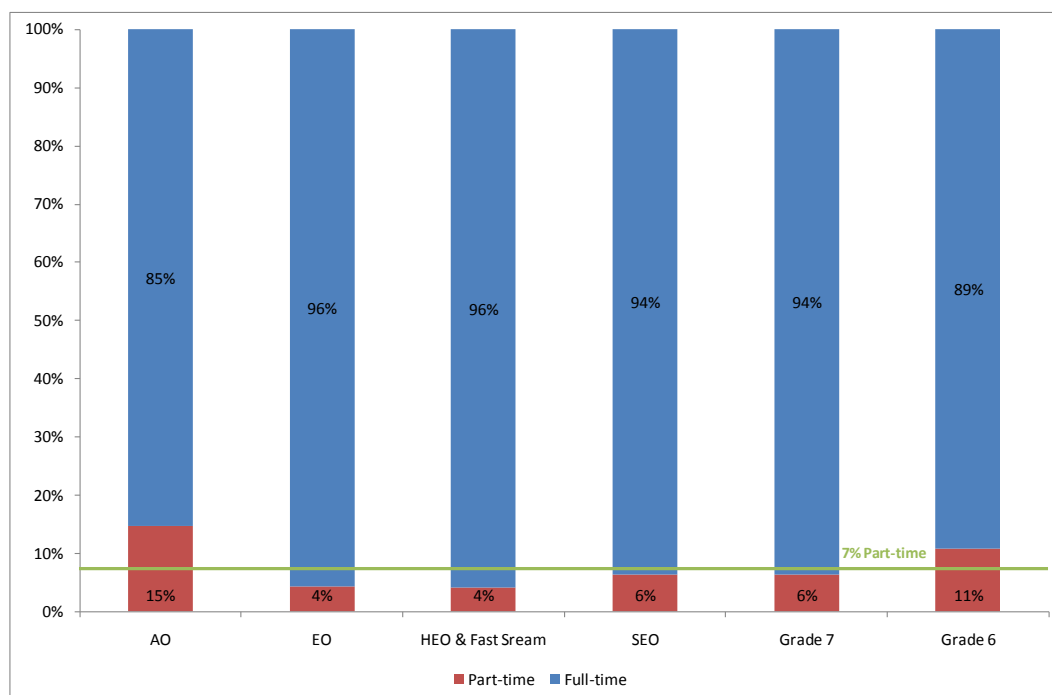


Figure 4.10 Percentage by Working Pattern at each Grade

Position on Pay Scales, Length of Service and Age

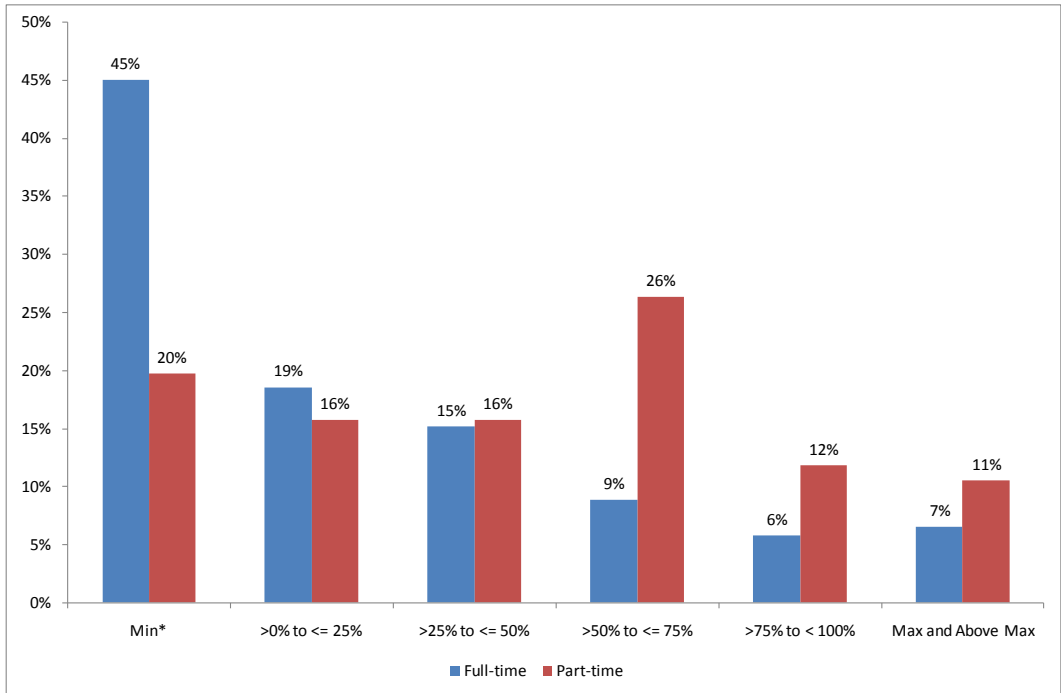


Figure 4.11 Percentage by Working Pattern and All Staff by Position on All Pay Scales

Figure 4.11 confirms that a greater proportion of part-time staff are higher up their pay bands, while a considerable proportion (45%) of full-time staff are at the band minimum. The differences in the position on pay scale by working pattern were statistically significant.

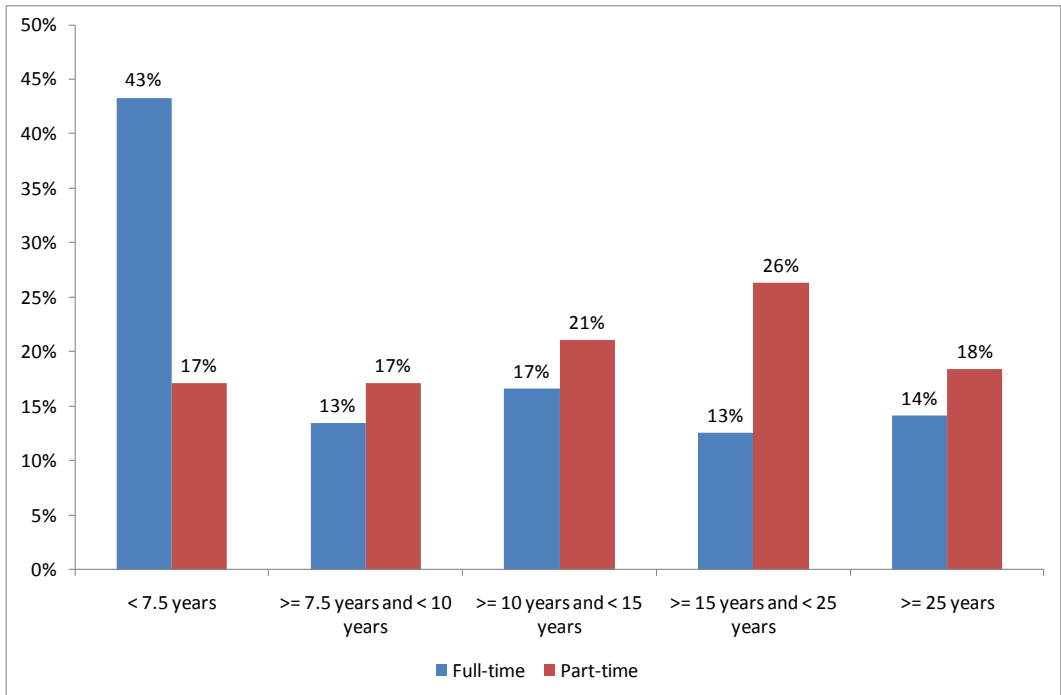


Figure 4.12 Percentage by Working Pattern and All Staff by Length of Service

Figure 4.12 shows that a greater proportion of staff working part-time have been in the Civil Service for 10 years or more compared to full-time staff, 65% and 44%, respectively, which was statistically significant. The overall average (mean) length of service for part-time and full-time staff is 15.7 and 11.8 years, respectively, and these were statistically significant.

The average (mean) age of part-time and full-time staff is 44.5 years and 39.6 years, respectively, and these were statistically significant.

New Starters

216 staff at grades AO to Grade 6 joined DECC payroll in the year to 30 November 2011. A total of 10 (4.6%) part-time staff joined, at the grades AO, EO, Grade 7 and Grade 6.

Leavers

69 staff at grades AO to Grade 6 left DECC (as recorded on the 4Me system) in the year to 30 November 2011, that would have appeared on DECC's payroll. 5 (7.2%) were part-time and left from grades HEO, SEO and Grade 7.

