



**Final Report and Evaluation of
Phase 3 of the Equal Pay Campaign
In Wales**

Summary Report

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INTRODUCTION

Close the Pay Gap is a partnership campaign to tackle pay inequality between women and men in Wales. The campaign originated in 2001 with a focus on tackling discrimination in pay systems by raising awareness of the gender pay gap. In addition the initial campaign set out to secure commitments from employers to undertake pay reviews.

The campaign partners were the Welsh Assembly Government (WAG), the Equal Opportunities Commission (EOC) and the Wales Trades Union Congress (WTUC).

The campaign has now completed its Third Phase. The objective of this report is to critically evaluate progress in this phase, to draw out key lessons and to provide a set of recommendations to inform future action for the Welsh Assembly Government.

Context

The Equal Pay Act 1970 (EPA) gives an individual a right to the same contractual pay and benefits as a person of the opposite sex in the same employment, where the man and the woman are doing:

- Like work; or
- Work rated as equivalent under an analytical job evaluation study; or
- Work that is proved to be of equal value.

According to the ONS figures for 2005, the gender pay gap in Wales is 12%. - That is, comparing hourly rates of pay, women in Wales working full-time earn 12% less than men working full-time. For women working part-time, their earnings are 31% less per hour than men's full-time hourly rate¹.

¹ Mean earnings of employees on adult rates. Hourly earnings exclude overtime.

The advent of devolution and the founding of the National Assembly for Wales provided an impetus for action in Wales to tackle the gender pay gap. The social, economic and cultural characteristics operating within Wales also meant that inequality and pay issues are distinctive. As Paul Chaney's preliminary evaluation of the Close the Pay Gap campaign acknowledged, factors such as the high level of public sector employment (23 per cent), lower levels of male earnings and distinct patterns of inequality all contribute to a social context where the gender pay gap persists.

In addition, in 2001, European Union initiatives and policy responses at UK level resulted in equal pay assuming a higher priority on the government's agenda. Studies undertaken at GB level resulted in both a better understanding of, and, an increased imperative for policy makers to tackle the pay gap (Kingsmill 2001). The studies provided more analysis of the complex factors that interact to sustain the gender pay gap. These factors are discrimination in pay systems; gender based occupational segregation and the unequal distribution of caring responsibilities.

Changed context

The context for Phase Three was different to the early phase as there was activity within different public sector authorities to tackle pay inequality and address issues around modernisation. In this respect, the issues for Local Authorities were different where the legacy of the Single Status Agreement and pay inequality for women had not been resolved.

For the National Health Service, the Agenda for Change focused on a range of issues around equal pay for work of equal value.² In Higher Education the National Framework for Modernisation set out to tackle pay, promotion and conditions across higher education institutions.

² Agenda for Change is pay and reform package that sets out to ensure that people who work in the NHS are paid on the basis of equal pay for work of equal value. It applies to all directly employed NHS staff, except the most senior managers and those covered by the Doctors' and Dentists' Pay Review Body.

In addition, during this period there was discussion of, and, eventual legislation for, a positive duty on public authorities in respect of gender equality (GED). While the specific duties for Wales have not been finalised, there is an imperative for public authorities to address gender inequalities in pay. Reporting on actions to address pay inequality is a key requirement of the Gender Equality Duty. The draft Gender Equality Scheme for the Welsh Assembly Government highlights the work of Phase Three of the Close the Pay Gap campaign and underlines the commitment to build on the learning from this phase including the recommendations from this evaluation report.

The reporting requirements of the Gender Equality Duty in respect of equal pay will complement the impetus evident in the public sector bodies who participated in the Close the Pay Gap campaign. It will also provide a mechanism to reinforce the activities of the Welsh Assembly Government. Furthermore, it will provide a rationale within the Committee of the Third Assembly to take-up the recommendation from the Second Assembly legacy paper that

‘...the Committee in the Third Assembly continues to monitor the implementation and the effects of the equal pay campaign’

Methodology

This report sets out a summary and evaluation of the Phase Three campaign. The report is structured around a brief introduction to the campaign, a section that focuses on the key tasks of the evaluation and the questions to be addressed and a number of further sections on lessons and recommendations. As already indicated, a significant feature of the campaign has been the production of reports, questionnaires to provide information on activities in public authorities, evaluation of events and campaign materials. This considerable documentation provides the basis for the final report and the evaluation exercise.

Using the questions set out in the specifications for this work, the methodology for the final report and evaluation includes desk-based research on existing reports and campaign materials, evidence of achievement and feedback, interviews with key actors and email/ telephone contact with relevant people. The summary report draws out lessons and provides a set of recommendations to inform the next steps for the Welsh Assembly Government.

