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# Equal Pay, Fair Pay

## A Small Business Guide to Effective Pay Practices



Close the Gap is a partnership project  
part financed by the European Union

**Equal**



Women. Men. Different. Equal.  
Equal Opportunities Commission Scotland

*"Providing equal and fair pay ensures compliance with legislation, motivates and retains staff, promotes the company as one that values staff and provides equality of opportunity in pay and conditions of employment, and gives the company an opportunity to review certain aspects of the business."*

*Company Director,  
distribution company*

*"Small businesses need to be aware of the legal need to ensure equal pay. A big 'financial hit' from an equal pay claim has a greater impact on a small business. It could put it out of business."*

*Managing Director,  
food manufacturing  
company*

**This Guide is aimed at small businesses** without specialist personnel expertise. Larger firms may find it helpful to refer to the **Equal Opportunities Commission (EOC) Equal Pay Review Kit**.

The EOC has also issued a **Code of Practice on Equal Pay**. Both of these can be downloaded from the EOC's website.

**A PC and Macintosh compatible CD-ROM** with an Excel spreadsheet, companion help programme and electronic versions of this brochure and forms is available from the EOC.

**To order a CD ROM** or comment on this guide, contact the EOC via:

**web:** [www.eoc.org.uk](http://www.eoc.org.uk)  
**email:** [scotland@eoc.org.uk](mailto:scotland@eoc.org.uk)  
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**Whilst every effort** has been made to ensure that the explanations given here are accurate, only the courts or tribunals can give authoritative interpretations of the law.

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**Introduction from  
John Wilkes  
Director, EOC Scotland**

I am delighted to introduce this excellent toolkit for small businesses wishing to undertake a pay review. The Income Gap is one of EOC Scotland's top objectives with Equal Pay being a key focus of our work. We are committed to helping employers to address this issue and this new resource provides valuable support in this objective.

In 2002 The EOC developed a toolkit for larger organisations which was very well received. We now have a model suitable for those organisations with less than 50 employees. The kit comprises an easy to use CD Rom with an accompanying booklet. We are grateful to our colleagues at EOC Wales and the funding support from the Welsh Development Agency for their work in developing this model.

I hope you find this toolkit easy to use and flexible to the needs of your own organisation. If you require further support, this is available either on our website or by contacting EOC Scotland. Full details are contained at the end of the CD.

May I wish you a successful pay review.

# CONTENTS

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	Page
■ Why are Fair Pay and Equal Pay Important?	2
■ What is Fair Pay, Equal Pay, and Pay?	3
■ How to Check if Pay is Fair and Equal	5
■ Conclusion	13
■ References	14
■ Appendices	
1 Job Descriptions	15
2 A Skills and Knowledge Framework	20
3 A Method for Collecting and Comparing Pay Information	21
4 Checklist: What are the causes of pay differences?	31
5 Checklist: Are the pay differences fair and lawful?	33
6 Contact information	36

# WHY ARE FAIR PAY AND EQUAL PAY IMPORTANT?

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## Fair Pay and Equal Pay Mean You Can:

- Attract and retain the **best employees**. This will create a more effective workforce. (1)
- Reduce **recruitment costs** by retaining employees for longer. Recruitment costs can be as high as 1.5 x a job's annual pay costs.
- Improve **motivation** and **productivity**.
- Enhance the business's **image and reputation**.
- Avoid the **legal costs** of pay discrimination. Losing an equal pay claim is expensive.
- Decide **objectively**:
  - What pay employees should start on
  - How and when to increase pay
  - When to give bonuses or other performance rewards
  - What work related pay benefits you should provide

# WHAT IS FAIR PAY, EQUAL PAY AND PAY?

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## What Is Fair Pay?

As a fair pay employer you provide the same pay and conditions for employees doing work that

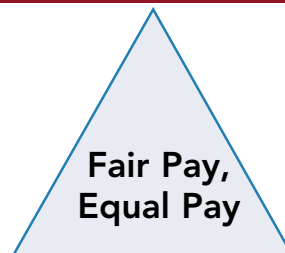
requires similar levels of effort, skills, knowledge and responsibility.

Similar level of:

- Effort
- Skills
- Knowledge
- Responsibility

Same:

- Pay
- Benefits



## What is Equal Pay?

The Equal Pay Act says that **when men and women are doing equal work they have the right to equal pay.** (2) As an equal pay employer you provide the same pay and conditions for men and women doing work that is:

- The same or broadly similar, or
- Has been rated as equivalent under a job evaluation scheme, or
- Is of equal value in terms of the effort, skills, knowledge and responsibility required.

Providing equal pay also means that employees should know how their pay is made up. So, for example, if you pay bonuses, your employees should know what they have to do to earn a bonus, and how the bonus is calculated.

The Equal Pay Act applies to both full-time and part-time employees. If a female part-time employee is doing equal work to a male full time employee, she should get equal pay on a pro rata basis. This means that they should both be on the same hourly rate.

## Examples of Fair Pay and Equal Pay

### Fair Pay

Although a cook and a painter do different jobs, you need to check whether the **levels** of effort, skill, knowledge and responsibility are similar. For example, each job may require similar levels of literacy and numeracy, and a similar training period. The jobs may also involve a similar range of technical knowledge (about food and cooking processes or about paint and its mixing and application). If you find that the job requirements are similar, then, for the pay to be **fair**, it would be the same for both jobs. However, if one of the jobs also involves supervisory responsibilities, then the additional responsibility could justify that job getting a higher rate of pay.

