

This Report will be made public on 27 May 2020

Report Number **P/20/02**

To: Personnel Committee
Date: 4th June 2020
Status: Non-executive Decision
Head of Service: Andrina Smith, Chief HR Officer

SUBJECT: GENDER PAY GAP REPORTING

SUMMARY: This report outlines the council's statutory obligations regarding the publication of gender pay gap data and provides the data for this reporting year.

REASONS FOR RECOMMENDATIONS:

The Personnel Committee is asked to note the contents of the report set out below.

RECOMMENDATIONS:

1. To receive and note report P/20/02/

1. BACKGROUND

1.1 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires employers with 250 or more staff to publish statutory gender pay gap data every year. The council is required to undertake and publish 6 different calculations that display and help explain any gender pay gap.

1.2 The statutory calculations are:

- a) Gender pay gap as a mean average
- b) Gender pay gap as a median average
- c) Gender bonus gap as a mean average
- d) Gender bonus gap as a median average
- e) Proportion of men and women receiving bonuses
- f) Proportion of men and women in each quartile pay band

The data resulting from these calculations appears in section 2 of this report.

1.3 The council is required to publish this data on its own website and on a dedicated government website annually. The salary data for this year is based on the mandatory snapshot date of 31st March 2019 and must be published by 30th March 2020.

The HR Business Partner completed the review of our data during December 2019 which was followed by a report to the Corporate Leadership Team in January 2020. The council's data was then uploaded to the government's website ([click here](#)) and the Council's website ([click here](#)) during March 2020.

1.4 While the Council must upload data onto the government website in a standardised template, we can choose how to publish our data on our website. In order to make the data both accessible and understandable, the council has published an accompanying narrative and highlighted key elements in a co-ordinated press release.

1.5 This is the third year that reporting gender pay gap data has been mandatory so we are able to make some limited comparisons with our previous results.

1.6 The gender pay gap is different to equal pay. The gender pay gap is a measure of the difference between the average earnings of men and women across an organisation. Equal pay relates to men and women receiving equal pay for equal work, which has been a legal requirement for over 45 years. The council is, of course, committed to diversity and equality of opportunity. Policies and procedures, such as the Recruitment and Selection policy and the job evaluation process, ensure we remunerate employees fairly and equally.

2. THE GENDER PAY GAP DATA

2.1 The gender pay gap is expressed as a percentage of men's pay. A positive percentage figure shows that, typically or overall, men are paid more. A negative percentage indicates that women are paid more.

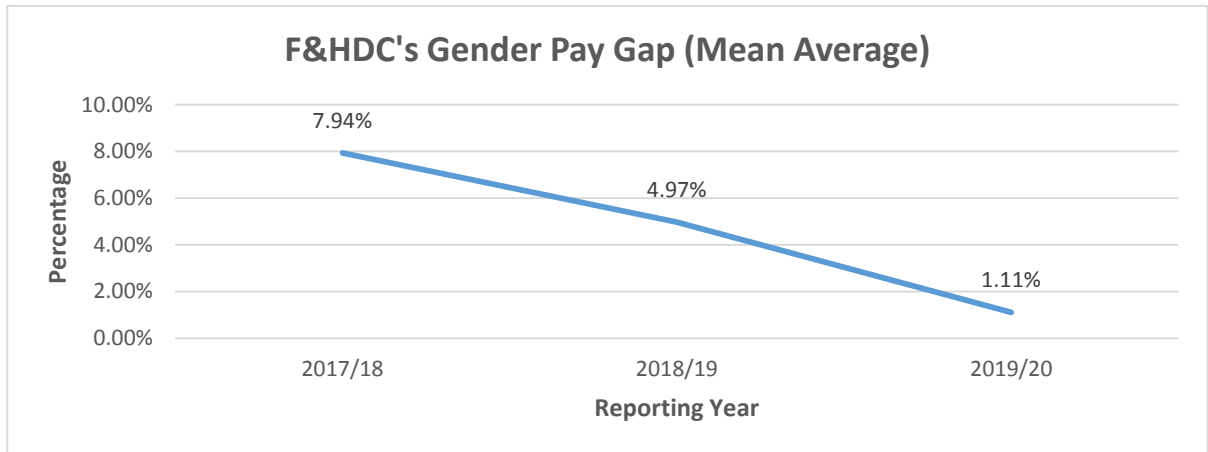
The council's average gender pay gap as at the snapshot date of 31st March 2019 is as follows:

2.1.1 Gender pay gap as a mean average: 1.11%

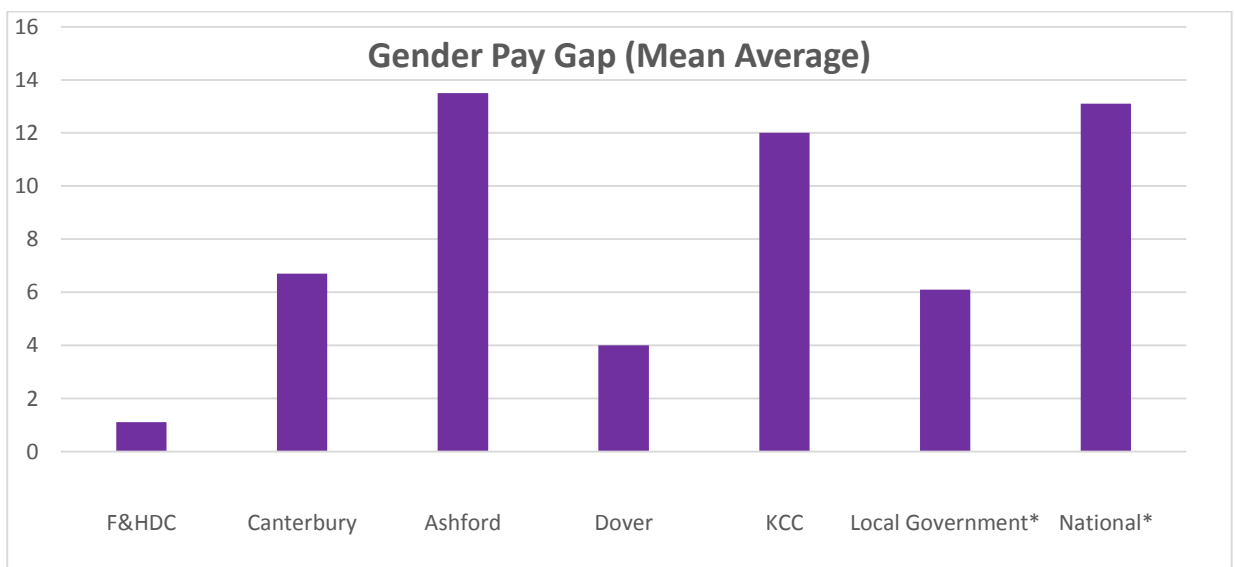
On average, women earn 1% less than men.

The average man earns £16.18 per hour. The average woman earns £16.00 per hour.

This reflects a reduction in the council's gender pay gap in comparison with previous reporting years:



Due to the Coronavirus outbreak, the government took the decision to suspend enforcement of this year's gender pay gap reporting deadline. As a consequence, only about half of employers uploaded their data to the government website and, due to the affect this could have on the overall figures, no national averages or comparison studies have taken place. However, several local authorities did, like us, publish their data and as such have been included in the following comparison:



*National and sector comparisons based on 2018/19 data

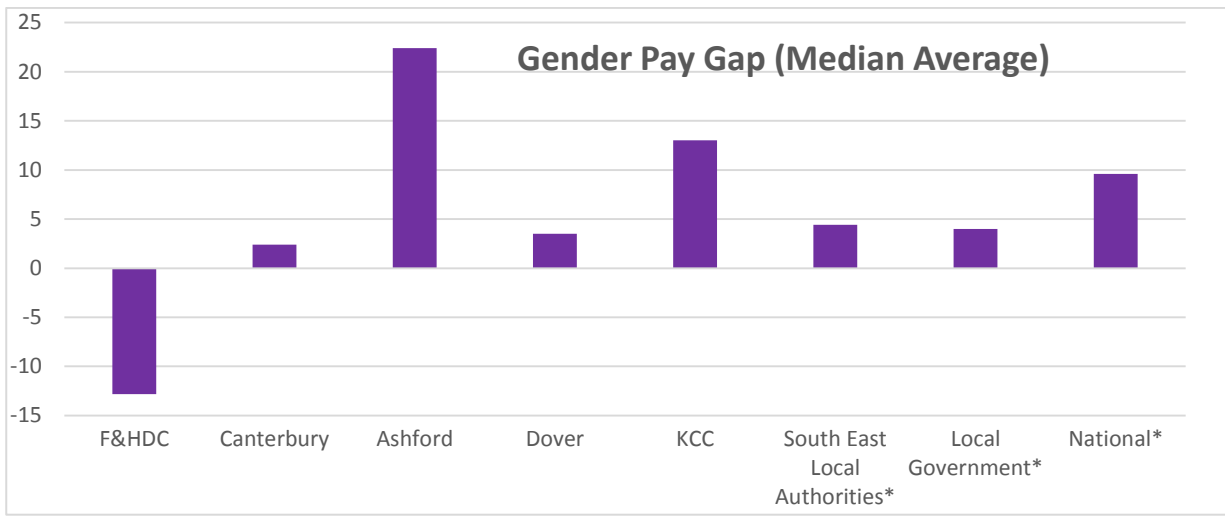
The mean average is useful because it takes into account the low and high earners and gives a good overall indication of the gender pay gap. However, very large or small rates of pay can 'dominate' and distort the calculation. By identifying the wage of the middle earner, the median calculation avoids this issue and is often considered a better representation of the typical difference in earnings.

2.1.2 Gender pay gap as a median average: -12.81% (negative 12.81%)

If all the women working at the Council were lined up in order of their hourly rate, then the middle woman (the median) would earn £14.79 per hour. The median man earns £13.11 per hour. Using the median calculation, the average woman earns nearly 13% more than the average man.

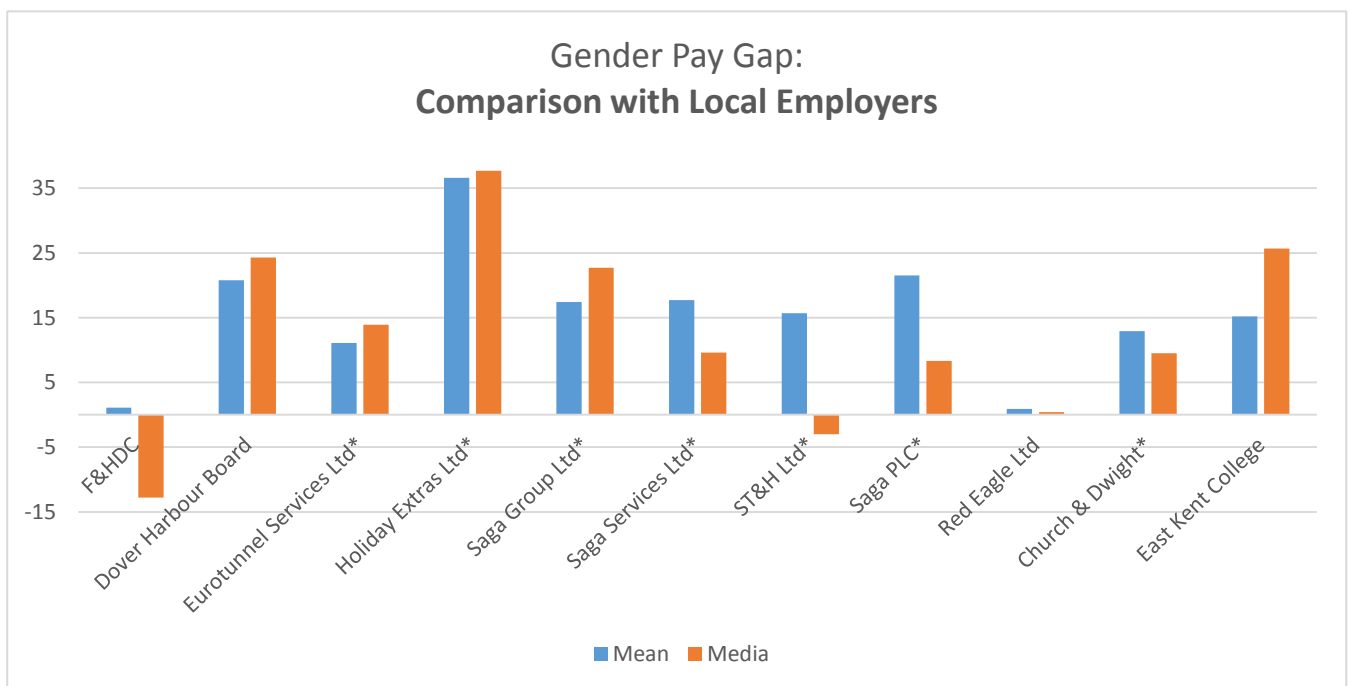
Last year we reported a median gender pay gap of negative 7.24%. Just over a quarter of local authorities reported, like us, a median gender pay gap that showed women were on average paid more than men.

