

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

**DATE:** 4<sup>th</sup> June 2019

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

**PORTFOLIO:** Resources

**SUBJECT:** Gender Pay Gap

**WARDS:** All

## 1.0 PURPOSE OF THE REPORT

To present Corporate Policy & Performance Board with the information and calculations for Halton Borough Council in relation to the Gender Pay Gap. This information was published on 29<sup>th</sup> March 2019 as a statutory requirement.

## 2.0 RECOMMENDATIONS: That

1. That the Policy & Performance Board note the content of the report;
2. That the Policy & Performance 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

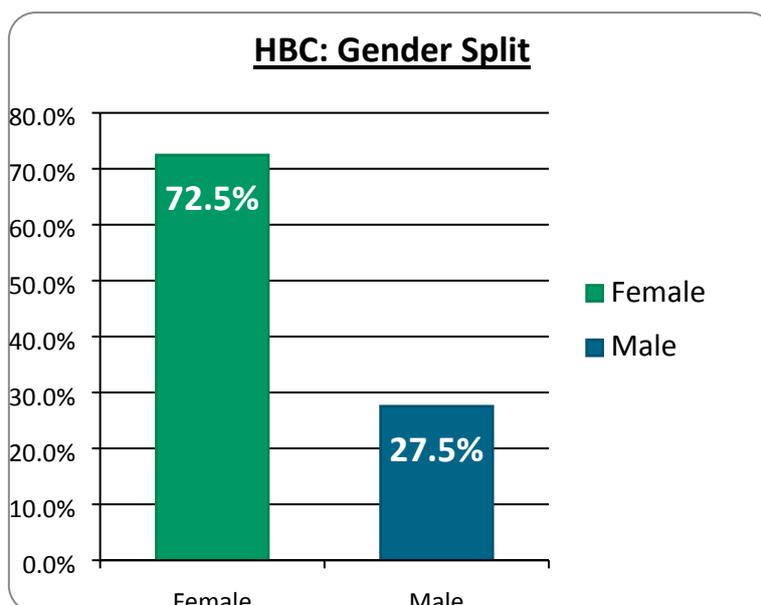
- 3.1 From April 2017, Gender pay reporting legislation requires all organisations that employ over 250 employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. The gender pay gap is defined as the difference in the average earnings 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 According to the Office for National Statistics (ONS), the gender pay gap for **median** gross hourly earnings in the UK fell from April 2017 to April 2018 to stand at 8.6% among full time employers, with the gap among all employees being provisionally higher (17.9%) which is driven by more women working in part time jobs (which are lower paid). *(The median is the figure that falls in the middle of a range when everyone's wages are lined up from smallest to largest.)*
- 3.5 Nationally, the ONS report that the **mean** gender pay gap for 2017/18 fell from the previous year to 13.8%. However, when all workers, full and part-time, are included (as they are with the gender pay gap), the gap provisionally increases to 17.1% 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)*
- 3.6 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.
- 3.7 There are no plans to punish organisations that have a wide gender pay gap; however the government does expect that companies will seek to address pay differences between men and women.
- 3.8 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.
- 3.9 There are six calculations to carry out, and the results must be published on the employer's website and a government website.
- 3.10 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.

The Council's reported figures for 31 March 2018 are in Appendix 1. Context and further explanation of each reported figure is below.

- 3.11 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.

