

<b>Committee(s)</b>	<b>Dated:</b>
Establishment Committee	26 February 2018
<b>Subject:</b> Gender Pay Gap Update	<b>Public</b>
<b>Report of:</b> Director of Human Resources	<b>For Information</b>
<b>Report author:</b> Tracey Jansen and Carol Simpson – Human Resources, Town Clerk's Department	

## Summary

This paper reports on the Corporation's Gender Pay Gap. With effect from 6 April 2017<sup>1</sup> all relevant employers<sup>2</sup> must publish their gender pay gap data, the deadline for the first reports are: 30 March 2018 for public sector employers and 4 April 2018 for the private / voluntary sector.

It is important not to confuse the gender pay gap with equal pay. The gender pay gap measures the differences between the average pay of male and female employees, irrespective of job role or seniority. Whereas equal pay concerns pay differences between male and female employees performing the same or similar work, or work of equal value.

## Recommendation

The Committee is asked to note the report and endorse the proposed arrangements for Gender Pay Gap reporting outlined at Paragraph 9, in readiness for external publication.

## Main Report

### Background

1. The Gender Pay Gap Regulations require the capture of data on the specified date of 31 March annually. Employers must then publish this data on the government's online reporting service and their own website within 12 months of the data being captured<sup>3</sup>. The required information to be published is as follows<sup>4</sup>:

- average gender pay gap as a mean average
- average gender pay gap as a median average
- average bonus gender pay gap as a mean average
- average bonus gender pay gap as a median average

<sup>1</sup> Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (SI 2017/172). Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (SI 2017/353) (the Public-Sector Regulations).

<sup>2</sup> The employer must employ a headcount of 250 or more employees on the "snapshot date" in the year to which the required information relates: 31 March for government departments, the armed forces, local authorities, NHS bodies as cited in Schedule 2 of the Public Sector Regulations and 5 April for all other private, voluntary and public sector employers.

<sup>3</sup> Employers must ensure the information is publically available on their own website for 3 years.

<sup>4</sup> The "mean" is the "average", the difference between the average of men's and women's pay. The "median" is the difference between the midpoints in the ranges of men's and women's pay; and shows a more typical difference in pay i.e. one which is not distorted by very large or small pay rates or bonuses.

- proportion of males receiving a bonus payment and proportion of females receiving a bonus payment
  - proportion of males and females when divided into four groups ordered from lowest to highest pay.
2. Whilst there are different Regulations covering the public sector and those companies in the private and voluntary sector with a headcount of 250 employees or more, the Regulations are almost identical. The data capture is the same and the requirement to publish the data is the same.
  3. The differences are the requirement to take into account the Public Sector Equality Duty for public sector employers and secondly the calculation date (31 March 2017 for the public sector and 5 April 2017 for the private and voluntary sectors).
  4. It should be noted that a wider definition of who counts as an employee is used. Workers are included, as well as some self-employed people. Agency workers are included, but counted by the agency providing them and so not included in our data.
  5. We have reported our workforce profile, (which includes an analysis by grade and top 5% earners) and our Pay Policy for a number of years now. The Regulations have an option to provide a narrative with the published calculations to explain the reasons for the results and to give details about actions that are being taken to reduce or eliminate any gender pay gap.

## **Current Position**

6. We are reporting on all of our workforce in accordance with both sets of Regulations as employees fall into both local authority and non-local authority functions and many undertake both or support both functions. In addition as we are one employer we are required to report accurately on all of our employees in the published information.
7. London Councils have been working with all London local authorities to apply definitions of pay in a consistent way. Most London local authorities intend to start publishing their information during February and March and it is our intention to do the same.
8. As we are reporting just ahead of the next data capture period, as are most other organisations, it is not the intention to publish commentary or an action plan in this first year. However it is our intention to produce the data for 2018 along with the annual workforce profile report and to build in a new section on Gender Pay Gap which will be reported to Committee in due course. This will form part of the Equality and Inclusion Annual Performance Summary which will provide readers with richer data and better context going forward.

