

**REPORT TO:** Corporate Policy and Performance Board

**DATE:** 5<sup>th</sup> June 2018

**REPORTING OFFICER:** Strategic Director – Enterprise, Community & Resources  
Resources

**PORTFOLIO:**

**SUBJECT:** Gender Pay Gap

**WARDS:** All

## 1.0 PURPOSE OF THE REPORT

To present Corporate PPB with the information and calculations for Halton Borough Council in relation to the Gender Pay Gap. This information was published on 30<sup>th</sup> March 2018 as a statutory requirement.

## 2.0 RECOMMENDATIONS: That

1. the Board note the content of the report; and
2. the Board consider any future actions that the Council may wish to undertake in order to work towards closing the Gender Pay Gap.

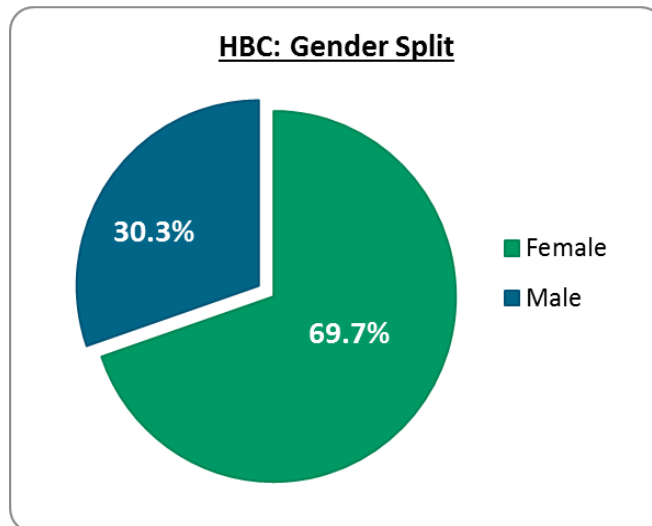
## 3.0 SUPPORTING INFORMATION

- 3.1 From April 2017, Gender pay reporting legislation required all organisations that employ over 250 employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. The gender pay gap is defined as the difference in the average earnings of men and women over a specified period, regardless of their role or seniority.
- 3.2 Gender pay reporting is different to equal pay. Equal pay deals with the pay **differences between men and women who carry out the same jobs, similar jobs or work of equal value**. It is unlawful to pay people unequally because they are a man or a woman. Gender pay reporting is a different requirement to carrying out an equal pay audit.
- 3.3 The gender pay gap shows the **difference in the average pay between all men and women in a workforce**. If a workforce has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are.
- 3.4 The deadline to report was 30 March 2018 for public sector employers.

- 3.5 According to the ONS, the gap between what UK male and female workers earn – based on **median** hourly earnings for full-time workers – fell to 9.1% in April last year from 9.4% a year earlier. It was 17.4% in 1997 when the ONS first collected the data. (The median is the figure that falls in the middle of a range when everyone's wages are lined up from smallest to largest.)
- 3.6 Historically, [the mean gender pay gap](#) has been 14.1%, and has been stuck at the same level for three years. However, when all workers, full and part-time, are included (as they are with the gender pay gap), the gap increases to 17.4% for median earnings and 18.4% for mean earnings. (The mean, commonly known as the average, is calculated when you add up the wages of all employees and divide the figure by the number of employees)
- 3.7 The figures are reported to the Government Equality Office, but it is up to the individual companies and public bodies to calculate their own gender pay gaps.
- 3.8 The data gathered is a relatively blunt tool and only tells us the overall gender gap, as well as the bonus pay gap and the proportion of men and women in each quartile of the pay structure of the organisation.
- 3.9 Under the Equal Pay Act 1970, and more recently, the Equality Act 2010, it is against the law to pay people performing the same role or "work of equivalent value" differently because of their gender. This applies to all employers regardless of size.
- 3.10 The Equality and Human Rights Commission (EHRC) is responsible for ensuring employers publish their gender pay gap. The EHRC says it will approach employers informally at first if they have not published by the deadline, but businesses could ultimately face "unlimited fines and convictions".
- 3.11 There are no plans to punish organisations that have a wide gender pay gap, but the government has stated that it will publish sector-specific league tables, highlighting companies failing to address pay differences between men and women.
- 3.12 A total of around 9000 companies were due to report overall by the April deadline. Analysis of the information is now taking place nationally which will allow a greater understanding of the gender pay gap, and will also allow HBC to benchmark their own data more effectively.
- 3.13 A definition of who counts as an employee is taken from the Equality Act 2010. The public sector regulations also take into account the Public Sector Equality Duty.
- 3.14 There are six calculations to carry out, and the results must be published on the employer's website and a government website.
- 3.15 An employer must publish six calculations showing their:

1. average gender pay gap as a mean average;
  2. average gender pay gap as a median average;
  3. average bonus gender pay gap as a mean average;
  4. average bonus gender pay gap as a median average;
  5. proportion of males receiving a bonus payment and proportion of females receiving a bonus payment;
  6. proportion of males and females when divided into four groups ordered from lowest to highest pay.
- 3.16 Employers have the option to provide a narrative with their calculations. This should generally explain the reasons for the results and give details about actions taken or planned to reduce or eliminate the gender pay gap
- 3.17 The narrative can say why the results show **challenges**. For example, an employer might explain that their executives get the highest bonuses and most of them are men. Where there is a challenge, employers could consider taking new or faster actions to reduce or eliminate their gender pay gaps.
- 3.18 The narrative can say why the results show **successes**. For example, an employer might explain that a recent change to policy has helped reduce any gender pay gap.
- 3.19 The narrative can also be used to show **plans for long-term results**. For example, an employer might want to tackle the underrepresentation of women in some roles.
- 3.20 For Halton Borough Council, as well as explaining any potential reasons for any gender pay gap, the narrative includes what we are currently doing as an organisation to tackle any gender pay issues that have been raised by the figures, as well as any steps or strategies for the future. This could be as part of our Organisational Development Strategy, for example through Management Training programmes, succession planning, or in looking at how we recruit and retain staff in general.
- 3.21 The data set out in this report has been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. This includes calculating an hourly rate for all staff who were paid on the snapshot date using ordinary pay. Ordinary pay is defined in regulation 3 as including basic pay, allowances, pay for piecework, pay for leave and shift premium pay. Ordinary pay does not include pay related to overtime, redundancy or termination of employment. The calculation is based on gross pay after any reduction for a salary sacrifice scheme and any ordinary pay received in the relevant pay period that relates to a different pay period is excluded.
- 3.22 In line with regulations, this report is based on a snapshot of the workforce on 31 March 2017

- 3.23 The Gender pay gap information was produced from iTrent using the snapshot date 31st March 2017. The dataset includes Council staff only and excludes schools staff (headteachers, teachers, classroom assistants, etc.). Pay information has been aggregated as one contract regardless of number of positions held and employees on reduced/no pay at snapshot date have also been excluded
- 3.24 A total number of 2306 contracts were covered by the Gender Pay Gap snapshot analysis. 1608 (69.7%) of these contracts were female over the 12 month period ending 31 March 2017 and 698 (30.3%) were male.



### **Statutory Reporting Requirements**

- 3.25 The Council is required to report on 6 calculations as part of the Gender Pay Gap legislation:

#### **Hourly Rate**

- 3.26 The mean hourly rate was determined by calculating the ordinary pay received by an employee during the pay period. It includes basic pay, allowances, pay for piecework, pay for leave and shift premium pay. This is then divided by the appropriate multiplier, which was based on the number of days for the pay period (30.44 days for a month) further divided by 7 to create the appropriate multiplier (as determined by the guidance). This was then divided by an employee's weekly hours to calculate the hourly rate rather than taking the rate for the spinal pay point.
- 3.27 The median hourly rate was determined by arranging the hourly pay rates of all male full-pay relevant employees from highest to lowest and finding the hourly pay rate that is in the middle of the range. The same methodology was used for female employees. The median hourly pay rate for women was the subtracted from the median hourly pay rate for men, divided by the median

male hourly pay rate and multiplied by 100 to give the median gender pay gap on hourly pay as a percentage of male pay.