- 3.12 The calculations and narrative published on the Council's website is accessible here:  
<https://www3.halton.gov.uk/Pages/councildemocracy/pdfs/EandD/genderpaygap.pdf>
- 3.13 For ease of understanding, an infographic is also published on the Council's website at:  
<https://www3.halton.gov.uk/Pages/councildemocracy/pdfs/EandD/Genderinfo.pdf>
- 3.14 For Halton Borough Council, as well as explaining any potential reasons for any gender pay gap, the narrative confirms the organisations protocols for ensuring equality of opportunity, and over time will identify any key elements for inclusion in a refreshed Organisational Development Strategy, for example through Management Training programmes, succession planning, or in looking at how the Council recruits and retains staff in general.
- 3.15 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.
- 3.16 In line with regulations, this report is based on a snapshot of the workforce on 31 March 2018.
- 3.17 The Gender pay gap information was produced from Council's iTrent HR system using the snapshot date 31st March 2018. 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 or no pay at snapshot date have also been excluded
- 3.18 A total number of 2342 contracts were covered by the Gender Pay Gap snapshot analysis, (an increase of 36 contracts compared to 31<sup>st</sup> March 2017). 1697 (72.5%) of these contracts were female over the 12 month period ending 31 March 2018, an increase of 89, and 645 (27.5%) were male, a decrease of 53.



### **Statutory Reporting Requirements**

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

#### **Hourly Rate**

- 3.20 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 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.
- 3.21 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.
- 3.22 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.

- 3.23 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.
- 3.24 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.
- 3.25 The **mean** difference between male and female contracts showed that male employees were paid 14.4% more per hour than female employees. The male average wage comes to £13.89 per hour, compared to the female average wage of £12.14; this is a difference of £1.75 per hour.
- 3.26 The **median** difference between male and female contracts showed that male employees were paid 97p more per hour than female employees were. The median pay for male employees was £11.74 per hour, compared to female pay of £10.77 per hour. The median pay for all employees was £11.02 per hour.

### **Bonus Pay**

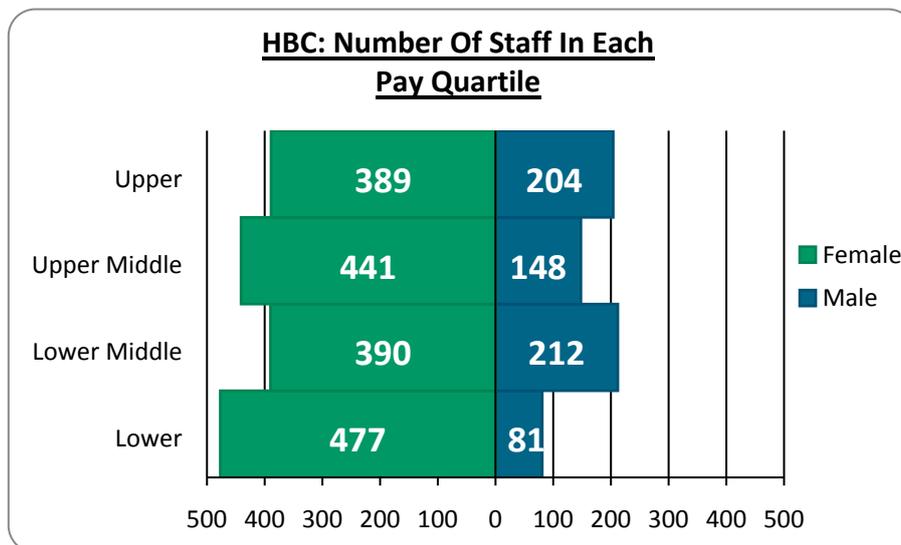
- 3.27 The Council ceased making bonus payments several years ago. There is a requirement to report bonus payments; however, this is a zero return in respect of both the mean and median averages.

### **Pay Quartiles**

- 3.28 The organisation, as part of the reporting process, is required to show the proportion of males and females in each quartile.
- 3.29 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 quartile were then used to determine the gender percentage.