### Equal Pay

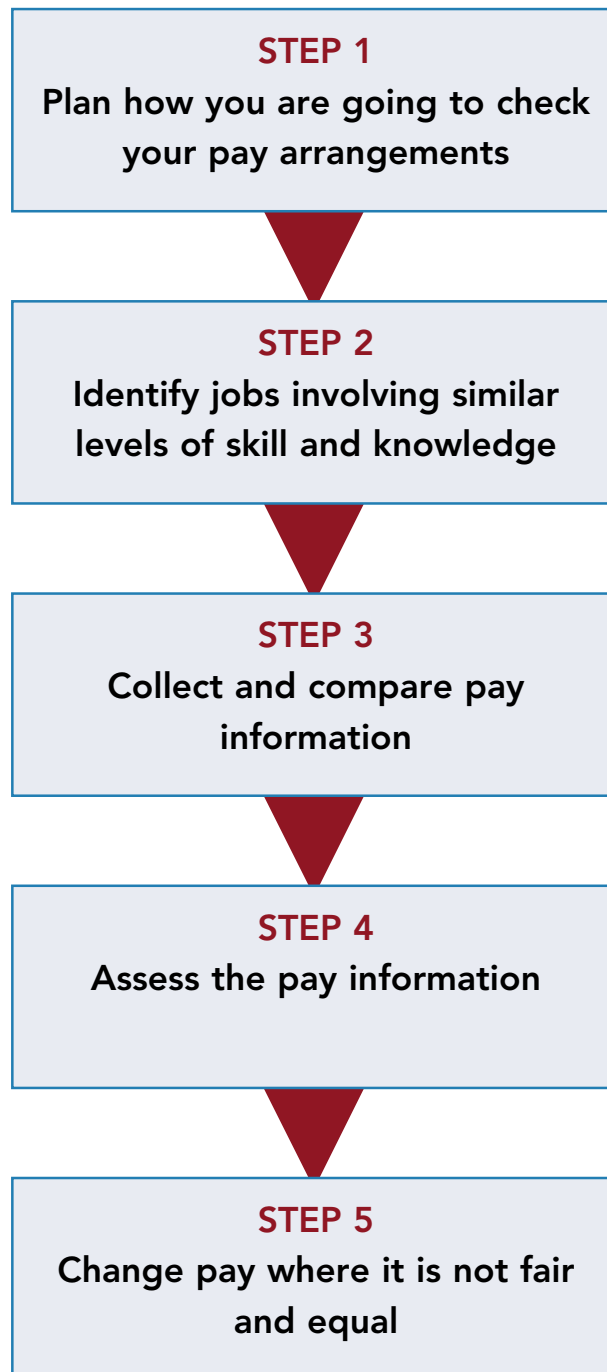
If the cook was a woman and the painter was a man, and you found similar levels of effort, skill, knowledge and responsibility, then, in order for the pay to be **equal**, you **must** ensure that it is the same for both jobs. (3)

## What is pay?

Pay means pay and benefits provided by the contract of employment between you and your employee.

# HOW TO CHECK IF PAY IS FAIR AND EQUAL

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### Plan how you are going to check your pay arrangements

You will find it useful to plan what you are going to do. Your plan needs to cover:

- What you are going to check
- Who you are going to involve
- What resources you need
- Whether you need advice and help

#### What are you going to check?

It is advisable to check the pay of all employees, both full-time and part time, and whether permanent or not. Missing someone out will increase the risk of an equal pay claim.

Checking for fair pay means identifying which jobs involve similar levels of effort, skills, knowledge and responsibility. Checking for equal pay means, in addition, taking account of whether the jobholders are male or female. (4)

[See Step 2](#) ➤

#### Who are you going to involve?

Work out roughly how much time you are going to need. If you don't

want to carry out the check yourself you will have to decide who to delegate it to. You also need to think how you are going to involve your staff. This is important because:

- They can tell you how your pay arrangements actually operate (as opposed to how you think they operate).
- They can also tell you how they will be affected by any changes you may want to make as a result of the check. Involving them early on reduces the risk of any disagreement at a later stage.
- They will have the opportunity to understand your pay arrangements and the reasons for any changes. This will make your pay arrangements more transparent and easy to understand.

#### What resources are you going to need?

Take a look at Step 3 and make sure you have all the information you need. You will also find it useful, but not essential, to have access to any standard spreadsheet software (such as Microsoft Excel or Lotus 123) so that you can analyse the information. The CD-ROM version

of this kit contains an Excel spreadsheet that can be used for this purpose.

[See Step 4](#) ➤

## **Whether you need advice and help**

The checks are straightforward, but you may wish to consider bringing in outside expertise. Acas offer practical, independent and impartial help throughout GB. In Scotland, the Equal Opportunities Commission Scotland and 'Close the Gap' can provide advice and assistance.

