

REPORT TITLE: GENDER PAY GAP REPORT AS AT 31 MARCH 2017

12 MARCH 2018

REPORT OF PORTFOLIO HOLDER: Cllr Stephen Godfrey, Portfolio Holder for Professional Services

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WARD(S): ALL

PURPOSE

From April 2017, under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, employers with 250 or more employees are required to publish statutory gender pay gap calculations every year.

The gender pay gap is the difference between the average earnings of men and women.

Employers are required to publish this data on their own website and in a prescribed format on the Gender Pay Gap Service Government website.

This Report provides further detail on the background to gender pay gap reporting and Winchester City Council's Gender Pay Gap (GPG) data as at 31 March 2017.

RECOMMENDATIONS:

1. That Personnel Committee note:

- a) The Office for National Statistics (ONS) Annual Survey of Hours and Earnings October 2017 reports a mean Gender Pay Gap for the whole of the UK economy of 17.4% and median GPG of 18.4%; and
- b) Winchester City Council's mean Gender Pay Gap of 12.41% is below the national average and median of 7.28% is significantly below the national average
- c) That the mandatory gender pay gap figures for Winchester City Council as at 31 March 2017 will be published by 30 March 2018.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Delivering an entrepreneurial approach to efficient public services.

2 FINANCIAL IMPLICATIONS

- 2.1 In keeping with the published Pay Policy Statement, the Council evaluates all roles through a fair job evaluation process which does not reflect gender. Given the high number of women who work part time across the Council, taking action to reduce the gender pay gap would incur significant and disproportionate increases on the salary bill; such action could expose the Council to fair pay claims.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 4 From April 2017, under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, employers with 250 or more employees are required to publish statutory gender pay gap calculations every year.

5 WORKFORCE IMPLICATIONS

- 5.1 Whilst the Council is confident a gender pay gap is not an indicator of equal pay issues, all employment and reward policies and practises are regularly reviewed to ensure they continue to provide equal recruitment, appointment, pay and progression opportunities for all staff, irrespective of their gender or any other protected characteristic. The Council will continue to explore ways to increase participation across all sectors of the community it serves.

6 PROPERTY AND ASSET IMPLICATIONS

- 6.1 None

7 CONSULTATION AND COMMUNICATION

- 7.1 The Council is required to publish mandatory gender pay gap data on an annual basis on its own website and in a prescribed format on the Gender Pay Gap Service Government website. Public sector organisations have the the discretion to also publish on their own website a supporting narrative to explain and put these figures into context.

8 ENVIRONMENTAL CONSIDERATIONS

- 8.1 None

9 EQUALITY IMPACT ASSESSMENT

- 9.1 None

10 RISK MANAGEMENT

| Risk | Mitigation | Opportunities |
|--|--|--|
| <i>Property</i> | | |
| <i>Community Support</i> | | |
| <i>Timescales</i> <ul style="list-style-type: none"> • <i>That the statutory deadline of 31 March 2018 is missed</i> | <ul style="list-style-type: none"> • Personnel Committee adopt the statement and it is published within the deadline | <ul style="list-style-type: none"> • Greater transparency around Gender Pay Gap reporting by publishing on time |
| <i>Project capacity</i> | | |
| <i>Financial / VfM</i> | | |
| <i>Legal</i> | | |
| <i>Innovation</i> | | |
| <i>Reputation</i> <ul style="list-style-type: none"> • <i>Internal & external perception of gender bias employment practises in favour of men</i> • <i>Misunderstanding of difference between gender pay and equal pay</i> | <ul style="list-style-type: none"> • Voluntary supporting narrative explaining the difference between gender pay and equal pay, why a gender pay gap exists and what the Council proposes to do to reduce the gap | <ul style="list-style-type: none"> • Reinforce the Council's approach to equal and fair pay for all staff irrespective of gender or any other protected characteristic, as demonstrated through the Council's commitment to the Voluntary Living Wage • Promote and reinforce the Council's commitment to the wellbeing of its workforce as demonstrated through its supportive approach to flexible working which is known to be, through employee surveys, a highly valued benefit of working for WCC. |
| <i>Other</i> | | |