3.30 The pay quartiles for HBC employees are listed in the tables below:

Quartiles	Pay Split -hourly rate (to determine quartiles)		In Range (contracts)		% gender distribution across quartiles (vertical)		% gender distribution in each quartile (horizontal)		Difference in % of females in each quartile compared with HBC overall
	Start	End	Female	Male	Female	Male	Female	Male	
Upper Quartile Range	£ 89.81	£ 15.19	389	204	22.9%	31.6%	65.6%	34.4%	-6.9%
Upper Middle Quartile Range	£ 15.19	£ 10.95	441	148	26.0%	22.9%	74.9%	25.1%	2.4%
Lower Middle Quartile Range	£ 10.95	£ 8.69	390	212	23.0%	32.9%	64.8%	35.2%	-7.7%
Lower Quartile Range	£ 8.69	£ -	477	81	28.1%	12.6%	85.5%	14.5%	13.0%
<b>Totals</b>			1,697	645	100%	100%			



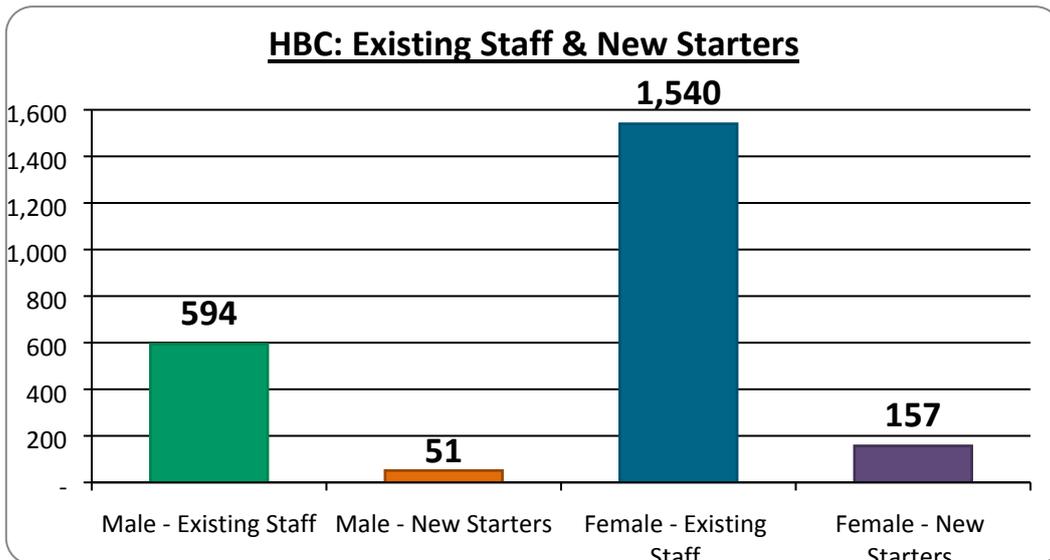
3.31 The Halton Borough Council workforce is predominantly female, made up of 72.5% female and 27.5% male, which explains why there is a higher percentage of females across all quartiles.

- 3.32 For there to be no gender pay gap, the percentage gender distribution within each quartile would need to match the percentage gender distribution of the makeup of the workforce; 72.5% female and 27.5% male.
- 3.33 The Upper Quartile (highest paid) contains the lowest percentage of the total female workforce at 22.9%, with 31.6% of the Upper Quartile being male, representing a gap of nearly 9%. This contrasts with the overall workforce figures of 72.5% female and 27.5% male.
- 3.34 The Lower Quartile (lowest paid) shows a higher percentage of the total female workforce at 28.1%, compared to 12.6% male. A difference of 15.5% 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, correlating with the UK economy as a whole.
- 3.35 The highest percentage of males (almost a third) fall into the Lower Middle Quartile range. This is an increase on the previous year, explained by the fact that full-time male employees on grade HBC3, predominantly in the Waste Management and Open Spaces Divisions, had a pay rate of £8.70 per hour in the reporting period, with the hourly rate at the bottom boundary of this quartile being £8.69. In addition, the number of part time staff (in the main females) has reduced across the Council.