The Report

Along with the Summary, a short Report will provide an opportunity for more detail of all of these areas and reflect the extent of the work in this phase. A significant feature of the campaign has been the production of reports, equal pay assessment questionnaires to provide a reporting mechanism, evaluation feedback from conferences, progress updates and details of organisational activities. This considerable documentation provides material for the summary report and for the final report and evaluation.

I am grateful for the support and input from the campaign partners and from the dedicated staff that were seconded to the campaign. They have reflected the commitment and energy with which the issue was pursued and underlined the efficacy of partnership and political commitment in raising awareness of and promoting solutions to pay inequality in Wales.

1. SUMMARY REPORT

This Report presents an evaluation and final report of **Phase Three** of the Close the Pay Gap campaign in Wales. The report looks at the objectives of this phase, the activities undertaken and the evidence of achievement in order to draw out lessons and recommendations in respect of further work to tackle pay inequality between women and men in Wales.

Phase 1

The campaign originated in 2001 with a focus on tackling discrimination in pay systems by raising awareness of the gender pay gap. In addition the

initial campaign set out to secure commitments from employers to undertake pay reviews.

The campaign partners were the Welsh Assembly Government (WAG), the Equal Opportunities Commission (EOC) and the Wales TUC (WTUC).

The partners agreed a comprehensive Joint Action Plan and launched the 'Close The Pay Gap' Campaign in March 2002. In the first phase of the campaign, the focus was on two key objectives

- Close the pay gap between men and women in Wales
- Promoting co-operation between key partners such as employers, trade unions and enterprise bodies to achieve the campaign objectives

Second phase

The second phase of the Close the Pay Gap campaign focused on the private sector with funding secured from the Assembly government to cover the appointment of two secondments to the WTUC to assist Union officials and employers to begin pay reviews. Part of this funding was also allocated to the EOC to commission research into equal pay in relation to Black and Minority Ethnic (BME) men and women and to arrange awareness raising activities to promote the Small and Medium Enterprises (SME) Equal Pay Review Kit. This phase of the Campaign commenced in April 2004.

Phase Three

The third phase of Close the Pay Gap campaign, started in 2005 with an Equal Pay Summit. In this phase the focus of activities was on public sector organisations in Wales. The rationale for targeting the public sector is compelling. Both the size of the sector and the range of the organisations provided the potential for substantial impact.

In addition, cases taken in Scotland against local authorities underlined the risk of litigation for public sector organisations, notably local authorities. These cases were taken by a solicitor on a *no-win/no-fee* basis and there were some concerns that this practice might transfer to Wales.

For Phase Three of the campaign, all participants in the Summit signed up to a statement of intent demonstrating a commitment to tackling pay inequalities. The participating bodies included local authorities, health boards, educational authorities and some assembly NDPB's. A key feature of the process was the identification of specific equal pay objectives and milestones for participating organisations.

The following section outlines the main activities and achievements of this third phase of the campaign.

2. ACTIVITIES AND ACHIEVEMENTS

Equal Pay Summit

The Summit was convened in April 2005 and brought together public sector decision makers to assess the current situation, to raise awareness of the persistence of the pay gap including the barriers to delivery of equally pay and the success factors necessary for progress, to provide a forum for exchange of experiences and to mobilise public sector bodies to undertake pay reviews. All Summit participants signed up to a commitment to tackle pay inequalities and to identify an action plan with milestones for progress. This commitment and action plan provided the basis for a **reporting system** that has been a central and positive element of this phase of the campaign. The Equal Pay Assessment Questionnaire provided useful information to campaign staff and partners and provided a prompt to the participating public authorities.

Leadership

A notable feature of the campaign has been the leadership and involvement of Welsh Assembly Government ministers, the skills and authority of the EOC as the statutory body for gender equality and the strong presence of the Wales TUC.

In respect of ministerial involvement, continued pressure on public authorities, meetings with all those who signed up to this phase and clear focus in the work of the Assembly Government provided a level of accountability and credibility in respect of the issue as well as the necessary impetus for public bodies in terms of reporting and adjudication.

The EOC were able to use established mechanism like the Equality Exchange to provide information and expertise as well as leadership. The role of the WTUC because of its strategic place in the employment arena in Wales added to the authority of the campaign and the constructive approach between employers and trades unions. In addition, WTUC contributed to both the current phase and the legacy of the campaign by on-going capacity building among key officials.

Dedicated resource

The campaign recruited a project manager to co-ordinate all strands of action during this phase. In addition, an Equal Pay Champion was seconded to work with the WTUC. The fact of having staff who could focus on the campaign was crucial to the success of this phase and to the progress that has been made across the public sector in Wales in understanding the issue of equal pay and of taking action through pay reviews.