- 3.28 The mean, commonly known as the average, is calculated when you add up the wages of all employees and divide the figure by the number of employees. The mean gender pay gap is the difference between mean male pay and mean female pay. For example, if the hourly gender pay gap at a company were 32%, then for every £100 earned by a man a woman would earn £68.
- 3.29 The median is the figure that falls in the middle of a range when everyone's wages are lined up from smallest to largest. The median gap is the difference between the employee in the middle of the range of male wages and the middle employee in the range of female wages.
- 3.30 The median is a typically a more representative figure as the mean can be skewed by a handful of highly paid employees. A large difference between the mean and the median can be indicative of inequality at either end of the pay spectrum. Usually the inequality is most marked at the top end of the pay scale.
- 3.31 The **mean** average difference between male and female contracts showed that male employees were paid **10.09% more** per hour than female employees. Across Halton Borough Council, the mean average wage was £12.21 per hour. The male average wage comes to £13.13 per hour, compared to the female average wage of £11.81; this is a difference of £1.33 per hour.
- 3.32 The **median** average difference between male and female contracts showed that male employees were paid 5p per hour more per hour than female employees were. The median pay for male employees was £10.38 per hour, compared to female pay of £10.33 per hour. The median pay for all employees was £10.35 per hour. This gives a difference of approximately 0.5%

### **Bonus Pay**

- 3.33 The Council ceased making bonus payments several years ago. There is a requirement to report bonus payments; however, this will be a zero return in respect of both the mean and median averages.

### **Pay Quartiles**

- 3.34 The organisation, as part of the reporting process, is required to show the proportion of males and females in each pay quartile.
- 3.35 The quartiles were determined by ranking relevant employees pay from highest to lowest, before being divided into 4 equal parts ('quartiles'). The

split was carried out as evenly as possible, and a proportional gender distribution taken into account where pay grades crossed more than one quartile. The proportion of the men and women in each quarter were then used to determine the gender percentage.

3.36 The pay quartiles for employees are listed in the table below:

Description	Male	Female	Comment
Pay Quartiles and the % split of male/female employees in each pay quartile	Q1 208 (36.1%)  Q2 153 (26.1%)  Q3 200 (35.3%)  Q4 137 (23.7%)  Total: 698 (30.3%)	Q1 368 (63.9%)  Q2 434 (73.9%)  Q3 366 (64.7%)  Q4 440 (76.3%)  Total: 1,608 (69.7%)	These are the details of the numbers of male and female staff in each pay quartile.
Difference in % of females in each quartile compared with HBC overall		Q1 -5.8% Q2 4.2% Q3 -5.1% Q4 6.5%	
	Q1 29.8% Q2 21.9% Q3 28.7% Q4 19.6%	Q1 22.9% Q2 27.0% Q3 22.8% Q4 27.4%	These figures show the percentage of each gender in each of the quartiles when compared to the total of that specific gender for the Council.  Although there are more females than males in the upper quartile, when looking at this data as a percentage of the total workforce, there are fewer females than males.

- 3.37 The Halton Borough Council workforce is predominantly female, made up of 69.7% female and 30.3% male, which explains why there is a higher percentage of females across all quartiles.
- 3.38 For there to be no gender pay gap, the percentages within each of the quartiles would reflect the gender percentages of the makeup of the workforce (i.e. 68.7% female and 31.3% male).
- 3.39 The biggest percentage difference is within the upper quartile (highest paid) where there is a higher percentage of males; although 29.8% of the upper quartile is male compared to the actual workforce which is 30.3% male, only 22.9% of the Council's female workforce fall into this quartile compared to a total of 69.7% of the total female workforce. A gap of around 7%.
- 3.40 Likewise, the lower quartile shows a higher percentage of female workers; 27.4%, compared to 19.6% male. A difference of around 8% more females than males in this quartile. This would suggest that the gender pay gap is due to more female workers undertaking lower paid roles than men, which ties in with the research above and the UK economy as a whole.