4.3.2 Allowances

Table 4.14 Allowances paid in year to 30 November 2011 by Working Pattern (5 or fewer part-time staff claimed for on call, offshore and temporary cover allowances, therefore the breakdowns are not presented here)

Allowance	Number to receive	Distribution (%)			Average amount (£)		
		Full-time	Part-time	Si g.	Full-time	Part-time	Si g.
Overtime	142	12.9%	7.9%	N	2,540	1,823	N
MRR R Bonus	45	3.7%	7.9%	N	1,385	1,375	N

For allowances received by staff there were no statistically significant differences by working pattern in who received overtime allowances and the Market Related Recruitment and Retention Bonus, or the amounts paid.

Small group sizes limited the analysis possible for on call, offshore and temporary cover allowances.

4.3.3 Specialist Pay Enhancements

Table 4.15 Specialist Pay Enhancements paid as at 30 November 2011 by Working Pattern

Specialist	Number	Distribution (%)	Average amount (£)
------------	--------	------------------	--------------------

Pay Enhancements	to receive	Full-time	Part-time	Sig.	Full-time	Part-time	Sig.
	309	26.8%	34.2%	N	7,766	10,768	N

On 30th November 2011, 27% of full-time staff were receiving a specialist pay enhancements compared to 34% of part-time staff. No statistical differences were found in both who receives a specialist allowance and also the amounts paid out.

4.3.4 Performance Awards

Table 4.16 Summary of Performance Awards and amounts paid by Working Pattern

Performance Awards	Number to receive	Distribution (%)			Average amount (£)		
		Full-time	Part-time	Sig.	Full-time	Part-time	Sig.
End of year award	408	37.3%	18.4%	Y	1,092	837	Y
Special in-year bonus	473	41.8%	42.1%	N	433	345	N

A full analysis on the end of year performance award has been completed previously and available on the intranet. Considering the high level statistics there were significant differences by working pattern in who received a payment or not, and between the amounts paid when looking at just the payments made. The differences in amounts paid will be due to end of year bonuses being pro-rated to the number of hours part-time staff work.

For special in-year bonuses there were no significant differences by working pattern in who received a payment or not, and between the amounts paid.

4.3.5 Salary Sacrifice

Table 4.17 Salary Sacrifice usage by Working Pattern

Salary Sacrifice	Number to use scheme	Distribution (%)		
		Full-time	Part-time	Sig.
Childcare Vouchers	86	3.4%	65.8%	Y
Cycle to work	22	2.0%	1.3%	N

No statistical differences were found in the number of part-time and full-time staff using the cycle to work salary sacrifice schemes. However, part-time staff were significantly more likely to be using the childcare vouchers salary sacrifice scheme.

4.3.6 Summary of Working Pattern Analysis

The overall mean pay gap between full-time and part-time staff is -7.3%, in favour of part-time staff. The overall differences are due to part-time workers being higher up their pay scales compared to full-time workers. This could be due to staff with higher earnings feeling that they can afford to work part-time. The Department should however be supportive of staff working flexible working patterns and part-time, across all grades.

Recommendation: Existence and Compliance with Policies

The Department should continue to support flexible and part-time working patterns across all grades.

On the whole the results of the analysis are that part-time and full-time staff have access to similar allowances and amounts. The only area that stands out is the end of year performance system, which is reviewed regularly to ensure that moderation processes take into account diversity-related issues and outcomes are fair.

5. Relevant Policies

5.1 Pay

The Department strongly supports the principle of equal opportunities in employment and equal pay. In consultation with the Trade Unions the Department is working to allocate the 2012 Pay Award, ensuring that skills and experience of all staff are rewarded fairly. A Equality Impact Assessment on Pay policy within DECC was performed in 2011 and can be viewed within the DECC Matrix System, the full title of the assessment is “EQIA - 2011/12 Performance Appraisal Policy (PAP)”.

5.2 Recruitment

When recruiting external staff directly into the Department, open and fair competition with selection based on merit is used for all permanent posts.

Likewise, the process for all internal and OGD (other Government departments) filled vacancies is designed to have open and fair competition with selection based on merit.

Internal vacancies are advertised on the DECC website and on Civil Service Resourcing. Vacancies are open to all eligible staff and flexible working arrangements are encouraged (the presumption is that all posts are able to be filled on a part-time basis unless justification is provided to the contrary).