Cross Party Group

A further key objective for this phase was to re-establish the Cross Party Group on pay as a sub-group of the Equal Opportunities Committee of the National Assembly for Wales. This was achieved and the Group provided a coherent and unified approach that allowed the issue to avoid political differences; it also provided a high level of accountability for the participating public sector organisations in Wales. In the legacy report from the Second Assembly, the Committee recommended a continuation of the oversight in the Third Assembly.

The Dividend

Recent academic and other work has focused on identifying the business case for tackling the gender pay gap. Among the drivers identified in the literature are positive opportunities around strategies like corporate social responsibility, the business case for equality that includes factors such as: the changing business environment; industrial change, skills shortages and the economic rationale that underlines demographic factors such as aging and the fact that there are more women than men in the general population.

The third phase of the Close the Pay Gap campaign brought together a number of academics and pay specialists to discuss this issue and to understand some of the persistence of the gap and the challenge for public authorities who are committed to tackling this gap. The seminar concluded that further work on the costs and benefits of closing the gender pay gap would be relevant and useful. The seminar report suggested that funding should be sought to explore the relationship between profitability and equality of opportunity.

Equal Pay Conference

In November 2006, an Equal Pay Conference was held with 100 participants from the public sector in Wales. The evaluation forms from the conference provide tangible evidence of the success of the campaign and the efficacy of focusing on the public sector. (The form is outlined in Appendix I). Participants reported a greater understanding of pay inequality and a more urgent sense of the need to address it across the public sector in Wales. The evaluation forms also provide prompts in respect of continued and future action required to maintain a focus on this issue for public authorities in Wales.

3. THE EVALUATION

As already indicated, a significant feature of the campaign has been the production of reports, questionnaires to provide information on activities in

public authorities, evaluation of events and campaign materials. This considerable documentation provides the basis for the final report and the evaluation exercise. Using the questions set out in the specifications for this work, the methodology for the final report and evaluation includes desk-based research on existing reports and campaign materials, evidence of achievement and feedback, interviews with key actors and email/ telephone contact with relevant people.

The key tasks of the evaluation are to:

- Consider the level of progress towards the aims and objectives of this phase of close the pay gap campaign;
- Evaluate the effectiveness and the value for money of the campaign
- Consider the lessons learnt from this phase and suggest recommendations for future work

A number of specific questions provide a framework for the evaluation, these are:

- Has the Campaign been successful in raising awareness of equal pay issues amongst public sector organisations in Wales?
- Have organisations and unions worked effectively together in progressing the pay agenda?
- Have organisations supported by unions achieved an acceptable level of progress in carrying out job evaluations and progressing towards undertaking pay audits?
- Has the national partnership approach of the campaign contributed effectively towards achieving its overall aim?

FINDINGS

In respect of the key tasks and the questions the following are the main points – many of them will be echoed in the lessons and recommendations:

Progress

- There is real progress and achievement towards the aims of this phase of the campaign. The evidence is there in the high level of

activity undertaken by public bodies in respect of pay reviews and reporting on this activity, in the re-establishment of the Cross Party Group on pay. The evaluation feedback from the Equal Pay Conference in November 2006 underlines this progress and identifies some ongoing challenges that need to be addressed.

Value for money

- In respect of value for money, the return has been very positive and compares favorably with larger investment, for example, in Scotland where the Close the Gap campaign levered in considerable EU funding through EQUAL. The value can be measured in terms of the extent of activities held in the timeframe of Phase 3, the progress and activity around pay reviews and the awareness of pay inequality and the potential risk to public authorities of action. A further added value is the involvement of academics in assessing the benefits dividend from equal pay, and the positive experience of the partner organisations, the transfer of expertise from the EOC and capacity building among the Trades Unions. The consolidation of the leadership role of the WAG and the involvement of the Cross Party Group add significant learning and credibility both to the campaign and to the public policy process in Wales.

Partnership

- The partnership approach, high-level buy-in across the public sector, dedicated resource in seconded staff and a robust reporting framework have contributed to raising awareness of, and promoting solutions to, tackling the gender pay gap in Wales.

In respect of the specific questions, the following summary reflects the progress:

- **The campaign has been very successful in raising awareness of equal pay issues in the public sector organisations that participated in Phase Three and in the wider public sector in Wales.** The campaign has been successful in promoting solutions and

encouraging broader understanding of pay inequality and the impact on staff. It helped to promote an understanding of the risk of not tackling pay inequality and the need for better understanding of costs and benefits of achieving equal pay for women and men.