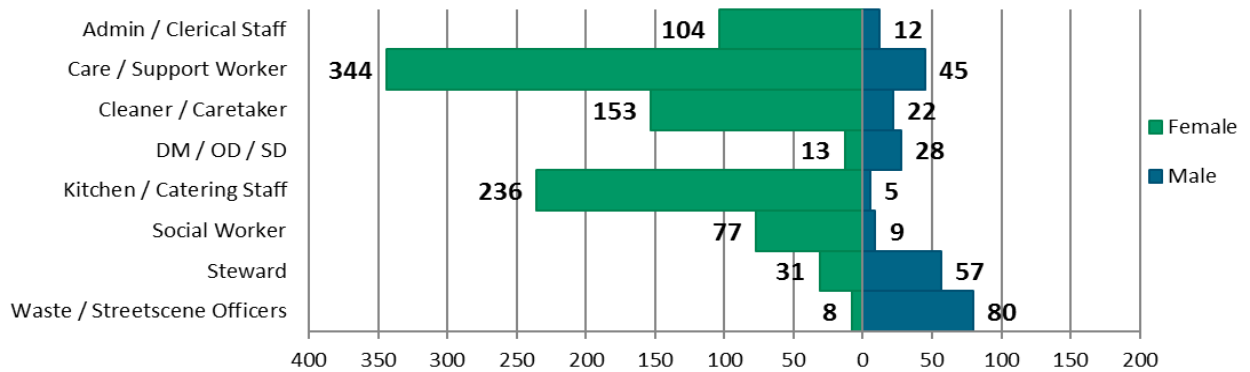
### Additional Context

- 3.41 The nature of the organisation's business means that there is a wide variety of different jobs undertaken. Some of these roles, such as cleaners and kitchen staff, are predominantly undertaken by females and these are at the lower end of the pay range. Other roles have traditionally been, and continue to be primarily male occupied, such as drivers, open spaces operatives and waste management operatives. Due to job content, these roles may have been evaluated higher under job evaluation and are subsequently paid more. The table below shows the breakdown of the most common roles

3.42 The chart below provides a split of the grades by gender and illustrates the imbalance of the numerical split male/female across these grades, and what type of roles these encompass

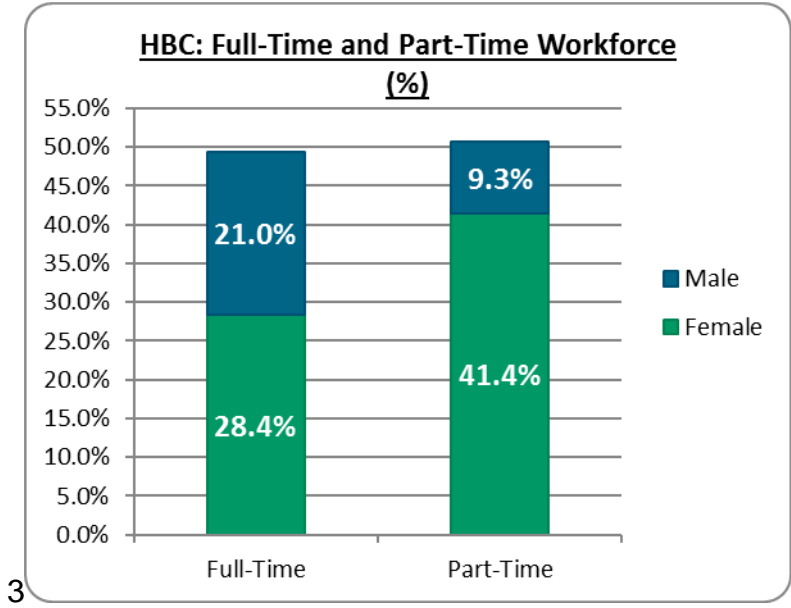
Description	Male	Female	Role
	12	104	Admin/clerical
	5	236	Kitchen/catering
	45	344	Care/Support
	9	77	Social worker
	57	31	Steward
	22	153	Cleaner/caretaker
	80	8	Waste/streetscene
	28	13	DM/OD/SD