[See Appendix 6 for a list of contacts and web sites.](#)

### Identify Jobs Involving Similar Levels of Skills and Knowledge

If you have a job evaluation scheme in place then you already have a method of determining the relative worth of jobs within your business. You will need to check that the scheme meets the requirements of the Equal Pay Act, but, provided that it does, you have a basis for a fair and equitable payment system. If you do not use job evaluation (and very few small firms do so) then you need to go through the steps outlined here. (5)

Jobs which require similar levels of effort, skills, knowledge and responsibility are:

- **Jobs which involve the same or similar work.** Don't rely on the job title, as job titles can be misleading. Differences in jobs with the same titles may have arisen over time, or people doing the same or similar work may have different job titles.
- **Groups of jobs which involve the same broad types of tasks and duties** are likely to require similar levels of effort, skills, knowledge and responsibility. Examples of such distinct job groups are,

- Managers
- Supervisors
- Technicians
- Clerical staff
- Machine operators
- Craft workers
- Sales staff

- **Jobs which involve different types of work** may involve similar levels of effort, skills, knowledge and responsibility. For example,

- A cook and a joiner or a painter
- A sewing machinist and an upholsterer
- A warehouse worker and a clerical worker.

#### Example: Similar Work

A female cook and a male chef may be doing similar work, even though their job titles are different. They may both have to plan menus, prepare food, and meet nutritional and health and safety standards. The level of effort, skills, knowledge and responsibility they need is therefore likely to be similar.

### Example: Same Broad Types of Tasks and Duties

A female office manager and a male supervisor in production may both be involved in allocating and checking work, providing technical advice and assistance, motivating staff, and making sure standards, such as timekeeping and attendance, are met. Even though they work in different areas, their jobs are likely to require similar levels of effort, skills, knowledge and responsibility.

### Example: Different Types of Work with Similar Levels of Skills and Knowledge

A male warehouse worker and a female clerical worker may both need:

- Knowledge of internal company procedures
- Dexterity for handling goods or using keyboards
- Interpersonal skills for dealing with customer queries

Even though their work tasks are different, the level of skills and knowledge they require may be similar.

**Don't just compare jobs within broad functions such as production or administration. Look across the whole business, comparing, for example, production jobs with administration jobs to see if they involve similar levels of effort, skills, knowledge and responsibility.**

You may find it useful to begin by drawing up brief **job descriptions**. A job description sets out the main duties and responsibilities of a job

and the skills and knowledge needed. [See Appendix 1 for how to do this](#). You can also use job descriptions to help you recruit new employees or train and develop existing staff.

A simple **skills and knowledge classification system** will help you to identify whether jobs involving different types of work have similar levels of skills and knowledge. [See Appendix 2 for how to do this](#).

### Collect And Compare Pay Information

#### Step 3a: Collect pay information

You will need to collect information on **basic pay, total earnings** and other **work related benefits**. Equal pay applies not just to wages and salaries but also to any other benefits you provide for your employees. This information should be in your payroll records.

#### Total earnings include

- Basic pay
- Any additions to basic pay, such as
  - Overtime earnings
  - Shift pay
  - Performance bonuses
  - Commission, or
  - Any other payments

#### Work related benefits include

- Holidays
- Sick pay in addition to statutory sick pay
- Contributions to a pension, or
- Any other form of benefit provided

See [Appendix 3](#) for how to collect and compare pay information.

#### Step 3b: Compare pay information

For each group of jobs which involve similar levels of skills and knowledge you should ask:

- Are the basic hourly earnings the same for these jobs?

Yes  No

- Are the total hourly earnings the same for these jobs?

Yes  No

- Do these jobs all get the same type of work related benefits?

Yes  No

- Is the amount of the work related benefit the same in each case for these jobs?

Yes  No

If the answer to any of these questions is 'No', you need to establish what is causing the difference and whether the differences are fair. [See Step 4](#) ► You should pay particular attention to the pay of men and women doing equal work because pay differences between them which cannot be justified may be against the law. If you find any differences that can't be justified you will need to make arrangements to provide equal pay. (6)

## Step 4

### Assess the reasons for the pay differences

#### Step 4a: Identify the reasons

If there are any pay differences in hourly pay or benefits between employees doing jobs which involve similar levels of effort, skills, knowledge and responsibility, you should find out why these exist. You may find, for example, that the starting pay is not always the same, or that part-time workers are paid less per hour than full time workers. [See Appendix 4 for a checklist of key questions.](#)

#### Step 4b: Check whether the pay differences are fair

If they are to be fair, differences in pay should be based on the **specific requirements** of the jobs and the real circumstances in which they are done.

Different levels of effort, skills, knowledge and responsibility can justify pay differences between jobs. If the job requirements are similar, pay differences between jobs may still be fair, provided that they are based on the real circumstances in which the jobs are done.

[See Appendix 5 for a checklist of key questions.](#)

If you cannot come up with clear evidence-based reasons for pay differences between employees who do jobs involving similar levels of effort, skill, knowledge and responsibility, pay in your business may not be fair.

#### Step 4c: Check whether the pay differences between men and women are against the law

If you cannot come up with clear evidence-based reasons for pay differences between men and women who do jobs with similar requirements, you are likely to be vulnerable to an equal pay claim.

### Change Pay Where It Is Not Fair And Equal

If you have identified unfair pay differences between employees doing jobs with similar requirements, you should take action to deal with them.