As above (section 2.2.1), the following comparisons are made with the latest data available:



*National, regional and sector comparisons based on 2018/19 data

2.1.3 In order to provide a local comparison, data from larger private sector employers within our district along with the local college is provided below. As above, comparisons are made with the latest data available:



*Based on 2018/19 data

Some large local employers do not split their results by region. For example, Dungeness Power Station and Affinity Water may employ a substantial number of people locally, but their data refers to their entire business across the country.

2.2 The council is also required to calculate and publish figures relating to bonus payments. While the council's Pay Policy states that there is no provision for bonus payments, the gender pay gap legislation defines "bonus pay" as referring to any remuneration that relates to performance, whether this is discretionary or contractual. As the Corporate Leadership Team are able to make a one-off discretionary honorarium award to employees that demonstrate an exceptional level of performance, such payments have been determined as meeting this definition of "bonus pay".

During the period between 1st April 2018 and 31st March 2019, four staff received one-off honorarium payments that have been included in the calculations below.

2.2.1 Average bonus gender pay gap as a mean average: N/A

The mean average one-off honorarium payment made to females in the period was £275. There were no one-off honorarium payments made to males in the reporting year. As the amount paid to males was zero, calculating a percentage difference is not possible.

2.2.2 Average bonus gender pay gap as a median average: N/A

The median average one-off honorarium payment made to females in the period was £200. There were no one-off honorarium payments made to males in the reporting year. As the amount paid to males was zero, calculating a percentage difference is not possible.

2.2.3 The proportion of men and women receiving bonuses:

The purpose of this calculation is to indicate how much more likely male employees are to receive a bonus payment when compared to female employees (and vice versa).

0% of male employees received a one-off honorarium payment when compared to 2.3% of female employees.

2.3 The table below shows the proportion of males and females when divided into four equal sections based on their hourly rate. The lower quartile represents the lowest paid 25% of council staff; the upper quartile contains the highest paid 25%.