- **The partner organisations have been very successful in working together and in working with public authorities in Wales.** The *hands on* approach with leadership from the WAG, participation of key strategic partners in the EOC and the Wales TUC, dedicated resources in the project manager and seconded pay champion have provided a fruitful base for effective working. This is evidenced in the range of activities and the feedback from events.
- From the reports available, organisations have made some progress in carrying out job evaluations and progressing towards undertaking pay audits. **However, critical issues have arisen in respect of job evaluation schemes being utilised by local authorities, the capacity and expertise within public sector organisations, and resources – both financial and time.** The issue of financial support to assist in settlements/back pay will be an important question for the next phase of the campaign and for the Assembly Government. In addition, there is a case for resources to provide a dedicated person to follow through on reporting from the current phase. There is considerable work still to be done by organisations and in meeting agreed dates for reporting.
- From the evaluations of the Equal Pay Conference 2006 key messages are that there is a greater understanding of the pay gap and a broader understanding of the need to mainstream pay equality in organisations rather than see them as separate issues. The evaluations record some frustration with the technicalities of pay reviews and articulate a strong demand for guidance on how to resolve the back-pay issue and resources to assist in this issue.
- **There is evidence that the national partnership approach has contributed to the effectiveness of the campaign and in**

achieving its overall aim. The leadership role of the Welsh Assembly Government ministers has been hugely important for credibility and political clout. This combined with the expertise and statutory role of the Equal Opportunities Commission and the critical involvement of the Wales TUC resulted in a highly effective and constructive campaign. The partnership approach provides for an environment where public bodies can exchange and learn with confidence. In addition, it provides accountability mechanisms that are critical for credibility and effectiveness. As indicated above, the evaluations of the Equal Pay Conference underline the progress that has been made in understanding the issue and the need for public authorities in Wales to act.

4. LESSONS

Value of dedicated resource

- Feedback from partners and public sector organisations underlines the importance of dedicated staff that can provide the range of support that was a feature of this phase. This included briefings and reports to Ministers and the Cross Party Group, support to individual organisations and a locus for reporting for public sector bodies. It further facilitated the organisation of events and targeted work with partners including the EOC and WTUC.

Critical leadership of WAG

- The positive role played by the Wales Assembly Government and the role of the Minister(s) was critical to providing leadership, credibility, and, a mechanism for accountability in respect of public authorities in Wales. Studies that have sought to understand the key requirements for a mainstreaming approach to equality, underline the importance of political commitment and ownership of the mainstreaming strategy – including allocation of resources both financial and personnel to operate the strategy.

Cross Party Group

- The re-establishment of the Cross Party Group on pay as a subgroup of the equal Opportunities Committee of the Assembly, reinforced the leadership and accountability for this issue and underlined the support for tackling pay inequality across the political parties.

Reporting system

- Following the commitment given at the Equal Pay Summit in 2005, public authorities identified an action plan and milestones for progress in respect of equal pay reviews and job evaluation work. As indicated earlier, this Equal Pay Assessment Questionnaire was sent to the participating public authorities to facilitate reporting. These questionnaires provided invaluable information on activities around pay and job evaluation and progress in respect of tackling pay inequality. In addition they provided useful information on barriers to progress in the participating organisations and an indication of where capacity building and resources were required. The on going contact and reporting through the dedicated staff, the Cross Party Group and through updates for Ministers was critical for maintaining momentum and accountability.

Complexity of the issue – including technical nature of pay reviews

- There is feedback from delegates at the Equal Pay Conference and through the questionnaires that pay issues are complex and technical. This makes it more the reserve of experts within organisations and less accessible. Participants expressed an interest in work on other aspects of gender equality in the workplace.

Progress is slow

- Because of the technical nature of the issue of pay reviews and job evaluations progress is slow. The result is that public authorities find reporting problematic and it requires considerable time and resources to sustain the process. For some public authorities, more information about how the situation arose and the rationale for pay addressing

pay inequality might be useful in respect of mobilising around solutions.

Resources

- As indicated above, a critical issue is resources. This includes financial resources in respect of back pay for settlements of claims, personnel resources in respect of the processes and leadership and management resources because of the pressure on public authorities. Tackling pay inequality and reporting in a systematic manner requires time to focus on pay issues. It also requires leadership to sustain momentum in public authorities that have a range of services to provide and targets to reach. The question of resources to assist local authorities with settlements in respect of settlements remains problematic. The perception of some authorities is that either the WAG or the Treasury should assist in this matter.