- To be a fair pay employer, if employees are underpaid in relation to the levels of effort, skills, knowledge and responsibility required in their jobs, you should provide them with the **same pay and benefits** as employees doing work with similar requirements.
- If you need to provide **equal pay and benefits** to male and female employees doing equal work you must do this immediately to avoid unlawful pay discrimination. **If you do not deal quickly with equal pay differences between men and women, you may be vulnerable to an equal pay claim.**

### A Policy On Pay

In the longer term a clear and consistent pay policy will help you make sure pay in your business remains fair. You may also find it helpful to consult your employees about your pay policy. Your policy could explain the principles for making sure that pay is fair and equal, for example:

- Pay will be based on the skills and knowledge required to fulfil the responsibilities of a job and carry out its key tasks
- Pay will not discriminate unfairly between
  - Men and women
  - People of different ethnic origin
  - Non-disabled people and disabled people
- These pay principles will be applied consistently in relation to starting pay, pay increases, bonuses, performance payments and non-cash benefits
- The policy will be monitored and reviewed regularly and discussed with employees

## CONCLUSION

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When you use this Guide you may find that other issues apart from equal and fair pay are highlighted. For example, you may find that some jobs are done largely or exclusively by men or by women. This may prompt you to review the way that you recruit and train your employees; and the way your job descriptions are drawn up and how up to date they are, so that you can select from a wider pool when attracting the best people to join your business.

Employers rely on the skill, expertise and commitment of their workforces. Employers are also increasingly being required to demonstrate that they follow good employment practices in order to win and sustain business. Using this Guide will give you greater confidence that pay in your business is fair and free from pay discrimination and help you demonstrate that your pay arrangements meet both good practice and legal standards.

*"By carrying out the review the business ensures it obtains an objective based method of reward."*

*Managing Director,  
engineering company*

*"I found that the guide made me stop and think about the system we operate. I feel it can be used to promote the business as a good employer."*

*Director, design and  
printing company*

*"I found it a very useful, enlightening guide that if used thoroughly should benefit the business and staff performance and motivation. The examples provided in the Guide gave me an insight into the variety of skills required by employees in a small business and the importance of being able to transfer skills when required."*

*Managing Director,  
warehouse company*



## REFERENCES

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- (1) The words 'employees' and 'staff' are used interchangeably throughout this Guide, and both refer to all the people who work in your business. The term 'employees' is not used as a legal term.
- (2) Further advice on equal pay can be obtained from the Equal Opportunities Commission. Acas can also provide advice on general pay issues.  
[Details of how to contact these organisations are in Appendix 6.](#)
- (3) In an important equal pay case, *Miss J Hayward v Cammell Laird Shipbuilders*, Miss Hayward, a cook in the canteen, successfully claimed equal pay with craft workers who worked in the shipyard. Further information about this case and other equal pay cases can be obtained from the Equal Opportunities Commission.
- (4) If you also want to include race or ethnicity and disability in your check, you will also need to be able to identify the race or ethnicity and disabled status of each jobholder. Advice on ethnic monitoring and on issues to do with pay and ethnicity can be obtained from the Commission for Racial Equality. Advice on disability monitoring and on issues to do with pay and work disabled status can be obtained from the Disability Rights Commission.
- (5) More detailed guidance on job evaluation can be found on the EOC's website:  
[www.eoc.org.uk/equalpay](http://www.eoc.org.uk/equalpay)
- (6) If you find any pay differences relating to race/ethnicity and disability in your check, you will also need to take action quickly (See 4 above).

# APPENDIX 1

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## Job Descriptions

Job descriptions describe the key responsibilities and tasks of a job and what it requires in terms of skills and knowledge. You can use the information in job descriptions to place jobs into groups which reflect the levels of skills and knowledge required. [See Appendix 2 for how to do this](#). Keeping up to date job descriptions is good practice and will provide you with useful information for recruitment, training and development.

### Tips for drawing up a job description

- Focus on what the jobholder actually does. List only the main responsibilities of the job and avoid minor details.
- Consider whether:
  - The work is variable or routine
  - Detailed instructions or clear procedures are available
  - Decisions can be made without reference to a supervisor
  - The job holder is directly responsible for equipment, stock, materials, cash, or information
- The job holder supervises or trains others
- The job holder is responsible for the safety of others
- Don't make assumptions about the skills and knowledge required to do a job. In particular don't assume that:
  - Certain skills are only used by male workers
  - Skills used by women are lesser skills than those used by men
- Take account of skills which may be acquired informally or on the job, as well as skills which are acquired through vocational training
- Describe the skills the *job* requires, not the personal skills or attributes the jobholder happens to have
- Include the skills and knowledge required for irregular or infrequent responsibilities or tasks as well as day-to-day responsibilities or tasks
- Be specific when describing the skills and knowledge, and describe the full range of skills required. Take account of:
  - The **organisational or industrial knowledge** required as well as the **job specific knowledge**. The amount of

training needed for a job or the qualifications required may indicate the level of knowledge required

- The **thinking and planning skills** needed to solve both day-to-day problems and prioritise work as well as longer term problem solving, planning and decision making
- The **interpersonal and communication skills** needed to interact and work with people inside and outside the organisation
- The **dexterity and co-ordination skills** needed to operate tools and machinery, including office equipment

## Example of a Job Description Pro Forma

<b>Job Title</b>	
<b>Job Responsibilities</b>	
<b>Job Tasks - How the responsibilities will be achieved</b>	
<b>Skills and Knowledge - What knowledge and skills are needed</b>	