The Department also recruits from Other Government Departments (OGD), again advertising posts on the Civil Service Resourcing website.

All panel members need to have attended interview training or have substantial recruitment and selection experience, and have completed the DECC Equality and Diversity e-learning module.

DECC understands the importance of recruiting and retaining diverse talent and through the Diversity Review has identified measures to ensure that this is done, including: (1) taking positive action where there is continuing under-representation of specific groups within protected characteristics, and (2) ensuring all appropriate external recruitment is published across a spread of diversity related sources.

5.3 Performance Appraisal

A Diversity Review performed in 2011 found no diversity-related concerns with the performance appraisal policy. However, staff raised concerns on the application of the performance management system, in particular around the moderation process. These concerns are being addressed within the new Equality, Diversity and Inclusion Strategy and accompanying Delivery Action Plan.

5.4 Learning and Development

Learning and development opportunities are available to all staff across DECC and take place at venues equipped according to the needs of delegates and which are accessible to all staff. Line managers are encouraged to support all staff access the learning and development they need by the DECC Management Board.

Based on low scores in the 2010 DECC-wide staff survey around the accessibility of courses and link between training and improved performance, HR L&D made a number of improvements including advertising of and improved accessibility to courses, which resulted in a step change of scores within the staff survey.

5.5 Public Sector Equality Duty

DECC functions including its employment policies are subject to the Public Sector Equality Duty set out in the Equality Act 2010.

6. Conclusions and Recommendations

6.1 Conclusions

The overall analysis by gender, age and working pattern shows basic no pay gaps for work of equal value, within DECC.

From the detailed analysis a number of recommendations have been identified to assist and support the reduction in pay gaps going forward, which are largely due to the representation of staff within diversity groups at different grades. Alongside these recommendations, which have been highlighted in the summary sections throughout the report, there are a number of more general recommendations which will improve both understanding and the ability to perform a full equal pay audit.

The recommendations fall into three general areas which cover:

- (1) The overall strategic direction HR policies should look to instil;
- (2) Fully understanding why differences in pay may exist; and
- (3) Ensuring the existence and compliance to policies.

These are outlined in full in Section 7.2.

6.2 Recommendations

6.2.1 Strategic Direction

The recommendations in this section summarise the strategic HR policies that the DECC should adopt (or continue with).

1) Improve representation across grades

To obtain equal pay, proportionate representation across grades is extremely important. DECC should continue to work towards improving representation of women at all grades in which they are under-represented.

2) Shorten pay scales

To reduce any within grade pay discrepancies DECC should continue to work (within Departmental priorities) towards shortening pay scales.

6.2.2 Monitoring, Evaluation and Further Understanding

The recommendations in this section summarise where regular monitoring should take place and areas where further understanding and robust data is important.

3) Work towards a position where we can collect time in grade data

To fully investigate underlying causes to differences in pay it is important to have robust data on time in grade. DECC should work towards a position where we can collect time in grade data for all staff.

4) Monitor information on promotions and recruitment

Promotion and recruitment are key components of any strategy to reduce pay inequalities. Further work is required and planned to obtain comprehensive information in this area.

6.2.3 Existence and Compliance with Policies

The recommendations in this section summarise those associated to key HR policies.

5) Ensure implementation of the performance management policy

End of year ratings should continue to be monitored and feedback sought about the operation of the performance management system.

6) Promote DECC grading guidance

DECC should continue to promote and draw managers attention to the grading guidance available on the intranet to ensure that grading decisions across DECC are consistent.

7) Continue to support flexible and part-time working patterns

The Department should continue to support flexible and part-time working patterns across all grades.

Annex A – Data Sources

The table below summaries the data sources and data analysed within this report.