9. Table 1 below reports the Corporation's gender pay gap i.e. the pay discrepancy between men and women irrespective of their job or position. The 2016/17 workforce profile indicates that 55.21% of our workforce is male and 44.79% is female:

**Table 1: The Corporation's gender pay gap ("snap shot" date of 31 March 2017)**

<b>Pay rates</b>	<b>Gender pay gap - the difference between women's pay and men's pay as a percentage of men's pay</b>		
Mean hourly rate	8.1% Lower		
Median hourly rate	1.4% Lower		
<b>Pay quartiles</b>	<b>Women</b>	<b>Men</b>	<b>Total</b>
Proportion of women and men in the <b>upper quartile</b> (paid above the 75th percentile point)	43%	57%	100%
Proportion of women and men in the <b>upper middle quartile</b> (paid above the median and at or below the 75th percentile point)	51%	49%	100%
Proportion of women and men in the <b>lower middle quartile</b> (paid above the 25th percentile point and at or below the median)	47%	53%	100%
Proportion of women and men in the <b>lower quartile</b> (paid below the 25th percentile point)	46%	54%	100%
<b>Bonus pay</b>	<b>Bonus Gender Pay Gap - the difference women's bonus and men's bonus as a % of men's bonus</b>		
Mean bonus	14% Lower		
Median bonus	0%		
<b>Bonuses paid</b>	<b>Women</b>	<b>Men</b>	
Who received bonus pay	11%	13%	

10. The Office for National Statistics (ONS) conducts an Annual Survey of Hours and Earnings (ASHE)<sup>5</sup> for the whole economy this includes the median gross hourly earnings for men and women full-time employees. Between 2011 and 2017, men's pay has grown by 10.4% from £13.12 to £14.48 per hour whilst women's pay has grown by 12.0% from £11.75 to £13.16 per hour. In 2017, men on average were paid £1.32 more per hour than women, which, as a proportion of men's pay, is a pay gap of 9.1%. The pay gap across the UK economy has fallen from 10.5% in 2011 to 9.1% in 2017, but remains positive in value – meaning that on average men are paid more than women. The Corporation's women's average hourly rate is 8.1% lower than men's, consequently more favourable than the whole economy picture.

<sup>5</sup> Article: Understanding the gender pay gap in the UK, 17 January 2018. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/understandingthegenderpaygapintheuk/2018-01-17>

11. At present 884 organisations have submitted their returns using the government's on-line portal including one London Borough.
12. For the proportion of males and females in each quartile pay band, the figures in table 1 show the proportions of male and female full-pay relevant employees in four quartile pay bands, which is calculated by dividing the workforce into four equal parts. These quartile pay bands are established when making the calculation, so they do not correlate to the Corporation's own pay banding, but as an indicator they equate to:
- Lower Quartile Range: £5.48 to £13.73 per hour
  - Lower Middle Quartile Range: £13.80 to £18.71 per hour
  - Upper Middle Quartile Range: £18.85 to £28.34 per hour
  - Upper Quartile Range: £28.40 to £141.96 per hour
13. Women who received a bonus did so at a marginally less rate than men i.e. 11% in contrast to 13%; but the bonus payments women received were on average 14% lower than their male counterparts. The zero percentage figure for the median bonus indicates there are a lot of employees concentrated in the same pay grade, therefore no gap between the bonuses of typical male and female employees. Bonuses include performance related payments i.e. eligible employees may earn: Grades A – C, a recognition award; and Grades D – J, a contribution based payment.

## **Proposal**

14. It is proposed that we report all of our data (table 1) in accordance with both the public sector reporting date of 31 March and the private sector reporting date of 5 April, but in reporting, note that our data includes staff who also undertake non-public sector functions.

## **Conclusion**

15. There is a requirement to report our data in accordance with the Gender Pay Gap Regulations. The data capture will inform HR strategy, Pay and Reward Strategy and HR policy and procedure; whilst allow us to compare ourselves with other organisations. Due to the complex nature of our workforce, it is considered appropriate to report on our entire workforce in line with both sets of Regulations relating to the public sector reporting date of 31 March each year. This is also aligned to our annual workforce reporting and annual Pay Policy Statement.

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