2.3.1 Proportion of men and women in each quartile pay band

Quartile	Male	Female
Lower	54.55%	45.45%
Lower Middle	43.18%	56.82%
Upper Middle	31.82%	68.18%
Upper	52.27%	47.73%

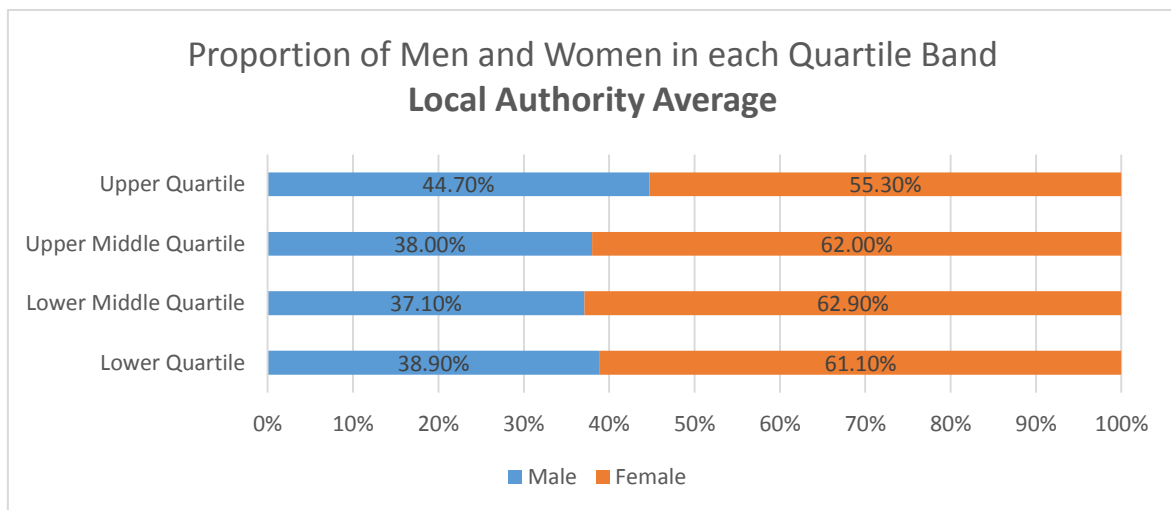
The table shows a higher percentage of men in both the lowest and highest paid quartiles. The reasons for this, and the impact this has on the council's figures, are considered in section 3 of this report.

3. SUPPORTING NARRATIVE

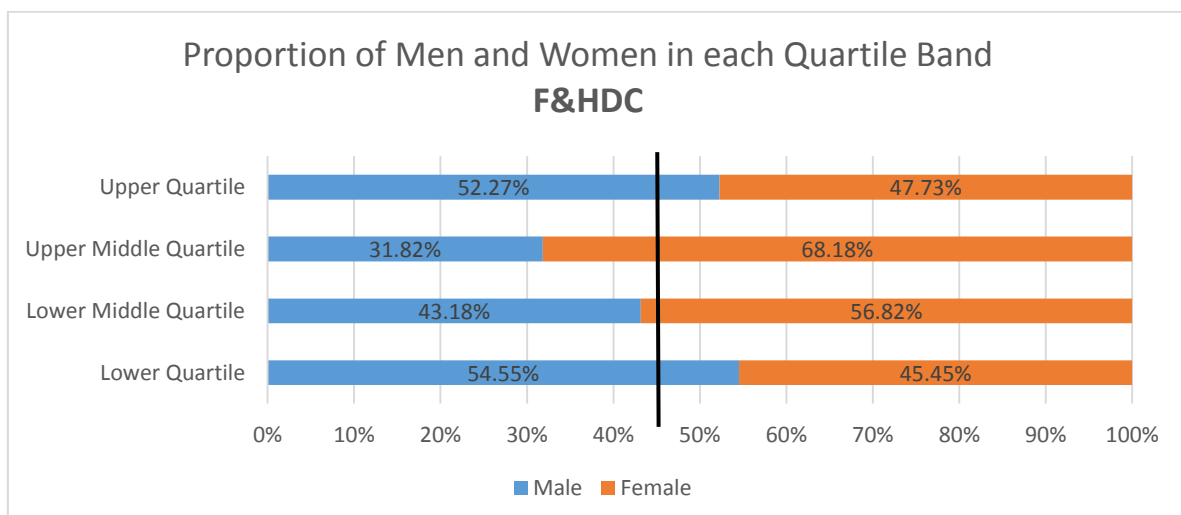
3.1 The difference between mean and median figures:

The mean average gender pay gap of 1% is a very positive indicator; it shows a pay gap that is comparatively small and reducing. Conversely, the median average gender pay gap shows that, typically, female employees have higher pay (13% more and increasing) than male employees. The proportion of men and women in each quartile band (paragraph 2.3.1) helps to explain the reason for the difference in these two figures.