Data	Source and timescales	Overall numbers
Base pay		
Basic pay data	Payroll information as on 30 Nov 2011.	1,131 staff members at grades AO to Grade 6.
DEFRA milestones	All DEFRA milestones applicable to staff at Grades AA to Grade 6.	19 ex DEFRA staff were still entitled to milestone payments at 30 Nov 2011.
Marked time payments	Staff receiving marked time payments as identified on payroll at 30 Nov 2011.	33 staff were in receipt of marked time payments.
Staffing profile and changes		
Staffing profile	Based on the staff on payroll at 30 Nov 2011.	1,131 staff members at grades AO to Grade 6.
Joiners	Based on the staff who joined payroll in the year to 30 Nov 2011.	216 joined.
Leavers	Based on the staff who left payroll in the year to 30 Nov 2011.	69 left.
Length of service	Based on the date staff joined the civil service.	
Time in grade	Information on time in grade is unreliable and so was not analysed	
Allowances		
On call allowance	Staff at Grades AA to Grade 6 to receive on call allowances in the year to 30 Nov 2011.	65 staff received on call allowances.
Standby allowance	No claims had been made in the year to 30 Nov 2011 and so not analysed.	
Offshore allowance	Staff at Grades AA to Grade 6 to receive off shore allowances in the year to 30 Nov 2011.	21 staff received off shore allowances.
Overtime/travelling time	Staff at Grades AA to Grade 6 to receive overtime allowances in the year to 30 Nov 2011.	142 staff received overtime allowances.
Temporary cover	Staff at Grades AA to Grade 6 to receive temporary cover allowances in the year to	60 staff received temporary cover allowances.

	30 Nov 2011.	
Meal allowances	Not in scope and so not analysed.	
Market RR bonus	Payments made between Dec 2010 to Nov 2011.	83 market RR bonuses were given.
Specialist		
Pay enhancements	Staff at Grades AA to Grade 6 in receipt of special pay enhancements at 30 Nov 2011.	309 staff were in receipt of specialist allowances.
Performance awards		
Bonuses	Annual, and Special bonuses paid from Dec 2010 to Nov 2011.	769 annual bonuses and 594 special bonuses.
Non pay awards	Were not analysed as staff do not receive monetary awards.	
Salary Sacrifice and Advances		
Childcare vouchers	Staff in receipt of salary sacrifice childcare vouchers as at Nov 2011.	86 (7.6%) of staff members at grades AO to Grade 6.
Cycle to work scheme	Staff who have got a bike through the cycle to work scheme up to Nov 2011.	22 (1.9%) of staff members at grades AO to Grade 6.
Salary advances	Staff who have had salary advances from Dec 2010 to Nov 2011.	247 salary advances were paid to staff at grades AO to Grade 6.

Annex B – Technical Annex

B.1 Calculation to place everyone on London pay scales

For the purposes of the audit, all staff were treated as though they were on DECC London pay scales. That is, staff on the National pay scale were placed on the equivalent position on the National pay scale.

Therefore, someone who was half way up the National pay scale was placed half way up the London pay scale.

Example – converting a National salary to a London salary

An Grade 7 is on the National pay scale with an annual salary of £45,000. To calculate the position on the pay scale, compare the amount that the current salary is above minimum with the salary range between minimum and maximum:

National Grade 7 Minimum =	£42,975	
National Grade 7 Maximum =	£52,597	
National Grade 7 Salary Range =	£9,622	(£52,597-£42,975)
Current Salary =	£45,000	
Amount current salary above minimum =	£2,025	(£45,000-£42,975)
The Grade 7 is 21% up the pay scale (2,025/9,622 x 100 = 21%).		

To calculate the equivalent London salary, multiply the London salary range by 21% and add it to the London minimum:

London Grade 7 minimum =	£46,975	
London Grade 7 maximum =	£56,597	
London Grade 7 Salary Range =	£9,622	(£56,597-£46,975)
London Grade 7 Range x 21% =	£2,025	
Equivalent London Salary =	£49,000	(£46,975+£2,025)

Once all salaries were converted to the London pay scale, then mean (average) pay gap were calculated as outlined in Section 3.1.

B.2 Statistical Tests – Chi Squared

Chi Squared tests were used to identify if there were any differences in the receipt of benefits (e.g. allowances, specialist pay enhancements, bonuses, temporary promotion) or differences in the number of joiners, mix of staff, or leavers, that could not be explained by chance. If the tests returned a statistical significance at the 95% level then additional factors were investigated and the main findings were analysed.

B.3 Statistical Tests – Wilcoxon

The Wilcoxon test was used to analyse the actual amounts awarded. The test compared the amounts received by each group and differences that could not be explained by chance at the 95% level were highlighted in the report.

B.4 General

All values are rounded to the nearest £ for presentation purposes, but tests were performed on raw numbers.

Where there were 5 or fewer staff in any group, groups were combined for analytical purposes.