Achievements

- There are considerable achievements in respect of understanding pay inequality, getting public authorities to act on this inequality, mobilizing support across political parties and across the public sector in Wales. There is considerable evidence of progress in respect of capacity building in public authorities that will provide the supporting infrastructure for change. There has also been an effective engagement and mobilisation across the Wales Assembly Government, the National Assembly for Wales and the public sector in Wales. In addition, there is mobilisation and partnership work with academia to assist in identifying the benefits dividend from equal pay for communities in Wales.

Positive Feedback

- Evaluations from the Equal Pay Conference provide qualitative feedback on the achievements of this phase of the campaign and the challenges for a further phase. The evaluation responses underline the raised awareness of the issue, the importance of ministerial

involvement, the issue of capacity among public authorities and the positive impact of high-level events that allow for input and exchange.

The following recommendations are formulated in response to the lessons identified in the evaluation. In addition, they pick up on feedback from public authorities and from campaign partners and staff.

5. RECOMMENDATIONS

Broadening out the pay work within the Welsh Assembly to concentrate on cross-departmental work around issues that contribute to the pay gap e.g. gender stereotyping in education and training, gender based occupational segregation and the unequal impact of caring responsibilities for women and men.

As the Welsh Assembly is now moving towards a more cross cutting inter departmental way of working, this approach would encourage departments such as education and economic development to consider these issues when developing policy. In respect of caring and the unequal impact that caring responsibilities have on women, promoting solutions like flexible working for men, part-time or flexible work for senior positions would help to tackle both gender based occupational segregation and to tackle pay inequality.

This approach would fit into the Welsh Assembly's strategic thematic approach and still enable the cross party working group to meet and provide direction. This approach would also enable the WAG to role out the concept of equal pay to a broader audience within the Welsh Assembly and as a consequence to 'customers'.

In addition, it would respond to the feedback from the Equal Pay Conference expressing an interest in other aspects of the pay gap such as occupational segregation and the impact of caring on participation in the labour market be addressed. In addition to working across

departments, the Welsh Assembly could identify, promote and disseminate good practice in tackling these issues.

Working with the Commission for Equality and Human Rights on pay inequality and related issues.

The advent of the CEHR in October 2007 presents an opportunity for continuity and for building on the learning and achievements of the Close the Pay Gap Campaign. A key partner from the Close the Pay gap campaign, the Equal Opportunities Commission, will be integrated into the CEHR. Partnership with the CEHR would compliment the approach being taken by the Welsh Assembly to work in a thematic and cross-departmental manner. In addition, work on pay inequality across the six equality strands would provide a tangible issue for the CEHR. Research carried out by the EOC in GB, Scotland and Wales underlined the fact that pay inequality is more pronounced for ethnic minority women. In February 2007, the EOC Equality Exchange held an event on "Disabled Women in the Workforce – Breaking Down the Barriers". This event highlighted issues for women with a disability. This evidence provides a solid basis for cross- strand working and for a strategic approach that compliments the work of both the Assembly Government and the CEHR.

The benefits dividend: consideration could be given to pilot work with a Council that has successfully paid out.

In respect of providing evidence of impact and assessing what the benefits might be, further work with a local authority, for example Neath Port Talbot Council, that could establish the impact on the local economy of the settlement and changed pay structure for women. The pilot work could assess both quantitative and qualitative impacts and draw out lessons. Neath Port Talbot is the first Council in Wales to make back-pay settlements to women workers. In addition, the Council and its unions have agreed a new pay structure that came into effect in April 2007.

Consideration could be given to mechanisms that promote academic involvement to identify the business case and the dividend from tackling pay inequality.

The link with academia has been made in this phase with the holding of a successful seminar. It would be useful to build on this work, for example through the pilot work suggested above and by encouraging more academic work on the business and economic case for tackling gender inequality in general and pay inequality in particular. This would assist in making the connections necessary to consider gender as a key variable in public policy – underlining the challenge to an assumption that men and women can benefit from policy interventions on an equal basis. Recent work on health, economic development and key areas like transport underline the need for a gender sensitive approach to the design and delivery of policies and services and the risk of policy failure from a gender blind approach.

Identify opportunities to share experience both within Wales and with Scotland

Participants at the Equal Pay Conference in November 2006 underlined the benefit of exchange and expressed interest in further opportunities. There is a lot of learning in public authorities that could be shared and codified.

The Equal Opportunities Committee of the Assembly has promoted contact and exchange with Scotland on pay issues. This exchange would be useful across the range of recommendations included here to address pay inequalities and to sustain the momentum of the Close the Pay Gap campaign.

Wales has been a leader in respect of this issue and Scotland could learn a lot from the Phase 3 campaign and its successes. For Wales the exchange could assist in sharing experience in respect of recent work with the private sector in Scotland.