

Agenda item: 

**Title of meeting:** Employment Committee

**Date of meeting:** Tuesday 12<sup>th</sup> September 2017

**Subject:** Gender Pay Gap Report

**Report by:** Director of HR, Legal and Performance

**Wards affected:** None

**Key decision:** No

**Full Council decision:** No

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## 1. Purpose

To present the outcomes of the Gender Pay Gap 2017, ensuring the Council can fulfil its statutory obligations in respect of the Gender Pay Gap Information Regulations, and note the recommended action plan to build on the council's inclusive working practices, to continue to reduce the gap.

## 2. Recommendations

It is recommended that the Employment Committee:

- 2.1 Note the key findings of the Gender Pay Gap Report 2017 (see section 5).
- 2.2 Agree the action plan as set out in Appendix 1 of the Gender Pay Gap report.

## 3. Background

### 3.1 The National Context

- 3.1.1 The Gender Pay Gap Information Regulations came into force in March 2017. The regulations apply to all employers with 250 or more employees on the snapshot date of 31<sup>st</sup> March 2017 (for Public Sector employers). Therefore, the authority is required to publish its gender pay gap for each year and publish this information on its website, and on a central Government website, no later than 31<sup>st</sup> March of the following year.
- 3.1.2 Employers in the public sector are subject to a specific public sector equality duty in respect of their functions. They must have due regard to the need to eliminate discrimination and advance equality of opportunity.

3.1.3 The purpose of Gender Pay Gap reporting is to achieve greater gender equality across the UK and increase pay transparency. It has been estimated that the under-utilisation of women's skills costs the UK economy 1.3-2% of GDP annually, and that eradicating the full-time gender pay gap would contribute additional spending into the economy of £41b each year.

3.1.4 According to the Office of National Statistics (ONS), in 2016 the gender pay gap for full-time employees was 9.4% , meaning the average pay for full-time female employees was 9.4% lower than for full-time male employees. The gap was down from 17.4% in 1997.

The gap for all employees, full and part-time was 18.1%, down from 27.5% in 1997.

## **3.2 The Local Context**

3.2.1 The Gender Pay Gap data supplied is correct for all staff, including school staff, in post with Portsmouth City Council on 31<sup>st</sup> March 2017 who earned their full-pay (relevant employees). At that time, there were 5873 relevant full pay employees, which is made up by 4377 females (75%) and 1496 (25%) males.

Out of the 5873 relevant employees, 36 are covered by TUPE regulations (21 are male and 7 are female).

## **4. Implementation**

### **4.1 Methodology**

4.1.1 The Regulations clearly define the methodology for the Gender Pay Gap calculations and reporting guidelines.

4.1.2 The regulations require employers to publish the following information:

- The mean gender pay gap;
- The median gender pay gap;
- The mean bonus pay gap;
- The median bonus pay gap;
- And the relative proportions of male and female employees in each quartile pay band.

4.1.3 The Regulations detail how to carry out the calculations.

4.1.4 All public sector organisations are required to publish their first reports no later than 30<sup>th</sup> March 2018.

4.1.5 The report will be based on hourly pay rates as at 31 March 2017 and bonuses\* paid between 1 April 2016 and 31 March 2017.

(\*PCC does not have a bonus scheme per se. In accordance with GPGIR, bonuses include long service awards of monetary payments and productivity/performance related payments, which are made as honoraria payments.)

## 4.2 Scope

4.2.1 The regulations create two categories of people who have to be taken into account in the gender pay gap reporting: relevant employees and relevant full-pay employees.

4.2.2. For the purposes of gender pay gap reporting, the definition of an employee is that given in the Equality Act 2010. This is an extended definition which includes:

- Employees (those with a contract of employment)
- Workers with a contract to do work or provide services for your organisation
- Some self-employed people who personally carry out the work they do for you.

4.2.3 The gender pay gap calculation is based on the number of individual employees and not the full time equivalent. This means that each part-time employee counts as one employee.

4.2.4 Apprentices, seasonal, temporary or casual employees and zero hours workers are included if they fall within the reference period created by the snapshot date.

## 5. Key Findings

- 5.1 **Mean Gender pay gap** - The difference between the mean hourly rate of pay for male full-pay relevant employees and that of female full-pay relevant employees is 11%.
- 5.2 **Median Gender pay gap** - The difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees is 15%.
- 5.3 **Mean bonus pay gap** - The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees is 48%.
- 5.4 **Median bonus pay gap** - The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees is 63%.
- 5.5 **Bonus proportions** - The proportions of male and female relevant employees who were paid bonus pay during the relevant period is 64 males (4%) out of a total of 1722 males and 162 females (3%) out of a total of 5052 females.

- 5.6 **Quartile pay bands** - The proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands are set out in a table contained within the report.

## 6. Conclusions

- 6.1 The gender pay gap exists within PCC as the majority (75%) of the workforce are female and predominantly a large proportion of these are employed in the lower quartile pay bands, with fewer employed at the more senior levels.

PCC's gender pay gap is lower than the national average and this is down to a number of factors that already exist within the council.

- 6.2 The Gender Pay Gap for the "mean" and "median" categories fall below that of the national average.

The Gender Pay Gap in relation to the "bonus" payments appears to be high however, as there is currently no directly comparative data for this element it is difficult to determine if this figure is above that of other similar organisations. As such once this data is published it will be interesting to see how PCC compares to the national average and other authorities. In the meantime, this needs to be considered further and to be monitored.

## 7. Equality Impact Assessment

- 7.1 There are no implications arising from the report itself, which is merely providing information to members. The actions within the action plan will be subject to EIA if they result in changes to policy or procedure.

## 8. Finance Comments

- 8.1 There are no financial implications arising directly from the recommendations contained within this report.

## 9. Legal Implications

- 9.1 The report is compliant with the statutory obligations to review the gender pay gap. Additionally the report seeks to establish the reasoning and causation for the pay gap existence adding comment as to mitigation and future review. The current findings do not lead to the establishment of claims that could be levelled against the Authority based upon a claim for equal pay.

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Signed by:

**Appendices:**

Appendix 1: Gender Pay Gap Report 2017

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location