The council employs more women than men. 55% of staff included in these gender pay gap calculations were female. This is rather typical in local government and on average has led to a higher proportion of women across all pay quartiles in the sector:



However, at Folkestone & Hythe District Council the distribution of men and women is more uneven. The line in the graph below indicates our male / female split across the whole workforce. The majority of women (57%) are concentrated in the middle pay quartiles, while the majority of men (59%) are counted in either the lowest or highest pay bracket:

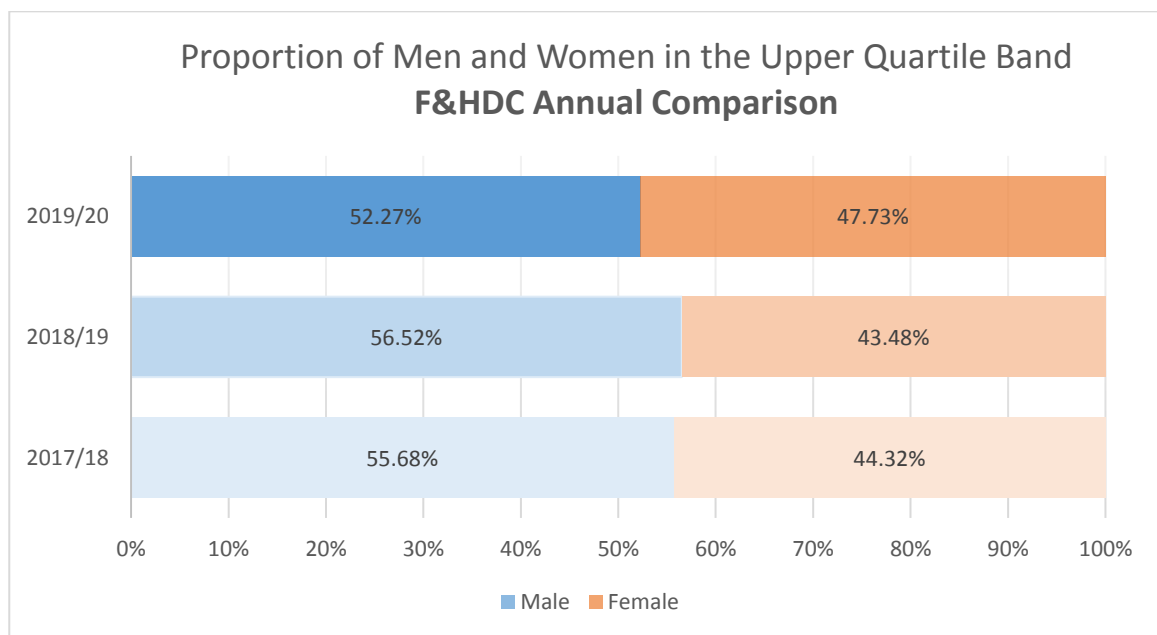


The male domination of the upper pay quartile helps to explain a mean average that shows that, overall, men are paid more than women. Indeed, 29% of male employees are in this highest earning bracket when compared to 22% of women.

However, there is also a large proportion of males found in the lowest pay quartile and, in particular, a female domination of the upper middle quartile. This has resulted in the median female being found higher on the pay spectrum than the median male.