## Example of a Job Description

<b>Job Title</b>	Administrator
<b>Job Responsibilities</b> - What the job must achieve	
<ol style="list-style-type: none"><li>1. To provide administrative support to the Managing Director.</li><li>2. To monitor income and expenditure against budget (£250,000) and drawing the Managing Director's attention to any areas of concern.</li></ol>	
<b>Job Tasks</b> - How the responsibilities will be achieved	
<ol style="list-style-type: none"><li>1. To provide full administrative support to the Managing Director, including production of correspondence and reports, diary management, co-ordinating meetings and production of agendas and minutes. The post holder is expected to manage their own work day to day and only refer unusual items to the Managing Director for approval. This includes drafting/holding correspondence or providing written information on his/her behalf.</li><li>2. To develop and maintain filing and information retrieval systems (manual and computerised) and to provide guidance to other staff on maintenance of records.</li><li>3. To maintain financial records on spreadsheet and monitor income and expenditure figures on behalf of the Managing Director.</li><li>4. To record and monitor absence records for the department, including time off in lieu, sickness and holidays.</li><li>5. To act as support to the Management Team, including preparation of agendas and papers, provision of minutes, progress chasing outstanding actions.</li><li>6. To process and monitor expense claims for staff and maintain petty cash (float of £50 at any given time).</li></ol>	

## Example of a Job Description continued

### Skills and Knowledge - What knowledge and skills are needed

#### Knowledge

1. Knowledge of office information systems (manual and computerised)
2. Literacy to level required to draft correspondence and produce minutes and summarise researched information
3. Numeracy to level required for monitoring against budgets

#### Skills / Abilities

1. Computing skills, in particular Microsoft Office applications (Word, Excel, Access, Outlook)
2. Strong time management skills and ability to manage and prioritise own workload and highlight priority areas to line manager
3. Ability to co-ordinate management team meetings
4. Good information management skills (filing systems, internal communications, basic investigative research)
5. Good interpersonal skills in order to develop collaborative working with colleagues and other organisations and progress chase outstanding work on behalf of Managing Director

## APPENDIX 2: A SKILLS AND KNOWLEDGE FRAMEWORK

When using a framework such as the one below, you should ignore minor differences between jobs and focus on what the jobholders actually do. Take account of the type of work involved and the effort, skills and knowledge required to do the jobs.

<b>Skills and Knowledge Framework (1)</b>	
The definitions provide a general guide and are not intended to be prescriptive.	
<b>Levels</b>	<b>Definitions</b>
<b>Foundation skill and knowledge</b> (Equivalent to NVQ/SVQ Level 1)	The job involves a range of routine and predictable tasks, carried out under supervision.
<b>Intermediate skill and knowledge</b> (Equivalent to NVQ/SVQ Level 2)	The job involves a range of tasks, carried out with limited supervision in a variety of contexts. Some tasks are complex or non-routine and there is some personal responsibility or autonomy. Working in a group or team may often be a requirement.
<b>Advanced skill and knowledge</b> (Equivalent to NVQ/SVQ Level 3)	The job involves a defined occupation or a range of jobs where there is a broad range of varied tasks carried out in a wide variety of contexts. Most tasks are complex and non-routine, and there is considerable personal responsibility and autonomy. Supervision or guidance of others is often required.
<b>High skill and knowledge</b> (Equivalent to NVQ/SVQ Level 4)	The job involves a broad range of complex, technical, or professional work tasks, carried out in a variety of contexts. There is a substantial degree of personal responsibility and autonomy. Responsibility for the work of others and the allocation of resources is often required.
<b>Very high skill and knowledge</b> (Equivalent to NVQ/SVQ Level 5)	The job involves work at a professional level or equivalent, requiring the mastery of a range of relevant knowledge and the ability to apply it at this level. There is very substantial personal autonomy. Significant responsibility for the work of others and for the allocation of substantial resources is often required, as are personal accountabilities for analysis and diagnosis, design, planning, execution and evaluation.

(1) This framework is based on the framework used for National Vocational Qualifications (NVQs) / Scottish Vocational Qualifications (SVQs)

## APPENDIX 3: A METHOD FOR COLLECTING AND COMPARING PAY INFORMATION

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A useful method for collecting and comparing pay information is to build up a **spreadsheet or table** which shows all the relevant information. You need to put down the pay and work related benefits that each employee gets. Make sure you include in your spreadsheet all the benefits which you provide. Add extra columns as necessary.

### You can build up the spreadsheet as follows:

1. Put down which employees do which jobs and whether the jobholder is male or female.
2. Put down each employee's level of skill and knowledge (See Appendix 2). Sort the spreadsheet so that all the jobs which involve similar levels of skill and knowledge are grouped together.
3. Work out the basic hourly pay of each employee (1). To work out basic hourly pay:
  - a) Take an employee's basic pay for a typical week
  - b) Divide this by the standard hours worked by the employee in a week
4. Work out the average total hourly earnings for each employee. Total earnings may be greater than basic pay if additional pay is earned through overtime, shift pay, performance bonuses, commission payments or any other form of additional payment. Because these additional payments can vary from week to week, you need to calculate total hourly earnings over a period of time to get a representative average figure. To work out average total hourly earnings:
  - a) Take an employee's total earnings over an appropriate time period (for example, the last payroll period, or year to date)

(1) If your employees do not all work the same number of hours in a standard working week (for example, if you employ part-time and full time employees), then you will need to calculate basic **hourly** pay and total **hourly** earnings so that variations in hours between individual employees do not affect your check on whether pay is equal and fair.