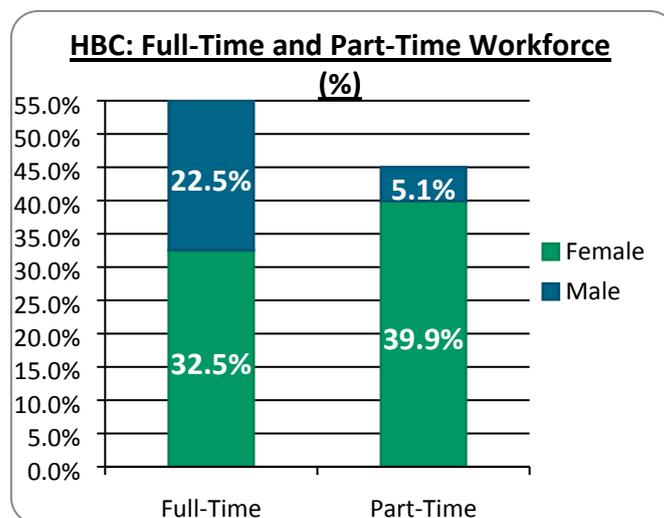
### **Additional Context**

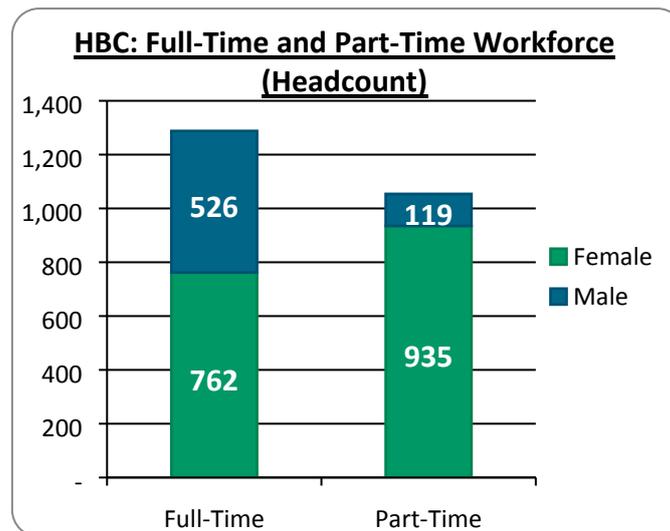
- 3.36 During the reporting period, two Adult Social Care establishments transferred into the Council under TUPE arrangements - Madeline McKenna Court Care Home in September 2017 and Millbrow Care Home in December 2017, the composition of this workforce being predominately female and lower paid. This has influenced the overall picture when compared to the last reporting year, as illustrated in the table and graph below, which outlines the total numbers of new staff joining.

<b>Description</b>	<b>Male</b>	<b>Female</b>
% of male / female new starters: April 2017 to March 2018	24.3% (51)	75.7% (157)



- 3.37 The top 5% of earners within the organisation are made up of 48 males and 68 females. However, on average males in the top 5% of earners have an hourly rate of £33.08, whilst females have an average hourly rate of £27.99.
- 3.38 This is a difference of £5.10, with males earning, on average 18.2% more an hour than females in the top 5% bracket.
- 3.39 Two new apprentices joined the organisation during this period and both were female.
- 3.40 Overall, just under half of the Council's workforce is made up of part-time staff, 45% - this has reduced by 5.7% from the previous year. The majority (39.9%) of those working part time hours were female with 5.1% being male – this is illustrated in the two graphs below. The size of this cohort of employees has had an effect on the pay gap as many were paid on the lower grades.





#### 4.0 POLICY OPTIONS

4.1 The causes of the gender pay gap are complex and overlapping. Halton Borough Council can demonstrate that it pays men and women the same rate for the same or equivalent work. The Council's 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 reported in January 2018 that the whole economy Mean Gender Pay Gap is 17.1% whereas the Median Gender Pay Gap is 17.9%.

Furthermore, they reported in October 2018 that the gender pay gap for full-time employees is close to zero for those aged between 19 and 39 years and that from the age of 40 this widens. For all employees the gender pay gap widens after the age of 30 and this coincides with an increase in working part-time from this age.