**HBC: Most Common Grades And Corresponding Job Roles**

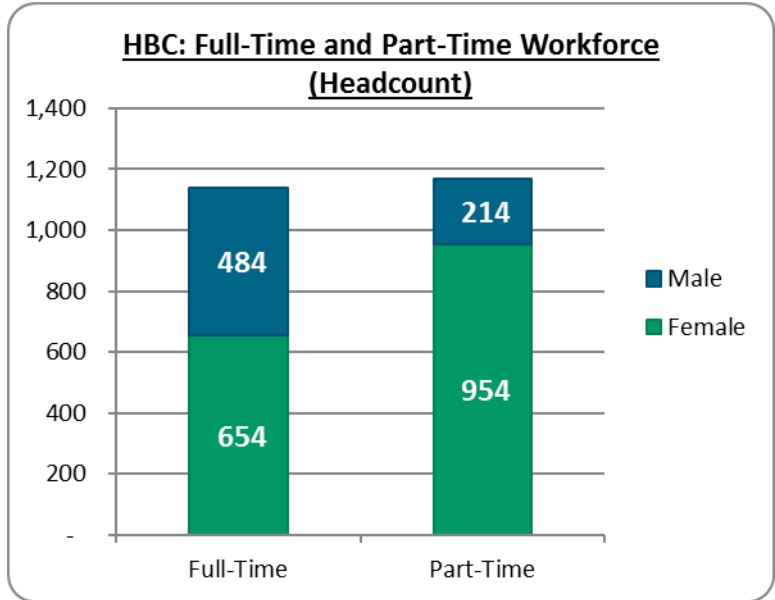


- 3.43 The top 5% of earners within the organisation are made up of 48 males and 67 females, (58.3 % females and 41.7% males). However, on average males in the top 5% of earners have an hourly rate of £32.91, whilst females have an average hourly rate of £28.31.
- 3.44 This is a difference of £4.61 with males earning, on average 16.3% more an hour than females in the top 5% bracket.
- 3.45 In the snapshot period (2016/17) approximately 184, or 65% of new starters to the organisation were female and 99, or 35% male.
- 3.46 Halton Borough Council continues to pay employees in line with the different set of terms and conditions agreed by the national bodies. The lowest hourly rate of pay in the council is paid in line with the Government's National Living Wage rate. This over time should help to reduce the gender pay gap as the annual percentage increase for that hourly rate is projected to be significantly higher than the percentage increase for any cost of living award. Therefore, a continued alignment to that rate will over the long term create a small reduction in the gap.
- 3.47 Overall, 50.7% of the Council's workforce is made up of part-time staff. The majority (over 41.4%) of those working part time hours were female and 9.3% male. The size of this cohort of employees has had an effect on the pay gap as many were paid on the lower grades.





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**4.0 POLICY OPTIONS**

4.1 The causes of the gender pay gap are complex and overlapping. Halton Borough Council can demonstrate that we pay men and women the same for the same or equivalent work. Our gender pay gap is possibly reflective of the causes of gender pay gap at a societal level.

4.2 Across the UK economy as a whole, men are more likely than women to be in senior roles (especially very senior roles at the top of organisations), while

women are more likely than men to be in front-line roles which tend to attract lower salaries.

- 4.3 Research has also identified that, although parents are increasingly flexible, the responsibility of childcare still falls disproportionately upon women.

[https://www.equalityhumanrights.com/sites/default/files/research\\_report\\_15\\_work\\_and\\_care\\_study\\_of\\_modern\\_parents.pdf](https://www.equalityhumanrights.com/sites/default/files/research_report_15_work_and_care_study_of_modern_parents.pdf)

- 4.4 Women are also more likely than men to have breaks from work that have affected their career progression, for example to bring up children. They are also more likely to work part-time, and many of the jobs that are available across the UK on a part-time basis are relatively low paid.

- 4.5 Research has identified that very few men work part-time; 60% of working fathers work more than 40 hours a week compared to just a third of working mothers.

[https://www.equalityhumanrights.com/sites/default/files/research\\_report\\_15\\_work\\_and\\_care\\_study\\_of\\_modern\\_parents.pdf](https://www.equalityhumanrights.com/sites/default/files/research_report_15_work_and_care_study_of_modern_parents.pdf)

- 4.6 ONS Annual Survey of Hours and Earnings (ASHE) October 2017 report states that the whole economy Mean Gender Pay Gap is 17.4% whereas the Median Gender Pay Gap 18.4%. These figures are also supported by early analysis of the figures from the April Gender Pay Gap data. Detailed data from the new Gender Pay Gap reporting requirement is not available for benchmarking at the time of writing.