- b) Divide this by the number of weeks in the time period
  - c) And divide again by the standard hours worked by the employee in a week
5. Work out the additions to basic pay which contribute to how total earnings are made up. This will help you identify the reasons for any differences in total pay [using the Checklist in Appendix 4](#).
  6. Put down the work related benefits which each employee receives.

If you build up your spreadsheet in this way you will be easily able to identify any differences in pay and benefits between employees doing jobs which involve similar levels of skills and knowledge. You can also easily add information to your spreadsheet about any additions to basic pay which affect total earnings.

If you do find any such differences you can [use the checklist in Appendix 4](#) to help you identify why these differences exist, and [the checklist in Appendix 5](#) to help you identify whether they are fair differences.

A pro forma and an example of a spreadsheet built up in this way showing some worked examples are on the following pages. The CD-ROM version of this kit contains an Excel spreadsheet that can be used for this purpose.

	A	B	C	D	E	F	G	H
2	<b>A Spreadsheet for Collecting and Comparing Pay Information</b>							
3								
4	<u>Employee details</u>							
5								
6	<b>Employee</b>	<b>Job (job title)</b>	<b>Gender</b>	<b>Levels of skill and knowledge</b>	<b>Weekly basic pay</b>	<b>Standard basic hours worked in week</b>	<b>Basic hourly pay</b>	
7	(or employee identification number)							
8								
9	Employee 1	Production worker	F	Intermediate skill and knowledge	187.50	37.5	5.00	
10	Employee 2	Production worker	M	Intermediate skill and knowledge	112.50	25.0	4.50	
11	Employee 3	Clerical worker	F	Intermediate skill and knowledge	154.00	35.0	4.40	
12	Employee 4	Production supervisor	M	Advanced skill and knowledge	260.00	40.0	6.50	
13	Employee 5	Office administrator	F	Advanced skill and knowledge	210.00	35.0	6.00	

	J	K	L	M	N
1					
2					
3					
4	<b><u>Working out average total hourly earnings</u></b>				
5					
6	<b>Total earnings (basic + additions)</b>	<b>Number of weeks in the time period used</b>	<b>Standard basic hours worked in week</b>	<b>Average total hourly earnings</b>	
7					
8					
9	890.00	4.0	37.50	5.93	
10	474.00	4.0	25.00	4.74	
11	616.00	4.0	35.00	4.40	
12	1220.00	4.0	40.00	7.63	
13	840.00	4.0	35.00	6.00	

	O	P	Q	R	S	T	U	V
1								
2								
3								
4	<b><u>The make up of total earnings</u></b>							
5								
6	<b>Additions to basic pay which affect total earnings in the time period used</b>							
7	<b>Overtime earnings</b>	<b>Shift pay</b>	<b>Performance bonuses</b>	<b>Commission payments</b>	<b>Other additions as appropriate</b>			<b>Total earnings</b>
8								Should be the same as column J
9	100.00	n/a	40.00	n/a				890.00
10	none	n/a	24.00	n/a				474.00
11	n/a	n/a	n/a	n/a				616.00
12	130.00	n/a	50.00	n/a				1220.00
13	n/a	n/a	n/a	n/a				840.00

	X	Y	Z	AA	AB	AC	AD	A
1								
2								
3								
4	<b><u>Work related benefits</u></b>							
5								
6	<b>Work related benefits</b>							
7	<b>Number of days holidays</b>	<b>Sick pay above SSP</b>	<b>Pension contributions</b>	<b>Child care allowances</b>	<b>Other benefits as appropriate</b>			
8								
9	20.0	n/a	Yes	n/a	Xmas Bonus			
10	20.0	n/a	No	n/a	Xmas Bonus			
11	20.0	n/a	Yes	yes	Xmas Bonus			
12	20.0	n/a	Yes	n/a	Xmas Bonus			
13	20.0	n/a	Yes	yes	Xmas Bonus			

**A Spreadsheet for Collecting and Comparing Pay Information**

**Working out basic hourly pay**

Employee (or employee identification number)	Job (job title)	Gender	Levels of skill and knowledge (Appendix 2)	Weekly basic pay <b>A</b>	Standard basic hours worked in week <b>B</b>	Basic hourly pay <b>A / B</b>

**A Spreadsheet for Collecting and Comparing Pay Information** Working out average total hourly earnings

Employee (or employee identification number)	Total earnings (basic + additions) <b>C</b>	Number of weeks in the time period used <b>D</b>	Standard basic hours worked in week <b>E</b>	Average total hourly earnings <b>C / D / E</b>

## A Spreadsheet for Collecting and Comparing Pay Information

### The make up of total earnings

Employee (or employee identification number)	Additions to basic pay which affect total earnings in the time period used					Total earnings (weekly basic pay + additions in time period).  <b><math>L = A \times D +</math> <math>(F+G+H+J+K\dots)</math></b>
	Overtime earnings <b>F</b>	Shift pay <b>G</b>	Performance bonuses <b>H</b>	Commission payments <b>J</b>	Other additions as appropriate <b>K</b>	



