

WELCOME

Welcome to Innecto's second edition of reward highlights. We intend to bring you quarterly updates of hot topics in the world of reward and bring you up to date with the innovative approaches we adopt at Innecto.



EQUATE – THE NEW WAY TO CONDUCT EQUAL PAY AUDITS

Innecto are excited to announce the development of Equate – a desktop application that automatically performs all stages of analysis required for auditing population distributions, salary rates and bonus levels. It creates fully customised equal pay 'dashboard' reports, all produced in one hour!

GET SMART ON EQUAL PAY

The main feature of equate is an 'equal pay report wizard' which provides a simple step-by-step guide to help the user produce reports depending on the equality strand required (including sex, age, sexual orientation, disability & race).

By inputting data from your HR system, it allows you to create detailed breakdowns on population, salary and bonus distribution. You can fully customise your analysed sample according to pay grade, department, Job Evaluation Score and job title.

The generated outcome is a desktop 'dashboard' with comprehensive graphical illustrations, summary statistics, and a 'risk gauge' highlighting potential equal pay risks to the organisation. This dashboard is fully dynamic, allowing you to browse through your entire organisation and pinpoint the areas at highest and lowest equal pay risk.

This tool can help your organisation stay ahead of the evolving legislation around equal pay, without spending hours analysing data or paying consultancies thousands of pounds to do it for you. **This unique and market leading software is currently in its final testing stages, and we are looking for forward looking organisations to help us to trial it. If you are interested in testing the software and receiving a free equal pay report, please contact us.**

TEAM NEWS

There have been several additions to our team recently...see Page 2 for more details

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COALITION BEHIND EQUALITY ACT

Theresa May, the coalition government's new Minister for Women and Equalities, announced on the 3rd of July that the 2010 Equality Act will be implemented from 1st October this year, as was scheduled before the election.

KEY POINTS

The Act brings the following 'Protected Characteristics' under one legislative framework:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual Orientation

Employees at any organisation now have the right to bring an equal pay claim on these characteristics under the banner of **direct discrimination**. Those claiming against two of these characteristics also have the right to claim '**dual discrimination**', i.e. they no longer have to bring a separate equal pay claim for each one.

The legal interpretation of discrimination has been extended to cover '**associative**' and '**perceived**' discrimination, covering individuals who are associated with a protected characteristic-holder, and those who are incorrectly perceived to have a protected characteristic. **Harassment** and **Victimisation** also qualify as kinds of discrimination.

The Equalities and Human Rights Commission (EHRC) and the government are also taking measures to promote a culture of **openness** and **transparency** with regards Equal Pay.

WHAT DOES THIS MEAN FOR YOU?

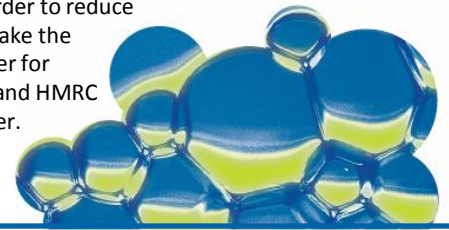
It is likely that in 2013 the submission of gender pay gap statistics for all private-sector companies with more than 250 staff will become mandatory, with even more comprehensive measures proposed for the public sector. Organisations have 3 years to prepare for and mitigate against this possibility.

KEEPING IN TOUCH

If you would like to speak to any member of the team, please contact us on 0207 268 3664 or email enquiries@innectogroup.co.uk

THINGS YOU SHOULD KNOW...

- **The National Minimum Wage** is scheduled to increase from 1st October 2010. The adult rate is rising 2.2% from its current level of £5.80 per hour to £5.93 per hour.
- After sharp rises in the spring, **inflation has plateaued** from April to June, with the CPI sitting at 3.2%. This has largely been the result of downward pressure from falling petrol and diesel prices, but UK inflation still sits 1.8% above the EU's provisional CPI measurement of 2%. The RPI has also plateaued at 5% in June.
- Median **pay settlements** were 1.8% for the three months prior to March 2010 (IDS 2010)
- It is likely that we will continue to see inflation rates outstripping pay settlement figures as new statistics are released over the summer, but analysts predict that inflation will decrease later in the year as high unemployment and weak economic growth are likely to dampen price rises.
- The Coalition's emergency budget has confirmed that **National Insurance Contributions** are set to rise by 1% for both employees and employers from 6th April 2011.
- The highest **Personal Income Allowance increase** in history is to be implemented in April 2011, with the tax-free limit rising by £1,000 to £7,475.
- There will be a two year **pay freeze in the public sector**, with protection for those earning under £21,000 per year.
- The Government has announced that it will be **reviewing the Pay As You Earn (PAYE)** system in order to reduce costs and make the system easier for companies and HMRC to administer.



EMPLOYEE UPDATE

It has been a busy few months at Innecto with several new additions to the team. Adam Nuckley joined in May as a Reward Analyst - a seasoned professional with HR experience from the Hi-Tech sector, Adam has certainly hit the ground running. He has built a new reporting system and completed 2 pay benchmarking projects in 2 months! Then in June we appointed Sarah Lardner as a Senior Consultant to cover the maternity leave of Justine Woolf and Wendy Sales. Sarah's background is managing reward initiatives in the financial and technology sectors. New arrivals of a different kind are keeping Justine and Wendy busy – a baby boy for each of them! They are looking forward to the peace of returning to work in the New Year...

Sarah Lardner and Adam Nuckley



TOP TIPS

Getting ready for the introduction of the Equalities Bill

- Don't bury your head in the sand. Even if you think you have no equal pay issues, its better to know for sure than be caught out.
- Conduct an equal pay audit and review the outcomes. There are legitimate reasons for differences in pay but these should be reviewed to ensure the reasons are still valid.
- Review your job evaluation scheme to ensure it supports equality. Analytical job evaluation schemes are recognised as being a defence against equality claims, provided they are designed and implemented properly.
- Put together an action plan to address any unjustifiable equal pay issues that arise. While there may be a financial cost in doing so, this is a better commercial use of finance than the damaging and costly implications of defending an equal pay claim, even if it is unsuccessful.
- Communicate your results and action plan to show transparency and build employee engagement.

For more hints and tips please see our white paper in the resources section of the Innecto website.