11 SUPPORTING INFORMATION:

11.1 Background

- 11.1.i From April 2017, under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, employers with 250 or more employees are required to publish statutory gender pay gap calculations every year. The gender pay gap is the difference between the average earnings of men and women.
- 11.1.ii Employers are required to publish the data on their own website and in a prescribed format on the Gender Pay Gap Service Government website within a year from the prescribed annual 'snapshot' reporting date. For the public sector, the annual 'snapshot' date is the 31 March (5 April for the private and voluntary sector).
- 11.1.iii The GPG is an equality measure that shows the difference between the average earnings of men and women across an organisation. It should not be confused with equal pay which deals with 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 of their gender.
- 11.1.iv WCC is committed to the fair treatment and reward of all staff, as demonstrated through its accreditation as a Living Wage employer. The Living Wage is paid voluntarily and is set to avoid poverty wages and supports the principle that workers should be paid at a level which enables them to achieve an acceptable standard of living.
- 11.1.v Robust, consistent and transparent job evaluation and employment practises ensure WCC employees are paid according to the evaluated size and requirements of their role and not on the basis of any other factors such as their gender and/or any other protected characteristic. WCC's gender pay gap (the causes of which are considered elsewhere in the Report) is not therefore considered to be indicative of equal pay issues.
- 11.1.vi Tackling the gender pay gap is a key priority for the Government. It has been estimated that tackling gender pay inequalities could boost the UK economy by an extra £150 million by 2025. The Government has committed to closing the gender pay gap within a generation.
- 11.1.vii The causes of the GPG are complex and often long-standing. Increased pay transparency will help to ensure the causes of societal and workplace pay inequalities are exposed and understood, remedies identified and prioritised, progress monitored and good practise exemplified.

11.2 Calculating the Gender Pay Gap

- 11.2.i The Council's GPG figures have been calculated in accordance with the methodology set out in the GPG Regulations and joint guidance

produced by ACAS and the Government Equalities Office.

- 11.2.ii Given the complexity of the reporting requirements, for which there is no established precedent given this is the first year of reporting, South East Employers were commissioned to assist with the reporting.
- 11.2.iii The Regulations set out the methodology to meet mandatory reporting obligations i.e. key metrics, timescales, who and what to include, the calculations and publishing requirements.
- 11.2.iv The six key metrics employers are required to calculate and publish are:
- the % difference in the mean hourly pay of 'full-pay'* men and women
 - the % difference in the median hourly pay of 'full-pay'* men and women
 - the % difference in the mean bonus pay received by all 'relevant'** men and women in the 12 months up to and including the snapshot date
 - the % difference in the median bonus pay received by all 'relevant'** men and women in the 12 months up to and including the snapshot date
 - proportion of men and women receiving a bonus payment
 - proportion of men and women in each pay quartile

**'full-pay' relevant employee = only includes employees receiving their full pay for the reference period and excludes employees paid at a reduced or 'nil' rate as a result of being on 'leave' e.g. maternity, sickness absence*

***'relevant' employee = includes employees on full pay and on reduced or nil pay as a result of being on leave e.g. maternity, sickness absence*

- 11.2.v The mean and median GPG figures are expressed as a percentage of men's earnings where a positive figure indicates that women earn less than men and a negative figure indicates that women earn more than men.
- 11.2.vi For the purpose of the Regulations, the definition of 'employee' is that under s.83 of the Equality Act 2010. This includes anyone based in Great Britain and employed under a contract of employment, a contract of apprenticeship or a contract personally to do work.

- 11.2.vii GPG reporting is based on the number of individual employees and not full-time equivalent. As such, each part-time employee counts as one.
- 11.2.viii 486 employees (291 women & 195 men) were identified as ‘full-pay’ relevant employees for reporting purposes and included permanent and temporary employees (full & part-time), apprentices and casuals (who worked on 31 March 2017). Agency workers were not included as they would instead be covered by the reporting obligations of the employing agency.
- 11.2.ix The hourly rate calculations are based on ‘ordinary’ pay, which in the regulations:
- includes basic pay, allowances, pay for piecework, pay for leave and shift premium pay
 - excludes pay related to overtime, redundancy or termination of employment
 - is based on gross pay after any deductions for tax, NI and employee pension contributions and reduction for a salary sacrifice scheme
 - excludes any ordinary pay received in the relevant pay period that relates to a different pay period
- 11.2.x The Regulations define bonus pay as any remuneration in the form of money, vouchers, securities, securities options or interests in securities that relate to profit sharing, productivity, performance, incentive or commission. Bonus calculations are based on payments received in the 12 months up to and including the snapshot date.
- 11.2.xi WCC does not operate a performance related pay or ‘bonus’ scheme, as reflected in the bonus pay figures.
- 11.2.xii WCC’s GPG metrics as at 31 March 2017 are shown in Appendix 1.

11.3 What the figures mean

- 11.3.i WCC’s mean and median hourly pay figures are lower than the national average (see below). This is a positive outcome and a positive reflection of WCC’s inclusive and flexible employment culture and working practises.
- 11.3.ii The Office for National Statistics (ONS) Annual Survey of Hours and Earnings October 2017 reports a mean GPG for the whole of the UK economy of 17.4% and median GPG of 18.4%.
- 11.3.iii WCC’s mean GPG of 12.41% is below the national average and median GPG of 7.28% is significantly below the national average.