**A Spreadsheet for Collecting and Comparing Pay Information**

**Work related benefits**

Employee (or employee identification number)	Work related benefits				
	Number of days holidays	Sick pay above SSP	Pension contributions	Child care allowances	Other benefits

## APPENDIX 4: CHECKLIST - WHAT ARE THE CAUSES OF PAY DIFFERENCES?

### Differences in basic hourly pay

**Is this because:**

- |  |     |    |
|--|-----|----|
| ■ Women are paid less per hour than men?                               | Yes | No |
| ■ Part-time employees are paid less per hour than full-time employees? | Yes | No |
| ■ Starting pay is not the same for everybody?                          | Yes | No |
| ■ Pay increases are not the same for everybody?                        | Yes | No |
| ■ Employees with longer service get higher pay?                        | Yes | No |
| ■ Any other reason?<br>Specify   | Yes | No |

### Differences in total hourly pay

**Is this because:**

- |   |     |    |
|---|-----|----|
| ■ Only male employees have access to bonus or performance pay?  | Yes | No |
| ■ Male employees get higher bonus or performance pay?   | Yes | No |
| ■ Where premium rates are paid for shift, overtime, or weekend or unsocial hours work, only male employees have access to this higher-rated work? | Yes | No |
| ■ The eligibility requirements for higher-rated work disadvantage particular employees?   | Yes | No |
| ■ Only male employees receive additional pay for skills or training?  | Yes | No |
| ■ Any other reason?<br>Specify  | Yes | No |

## Differences in work related benefits

### Is this because:

- |  |     |    |
|--|-----|----|
| ■ Everyone does not have the same work related benefits? | Yes | No |
| ■ More men than women are covered by                     |     |    |
| ■ Sick pay?  | Yes | No |
| ■ Pensions?  | Yes | No |
| ■ Childcare provision?                                   | Yes | No |
| ■ Other work related benefits?                           | Yes | No |
| ■ Any other reason?                                      | Yes | No |
| Specify  |     |    |

## APPENDIX 5: CHECKLIST - ARE THE PAY DIFFERENCES FAIR AND LAWFUL?

The first column of this checklist identifies some of the more common explanations for pay differences. The second column sets out the evidence you need to be able to show that the reason is fair and objective.

If you do not have this evidence – i.e. you answer ‘No’ in the third column, then the pay difference may not be fair. If this is a pay difference between men and women doing equal work, you may be vulnerable to an equal pay claim, and you should take immediate action to remove the pay difference.

If you do have this evidence make a note of it in the fourth column and keep this in your records.

### Checklist: Are the pay differences fair?

(1) Apparent reason for pay differences	(2) Evidence required to justify this	(3) Do you have this evidence?	(4) Details of the evidence or action proposed to deal with differences
Skills shortages	Can you show that you cannot <b>recruit and retain</b> employees in that job without the higher pay?	Yes  No	
Employee has a higher level of skills and knowledge	a) Can you show that this skill and knowledge is actually <b>used in the job</b> ?  b) Can you show that you have <b>taken account of all relevant types of skills and knowledge</b> , for example, interpersonal skills, manual dexterity, responsibilities for customers, clients or members of the public?	Yes  No  Yes  No	

(1) Apparent reason for pay differences	(2) Evidence required to justify this	(3) Do you have this evidence?	(4) Details of the evidence or action proposed to deal with differences
Employee has more responsibility	Can you show that this responsibility is actually <b>used in the job?</b>	Yes No	
Physical effort required	a) Can you show that both <b>strength</b> and the <b>stamina</b> required by lighter repetitive work are being rewarded?  b) Can you show that you have also taken account of the mental effort (concentration) required for detailed work or work requiring sustained attention?	Yes No  Yes No	
Longer service in their jobs	Can you show that this reflects real differences in levels of skill and knowledge gained by <b>experience of the work?</b>	Yes No	
Some employees get additional pay through overtime, shift pay, performance bonuses, commission and so on	Can you show that it is <b>necessary</b> to pay these additional payments only to certain employees in order to <b>meet your business objectives?</b>	Yes No	

(1) Apparent reason for pay differences	(2) Evidence required to justify this	(3) Do you have this evidence?	(4) Details of the evidence or action proposed to deal with differences
Variable bonus, performance or commission payments	Can you show that there is a clear <b>link</b> between the performance and the additional pay received?	Yes  No	
Only some employees get work related benefits	Can you show that it is <b>necessary</b> to provide these benefits only to certain employees in order <b>to meet your business objectives</b> ?	Yes  No	
Some employees get higher work related benefits	Can you show that it is <b>necessary</b> to provide these higher benefits only to <b>certain employees in order to meet your business objectives</b> ?	Yes  No	

## APPENDIX 6: CONTACT INFORMATION

### Equal Opportunities Commission

#### Scotland

St Stephens House  
279 Bath Street  
Glasgow G2 4JL  
Tel: 0845 601 5901  
www.eoc.org.uk  
scotland@eoc.org.uk

#### Great Britain

Arndale House, Arndale Centre  
Manchester M4 3EQ  
Tel: 0845 601 5901  
www.eoc.org.uk  
info@eoc.org.uk

