Pressure points
There are a number of factors that are currently forcing housing organisations to put workforce equality at the top of their agenda. Regulatory requirement for the delivery of equality schemes and the inspection requirement for equality and diversity are sector-based drivers. In addition the new Equalities Bill making its way through Parliament will place additional requirements on organisations; not least the proposed ‘league table’ approach to publicising the average pay for men versus women at individual organisations. This puts organisations in danger of acquiring a reputation for being unfair and less concerned about equal treatment.

The caring roots of the social housing sector should mean that it is well advanced to achieve equality for all. However, the same assertion could also be applied to the NHS which is currently bearing the brunt of a number of equal pay disputes, costing individual organisations millions of pounds. This, coupled with the fact that employee awareness of equal pay rights is increasing, means that not achieving equal pay should be a major concern for all housing organisations.

Threats to equal pay
The opportunity to achieve pay equality can help an organisation to achieve superior performance through operating a fit-for-purpose pay structure and by knowing the extent of the risk. Such structures can address a number of factors that currently threaten equality for housing organisations and their employees.

- Multiple and misaligned pay structures
  Sector consolidation during the last decade means many merged housing organisations operate numerous pay structures. Organisations may well have inherited legacy issues, often not identified during the due diligence stage of the merger. This can result in two people doing the same job but being paid different amounts. Their terms and conditions, including their wider benefits may also be different. Cohesive pay structures reduce internal dissent and encourage more effective organisations.

- Hard times
  As we move into a period of low inflation and small percentage pay increases (if any at all) it is now more difficult for organisations to address pay imbalances through the normal annual salary process. This is putting organisations at risk for a longer a period of time as harmonisation becomes more difficult to achieve.
Market forces and increased role complexity

The recession has increased the labour supply for development and technical professional staff, historically considered to be more valuable in pay terms than their housing/operations colleagues. In addition, the last decade has seen a significant diversification of housing/operations roles by extending their roles to include a multitude of service areas. This includes anti social behaviour, rents, estate management, community development and regeneration.

These factors mean that organisations may be over-paying development and technical roles and, in comparison, under-estimating the value of housing and operations roles.

What can organisations do?

Knowing the extent of the problem and the level of risk is key. Clients we work with to review their level of risk can manage any problems that are identified. Overall salary averages are just a starting point for more detailed investigation. Only examination of all relevant evidence can enable an organisation to understand whether there is a real problem, its scale and how to put it right.

Typical steps in an equal pay review include:

- An audit of policies and practices related to pay, to identify gaps and areas of risk.
- A review of information in broad categories, starting with average salaries by grade – to identify significant anomalies and areas for further investigation.
- More detailed data analysis, for example of certain job groups or categories of individuals such as new joiners. Ultimately, there will be a need to review individual cases where the pay gap is over a certain level to understand the reasons underlying that difference.
- Developing and implementing a full action plan, including: changes to systems and policies; adjustments to practices, which might in turn require communications and training; changes in the pay of groups or individuals to remove anomalies which have been identified; and further audit and follow up arrangements.

This process of investigation takes time and effective implementation is never easy, but it is essential for organisations to make progress. Designing a fit-for-purpose pay structure, which is robust enough to minimise equal pay risks and incentivises the right people in the right way. It will also support the delivery of service excellence, as well as helping organisations to be a caring, socially responsible employer.

Most organisations recognise now that while a reasonably competitive reward package is important, it is not enough.

About Hay Group

Hay Group adopts a holistic approach to reward to ensure that policies link to strategy, drive performance and recognise what motivates employees.

Our clients are from the private, public and not-for-profit sectors, across every major industry, and represent diverse business challenges. For over 60 years, we have been renowned for the quality of our research and the intellectual rigour of our work. We transform research into actionable insights. We give our clients breakthrough perspectives on their organisation, and we do it in the most efficient way to achieve the desired results.

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