3.2 The reduction in the mean gender pay gap:

This year the council reported a reduction in its mean gender pay gap by almost 4%. Paragraph 3.4 outlines the actions the council has taken, and continues to take, to reduce the gender pay gap and increase the proportion of females in the highest earning bracket. While there is still a male dominance of the upper quartile pay band, the proportion of females recorded here has increased by 4.25%:



3.3 The widening median gender pay gap:

As mean average pay has narrowed, the median calculation shows that women receive a higher average hourly rate and that this has widened. Like last year, the earnings of the median male is roughly in line with the bottom of grade E of our salary scales and, while has increased due the pay award, has therefore held its position in relative terms. However, the median female has increased from an hourly rate in line with the middle of grade E to one more in line with the top of the grade. The reasons for this are considered in paragraph 3.4 below.

3.4 The council has taken numerous actions to reduce the gender pay gap and such initiatives continue to be taken in order to reduce it further. While the actions outlined below may have contributed to the reduction in our gender pay gap and the increase of females in the highest pay bracket, it is important to note that due to the organisation’s size a relatively small amount of individual changes to employees or posts can have a seemingly significant influence on average figures and the data reported. The manner in which the data needs to be calculated also means that where the quartile bands are drawn varies each year and that a small change to actual headcount may also have an impact on these percentage figures.

Paragraph 3.1 highlights the distribution of males and females across the pay quartiles. 30% of all male employees have been counted in the lowest pay quartile. A significant proportion (41%) of the staff that appear in this lower pay quartile work in the council's Grounds Maintenance department or maintenance teams, the vast majority of which are male. The ratio of males to females is ordinarily higher in manual roles and attracting women into these positions is a noted national challenge. Strategies the council is implementing to increase diversity in this area include creating gender neutral job titles.

While paragraph 3.2 highlights a narrowing gender gap amongst the highest earners, the data continues to indicate a correlation between working hours, gender and the pay quartiles. Overall, 28% of roles included in the calculations are part time, the majority of which (81%) are undertaken by female staff. Indeed, 42% of women work part-time while only 12% of men do. The majority (59%) of these part-time posts appear in the middle of the pay spectrum, where the majority (57%) of females have been counted. The fewest amount of part-time roles appear in the highest pay quartile. This is reflective of the national situation though, with the Office of National Statistics reporting that women fill more part-time jobs, which is generally less well paid than full-time work.¹

With this correlation in mind, the council has introduced a number of measures to increase gender diversity in this upper pay quartile:

- Working flexibly is encouraged, with the majority of staff having the ability to work flexible hours and in a range of locations including from home.
- Prior to recruiting externally or seeking candidates for promotion, the council carefully considers whether working hours and locations can be flexible and, if the post is full time, whether it could be undertaken on a part-time basis. This is then clearly stated on the advert in order to remove such barriers and increase diversity in recruitment and promotion activities. Job sharing options are also considered.
- It is recognised that working part-time can impact on the ability to attend training courses, which may then impact on career progression. The council therefore considers its training programmes carefully in order to reduce barriers to development. A range of flexible development opportunities are available, including coaching, mentoring, in house training and formal qualifications. When considering our training courses we put on shorter courses or split over different days to enable part-time staff to attend.
- The council also runs training courses and provides dedicated support aimed at helping managers understand the provisions of the Equality Act 2010 and ensure fair, non-discriminatory and consistent processes are followed in matters such as recruitment and promotion.
- In order to reduce the gender pay gap further, the council offers supportive options for those returning from maternity leave and encourages greater sharing of caring responsibilities through raising awareness of benefits and initiatives such as Flexible Working, Shared Parental Leave and Tax-Free Childcare.

Measures such as those listed above may continue to reduce the gender pay gap in the upper pay quartile in the future. Progression and appointments to senior posts will continue to be monitored in order to evaluate the success of these initiatives.

¹ ONS Survey of Hours and Earnings 2019:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2019>

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 4.1 Legal Comments (NE) – There are no legal implications arising directly out of this report other than those already clearly stated therein.
- 4.2 Finance Comments (LW) – There are no financial implications arising from this report.
- 4.3 Equalities Comment (GE) – This report demonstrates Folkestone & Hythe District Council's continued commitment to Equality and Diversity. No Equality Impact Assessment required.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting

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The following background documents have been relied upon in the preparation of this report:

None