#### Wales

Windsor House, Windsor Lane  
Cardiff CF10 3GE  
Tel: 0845 601 5901  
www.eoc.org.uk  
wales@eoc.org.uk

### Useful addresses

#### Close the Gap

Freepost SCO 7677  
Glasgow G3 6BR  
Tel: 0141 245 1838  
www.closesthegap.org.uk

#### Disability Rights Commission

Riverside House  
502 Gorgie Road  
Edinburgh EH11 3AF  
Tel: 08457 622 633  
www.drc-gb.org

#### Fair Play Scotland

Ground floor  
St Stephen's House  
279 Bath Street  
Glasgow G2 4JL  
Tel: 0141 245 1850  
www.fairplayscotland.com

#### ACAS

Franborough House  
123-157  
Bothwell Street  
Glasgow G2 7JR  
Tel: 08457 47 47 47  
www.acas.org.uk

#### Commission for Racial Equality

The Tun, 12 Jackson's Entry  
Holyrood Road  
Edinburgh EH8 8PJ  
Tel: 0131 524 2000  
www.cre.gov.uk

#### Federation of Small Businesses (Scottish Office)

74 Berkeley Street  
Glasgow G3 7DS  
Tel: 0141 221 0775  
www.fsb.org.uk

**Scottish Chambers of Commerce**

30 George Square  
Glasgow G2 1EQ  
Tel: 0141 204 8316  
[www.scottishchambers.org.uk](http://www.scottishchambers.org.uk)

**CBI Scotland**

16 Robertson Street  
Glasgow G2 8DS  
Tel: 0141 222 2184  
[www.cbi.org.uk](http://www.cbi.org.uk)

**Scottish Trades Union Congress**

333 Woodlands Road  
Glasgow G3 6NG  
Tel: 0141 337 8100  
[www.stuc.org.uk](http://www.stuc.org.uk)

**Scottish Council Development and Industry**

23 Chester Street  
Edinburgh EH3 7ET  
Tel: 0131 225 7911  
[www.scdi.org.uk](http://www.scdi.org.uk)

**Scottish Enterprise**

150 Broomielaw  
Glasgow G2 8LU  
Tel: 0141 248 2700  
[www.scotent.co.uk](http://www.scotent.co.uk)

**Highlands and Islands Enterprise**

Cowan House  
Inverness Retail and Business Park  
Inverness IV2 7GF  
Tel: 01463 234171  
[www.hie.co.uk](http://www.hie.co.uk)

**Useful internet addresses****[www.acas.org.uk](http://www.acas.org.uk)**

The Acas site contains basic guidance on pay systems and texts of leaflets which can be printed. Some publications can be ordered on-line.

**[www.cbi.org.uk/scotland](http://www.cbi.org.uk/scotland)**

The site of CBI Scotland. CBI membership includes all types of companies, from small to global, and covers all sectors of manufacturing, services and education.

**[www.cipd.co.uk](http://www.cipd.co.uk)**

The site of the Chartered Institute of Personnel and Development. The CIPD publishes a guide to equal pay.

**[www.cre.gov.uk](http://www.cre.gov.uk)**

The site of the Commission for Racial Equality provides up to date information and advice on good practice and links to other organisations.

**[www.drc-gb.org](http://www.drc-gb.org)**

The site of the Disability Rights Commission provides up to date information, advice on good practice and links to other organisations.

**[www.dti.gov.uk](http://www.dti.gov.uk)**

The DTI site contains publications, fact sheets on employment rights and employment legislation, including equal pay issues.

**[www.eoc.org.uk](http://www.eoc.org.uk)**

The site of the Equal Opportunities Commission. It contains guidance for employers on how to put equality into practice.

**[www.eordirect.com](http://www.eordirect.com)**

The site of Equal Opportunities Review, which has an extensive database of articles on equal pay. Users can search the cases database for tribunal and court decisions.



[www.equalitydirect.org.uk](http://www.equalitydirect.org.uk)

The website offering joined up advice on a wide range of equality issues.

[www.e-reward.co.uk](http://www.e-reward.co.uk)

The site offers advice, analysis and research on all aspects of compensation and benefits.

[www.fsb.org.uk](http://www.fsb.org.uk)

The site of the Federation of Small Businesses contains information on issues facing the small business sector.

[www.incomesdata.co.uk](http://www.incomesdata.co.uk)

The site of Incomes Data Services, the independent organisation providing information on pay, pensions and employment.

[www.irsemploymentreview.com](http://www.irsemploymentreview.com)

The site of Industrial Relations Services, the independent organisation providing information on pay, pensions and employment.

[www.link-hrsystems.com](http://www.link-hrsystems.com)

Through Link's partnership with TMS Equality and Diversity Consultants, the Link Equal Pay Reviewer software forms a foundation for organisations to undertake a review. Following the EOC guidelines, it assists in the collation of data with easy-to-use tools for importing data from HRIS systems.

[www.stuc.org.uk](http://www.stuc.org.uk)

The site of the Scottish TUC provides information on publications and guidance on basic rights at work.

[www.womenandequalityunit.gov.uk](http://www.womenandequalityunit.gov.uk)

The site of the Women and Equality Unit.

[www.sbcscot.com](http://www.sbcscot.com)

Site of Scottish Business in the Community.

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