- 4.7 Halton Borough Council is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above)

- 4.8 In respect of the Gender Pay Gap, there are a number of factors that need to be taken into consideration.

- 4.9 All jobs in the Council are subject to job evaluation and the schemes used to evaluate jobs are gender neutral.

- 4.10 The Council's recruitment processes are also gender neutral, providing for a universal approach to the assessment and selection of candidates through objective and transparent procedures. Hiring managers are encouraged to use assessment alongside interviews, which provides a more objective and reliable predictor of future performance than an interview alone. Recently, mandatory management assessments have been introduced for all management roles.

- 4.11 Although Halton Borough Council's Gender Pay Gap is broadly in line with that being reported by other local authorities, and below that of the national average as a whole, it is still important for the organisation to look at what can be done to help to close this gap.
- 4.12 Through the Organisational Development Strategy and through the Learning and Development function a programme of positive action is underway, which includes role related continuous professional development opportunities for all employees.
- 4.13 The Council's Organisational Development Strategy can assist in a future reduction of the gap through the introduction of succession that is more intelligent planning. Following a redesign of HR and Organisational Development services at the end of 2017, there is a focus on developing this aspect of workforce planning.
- 4.14 Within the Recruitment & Resourcing function, the intelligent targeting of advertising for available posts is being developed using socio-economic and demographic data, in partnership with the Council's Customer Intelligence Unit. The ability to deploy targeted social media campaigns can supplement existing advertising routes, potentially providing access to perceived areas of talent and skill. Whilst the focus will always remain on the best person for the role (regardless of gender), in itself this may help to reduce the gap in the future by promoting opportunities in traditionally male dominated services to females. An example would be engineering roles, aligning with the current push in secondary schools to engage more females in STEM related subjects.
- 4.15 Halton Borough Council already offers a range of family friendly policies, such as childcare vouchers, dependants leave, flexible working, homeworking, maternity leave, parental leave, paternity leave. In addition a new Agile, Flexible and Homeworking Policy is being developed and will be presented to Management Team in March, which will aim to continue the Council's journey to becoming an increasingly agile and flexible organisation. This will contribute towards helping to close the gender pay gap through increasing diversity and flexibility in the workforce.
- 4.16 Halton Borough Council also provides enhanced benefits above the statutory entitlement, for example annual leave entitlement and sickness absence pay.
- 4.17 The Council will also continue existing good practice to take a fair and consistent approach to pay and grading through robust job evaluation processes
- 4.18 The Council will also ensure compliance with equalities legislation. We are committed to treating everyone fairly, to challenging inequalities and to promoting equality of opportunity for all. We welcome applications from everyone and value diversity in our workforce. The Council has held Disability

Confident Accreditation since October 2016, when it replaced the 'two-ticks' scheme.

- 4.19 The mean gender pay gap is greater than the median pay gap. This suggests that although the ranges of pay are spread fairly equally, between men and women, there is a higher proportion of men that receive the very highest levels of pay. This said, in terms of the top quartile of pay, there is a higher number of women than men showing that the organisation attracts a predominantly female workforce. The Council considers itself supportive of development opportunities for women and recognises the needs of its employees through the practical application of supportive working practices and policies.

## **5.0 POLICY IMPLICATIONS**

- 5.1 The Gender Pay Gap reporting legislation links to both the Equality Act 2010, and the Public Sector Equality Duty. Halton Borough Council is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic).
- 5.2 Under the Equal Pay Act 1970, and more recently, the Equality Act 2010, it is against the law to pay people performing the same role or "work of equivalent value" differently because of their gender. This applies to all employers regardless of size.
- 5.3 The Gender Pay Gap reporting legislation will have implications for the Council's Organisational Development Strategy, as well as the Learning and Development function in terms of working to close the gender pay gap as well as any other issues identified by this report.
- 5.4 The Council may need to continue to develop its recruitment strategies and policies to ensure that all reasonable steps are being taken to tackle and eradicate any gender pay gaps that have been identified.