When looking at the gender pay gap over time, all age groups have seen narrowing gaps since 1997, apart from those aged 60 and over.

- 4.7 Halton Borough Council is committed to the principles 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. Recruiting managers are encouraged to use assessment alongside interviews, which provides a more objective and reliable predictor of future performance than an interview alone. Throughout 2018, mandatory management assessments have been introduced for all management roles.
- 4.11 Halton Borough Council's Gender Pay Gap is broadly in line with that being reported by local authorities' to-date, certainly in terms of mean pay, but less so with median pay and in both areas below that of both the Public Sector average and national average as a whole, as demonstrated in the table below:

	<b>Public Sector only 2017</b>	<b>Public Sector only provisionally 2018</b>	<b>Nationally (all sectors)</b>	<b>Halton Borough Council</b>
<b>Median Pay</b>	19.5%	19%	17.9%	9.01%
<b>Mean Pay</b>	17.7%	17.5%	17.1%	14.4%

- 4.12 That said, it is still important for the organisation to look at what can be done to help to close this gap.
- 4.13 The Council's Organisational Development Strategy is being updated and may assist in a future reduction of the gap through the introduction of more intelligent succession planning.
- 4.14 Through the Organisational Development Service a programme of positive action is underway, which includes role related continuous professional development opportunities for all employees.
- 4.15 Within the Recruitment & Resourcing function, the intelligent targeting of advertising for available posts is being continually 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 ongoing push in secondary schools to engage more females in STEM related subjects.
- 4.16 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 was developed and implemented during this reporting period which has reinforced the Council's commitment to becoming an increasingly agile and flexible organisation. It is envisaged that this will help to contribute towards closing the gender pay gap through increasing diversity and flexibility in the workforce, although it's currently too early to access the policy's overall impact in this regard.
- 4.17 Halton Borough Council also provides enhanced benefits above the statutory entitlement, for example annual leave entitlement and sickness absence pay, in line with national Local Government terms and conditions.
- 4.18 The Council continues existing good practice to take a fair and consistent approach to pay and grading through robust job evaluation processes
- 4.19 The Council also ensures compliance with equalities legislation, being committed to treating everyone fairly, to challenging inequalities and to promoting equality of opportunity for all. The Council has held Disability Confident Accreditation since October 2016, when it replaced the 'two-ticks' scheme and are currently seeking a higher level of accreditation.
- 4.20 For full-time employees 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 Gender Pay Gap reporting can contribute to the Council’s Organisational Development Strategy, leading to Learning and Development which may serve to close the gender pay gap over the longer term.
- 5.4 The Council will 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 a new and refreshed Organisational Development Strategy 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 lower than the projected 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 needs to take reasonable measures to tackle any significant pay gaps that have been identified.

### **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 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.

## **10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

10.1 There are no background papers under the meaning of the Act.

## Appendix 1

Statutory Calculation	31 March 2018	31 March 2017
Average gender pay gap as a mean average	<b>14.4%</b>	10.09%
Average gender pay gap as a median average	<b>9.01%</b>	0.48%
Average bonus gender pay gap as a mean average	<b>N/A</b>	N/A
Average bonus gender pay gap as a median average	<b>N/A</b>	N/A
Proportion of males receiving a bonus payment and proportion of females receiving a bonus payment	<b>N/A</b>	N/A

Proportion of males and females when divided into four groups ordered from lowest to highest pay (%)				
	31 March 2018		31 March 2017	
Quartile	Male	Female	Male	Female
Q1 (highest paid)	<b>34.4</b>	<b>65.6</b>	36.1	63.9
Q2	<b>25.1</b>	<b>74.9</b>	26.1	73.9
Q3	<b>35.2</b>	<b>64.8</b>	35.3	64.7
Q4 (lowest paid)	<b>14.5</b>	<b>85.5</b>	23.7	76.3