- 11.3.iv The median is considered to be a more robust measure of general tendency as it is more resistant to the effect of outlying values.
- 11.3.v Indeed, when pay is analysed by grade, mean pay gaps are significantly smaller than the overall figure, with the gap in favour of women at some grades.
- 11.3.vi A lower median than mean figure would therefore suggest that the ranges of pay are spread fairly equally between men and women but a higher proportion of men receive the very highest pay levels and/or a higher proportion of women receive the very lowest pay levels.
- 11.3.vii Both of these factors are true for WCC, with a slightly higher proportion of men (52.5%) than women in the upper quartile and a significantly higher proportion of women (69.7%) than men in the lower quartile. This has an impact on the Council's GPG.
- 11.3.viii WCC's GPG is further impacted by the higher ratio of women that work part-time compared to men – of the 27% of the workforce that work part-time (i.e. less than 37 hours per week), 88% are women. This gives a ratio of 6 part-time female workers for every 1 part-time male. On average, female workers work 4.2 hours per week less than their male colleagues.
- 11.3.ix These issues are not unique to WCC but reflective of the UK economy and the public sector as a whole.
- 11.3.x Whilst WCC's flexible working policy applies to all employees, it can particularly attract a higher proportion of women wishing to combine work with caring responsibilities. One of the trends identified by wider GPG analysis is that the responsibility of childcare still falls disproportionately upon women and that consequently women are more likely to work part-time than men.
- 11.3.xi The Council's flexible working policies and culture ensures individuals are able to make these choices without discrimination.
- 11.3.xii The gender distribution of allowances/additional payments, salary sacrifice payments and the effect on the calculations of mid-month starters & pay changes were also considered. Whilst not significant in themselves, they can have a further contributory impact on pay when combined with other factors (e.g. the lower pay of a part-time female worker who sacrifices a proportion of their salary for childcare vouchers compared to the higher pay of a part-time male worker at the same pay point working the same hours who is not part of a salary sacrifice scheme, or, the higher pay of a full-time male receiving allowances compared to the lower salary of a full-time female worker at the same pay point who does not receive any allowances).

11.3.xiii This in part points to some of the inherent limitations in the GPG reporting methodology itself which, in some cases, can distort the overall findings (e.g. the Regulations do not allow calculations on a pro-rata basis to take account of part time working or mid month-starters/pay changes) and/or fail to convey the multi-faceted complexities underlying pay differences (e.g. an employee's positive choices around part-time working).

11.4 What next

11.4.i The Council's GPG figures position us positively when compared to the national picture, with both our mean and median hourly pay rates (12.41% and 7.28% respectively) significantly below the national average (17.4% and 18.4% respectively).

11.4.ii However, the Council is not complacent and is committed to ensuring that in its ambitions to be an employer of choice, it has a fair and inclusive culture which attracts and retains the best talent across the community it serves and increases participation across all sectors of society. Sustained and meaningful change will however take time.

11.4.iii The Council will continue, as it currently does, to monitor and review reward and employment practises to ensure they continue to offer equal and fair treatment and opportunity for all existing and prospective employees across all aspects of employment and at all stages of the employment lifecycle. Alongside this, it will continue to keep abreast of and benefit from innovative and best employment developments.

11.4.iv WCC is proud of its supportive flexible working practises, which we know from the Best Places to Work employee surveys, employees have consistently valued highly. WCC will continue to foster an inclusive culture, offering flexible working opportunities which enable and respect individual work/life choices. The Council will instead focus on encouraging both genders to make the most of flexible working opportunities, recognising this is a wider cultural change that needs to extend into society and the economy as a whole.

11.4.v Ongoing reporting will help the Council to understand underlying reasons for gender pay differences and from this identify and prioritise interventions where appropriate and monitor progress.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 N/A

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

PER304, Employee Strategy, 23 November 2017

Other Background Documents:-

None

APPENDICES:

Appendix 1 – Winchester City Council's Gender Pay Gap March 2017

Appendix 1

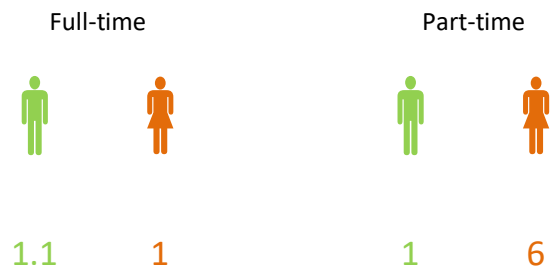
Winchester City Council Gender Pay Gap Reporting as at 31 March 2017

Gender Pay Gap is the difference in the average earnings between men and women across an organisation

Total Workforce Demographic



Working Time Demographics
(ratio of male to female)



Hourly Pay

Mean – average hourly rate of pay and the percentage difference gap



WCC 12.41% / £2.03

National 17.4%

WCC is better than the national average

Median – middle hourly rate of and the percentage difference gap



WCC 7.28% / £1.08

National 18.4%

WCC is significantly better than the national average

Bonus Pay

| | |
|-------------------------|---------------------------|
| Mean bonus pay gap -0% | 0% women received a bonus |
| Median bonus pay gap 0% | 0% men received a bonus |

Proportion of men & women in each quartile (by hourly pay)