## **6.0 FINANCIAL IMPLICATIONS**

- 6.1 There are no direct financial implications arising from this report

## **7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **7.1 Children and Young People in Halton**

None other than those outlined in the main body of the report.

## **7.2 Employment, Learning and Skills in Halton**

Actions may take place under the Organisational Development Plan, and within the Learning and Development team and Adult Learning area, in relation to tackling the Gender Pay Gap.

## **7.3 A Healthy Halton**

None other than those outlined in the main body of the report.

## **7.4 A Safer Halton**

None other than those outlined in the main body of the report.

## **7.5. Environment and Regeneration in Halton**

None other than those outlined in the main body of the report.

## **8.0 RISK ANALYSIS**

8.1 Although the Council's gender pay gap is broadly in line with that of other local authorities, and is lower than the national mean figure, a gap does exist. As the largest employer in the borough, and with a predominantly locally based workforce and high proportions of female staff, the Council cannot afford to be complacent and not take reasonable measures to tackle any pay gaps that have been identified.

8.2 The Council has experienced a number of changes and operating pressures in recent years. There is a risk that staff may become further demoralised or demotivated because of these figures, or that the Council may suffer from recruitment and retention issues. An action plan for tackling these issues needs to be put in place in order to provide reassurance to staff as well as proactively tackling any issues arising.

## **9.0 EQUALITY AND DIVERSITY ISSUES**

9.1 The Equality Act 2010 brings together all previous legislation on Equality and Diversity and brought in the Public Sector Equality Duty. Under the Equality Duty a public a public authority must, in carrying out its functions, take in to account the need to: -

(a) Eliminate discrimination, harassment, victimisation and any other conflict that is prohibited by the Equality Act 2010;

- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

9.2 The Act defines a number of protected characteristics:

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

9.3 The Gender Pay Gap report has been undertaken in line with the guidance set out in the Equality Act and in accordance with our responsibilities under the Public Sector Equality Duty.

## Appendix 1

Data required for publication in order to meet the requirements of the legislation:

<b>Description</b>	<b>Male</b>	<b>Female</b>	<b>Comment</b>
Mean difference in hourly rate of male/female employees overall	£13.13	£11.81	The average male wage is £13.13 per hour, when compared to the female staff members' average wage of £11.81 per hour. This is a difference of £1.33, or difference of 10.09% between the male and female average hourly wage.
Median difference in hourly rate of male/female employees overall	£10.38	£10.33	Diff: £0.05
Average bonus gender pay gap as a mean average; Average bonus gender pay gap as a median average;  Proportion of males receiving a bonus payment and proportion of females receiving a bonus payment.	N/A	N/A	The Council ceased to make bonus payments a number of years ago. There is therefore a nil return for these questions
Pay Quartiles and the proportion of males and females when divided into four groups ordered from lowest to highest pay.	Q1 208 (36.1%)  Q2 153 (26.1%)  Q3 200 (35.3%)  Q4 137 (23.7%)  Total: 698 (30.3%)	Q1 368 (63.9%)  Q2 434 (73.9%)  Q3 366 (64.7%)  Q4 440 (76.3%)  Total: 1,608 (69.7%)	These are the details of the numbers of male and female staff in each pay quartile.

Description	Male	Female	Comment
Difference in % of females in each quartile compared with HBC overall		Q1 -5.8% Q2 4.2% Q3 -5.1% Q4 6.5%	
<p>The percentage of each gender in each pay quartile.</p> <p>Count of gender in quartile / total of that gender in the council. E.g.:</p> <p>368 Females in Upper Quartile / 1,608 Females in Council = 22.9% of all Females in the upper quartile.</p> <p>208 Males in Upper Quartile / 698 Males in Council = 29.8% of all Males in the upper quartile</p>	<p>Q1 29.8%</p> <p>Q2 21.9%</p> <p>Q3 28.7%</p> <p>Q4 19.6%</p>	<p>Q1 22.9%</p> <p>Q2 27.0%</p> <p>Q3 22.8%</p> <p>Q4 27.4%</p>	<p>These figures show the percentage of each gender in each of the quartiles when compared to the total of that specific gender for the Council.</p> <p>Although there are more females than males in the upper quartile, when looking at as a percentage, there are fewer females than males.</p>