



GENDER PAY GAP REPORT

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Background

The Gender Pay Gap Information Regulations require all employers with 250 or more employees to report their Gender Pay Gap annually, publishing on a national Government website as well as the organisations website. The Gender Pay Gap Information Regulations apply to employers in the Public and Private sector.

In addition to these new regulations, employers in the public sector are subject to a specific public sector equality duty in respect of their functions - The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

The regulations apply to all employers with 250 or more employees on the "snapshot" date. The "snapshot" date for the public sector is 31st March each year. Therefore, the authority is required to publish its gender pay gap for each year on the Portsmouth City Council (PCC) website and on a Government website, no later than 31st March of the following year. So for the snapshot date of March 2017, the findings must be published no later than 30th March 2018.

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.

In 2016 the national gender pay gap for full-time employees was 9.4%, meaning that 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.

The Government considers that this rate of progress is too slow, and has committed to closing the gender pay gap within a generation.

PCC is committed to the principle of equal pay for all employees by ensuring that it meets the requirements of the Equality Act. To achieve this PCC uses a job evaluation system scheme (JESS) to assess the value of all jobs across the organisation, which provides evidence in support of the banding of each job within our grading structure. Salaries are paid according to band and incremental annual progression within the band occurs irrespective of employee's gender.

Sources: CIPD Gender Pay Gap Reporting Guide March 2017
ONS

Methodology

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

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.

The Regulations detail how to carry out the calculations and these are based on how the ONS undertakes their calculations to allow for comparisons to be made nationally against the data.

All public sector organisations are required to publish their first reports no later than 30th March 2018.

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

Scope

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.

For the purposes of gender pay gap reporting, the definition of an employee is that which is 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 have to personally carry out the work they do for you.

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.

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

Definitions

Gender Pay Gap

The gender pay gap is a measure of labour market or workplace disadvantage, expressed in terms of a comparison between males and females average hourly rates of pay. The gap can be measured in various ways and it is important to understand how the gap is being measured. The hourly rates of pay, excluding overtime are used to take account of the fact that many more males than females work full-time. Overtime is excluded because it is recognised that male employees work more overtime than female employees due to female's caring responsibility and part-time nature of work.

Equal Pay

Equal pay means that there should be no difference in the contractual terms of a female and a male doing equal work, who both work for the same employer. For further details please refer to the Equality Act 2010.

The difference between Gender Pay Gap and Equal Pay

The most important difference between equal pay and the gender pay gap is that, equal pay requires one to scrutinise information at the level of the individual employee (to satisfy that there is equal pay for equal work). Gender pay gap reporting asks you to examine aggregate data.

Mean Gender Pay Gap

The difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees.

To calculate the mean

The mean is an average of all the numbers in a dataset, that is you have to add up all the numbers and then divide the result by how many numbers you are dealing with. To find the mean hourly rate for PCC's full-pay relevant male employees, all the hourly rates will be added together and then divided by the total number of full-pay relevant male employees. This will give the "mean" hourly rate.

Median Gender Pay Gap

The difference between the median hourly rate of pay of male full-pay relevant employees and that for female full-pay relevant employees.

To calculate the median

The median is the numerical value which splits the top 50% and the bottom 50%. To find the median, all the hourly rates for all employees will be listed in numerical order; if there are an odd number of values, the median is the number in the middle. If there is an even number, the median is the mean of the two central numbers.

Bonus

Bonus pay means any remuneration that is in the form of money, vouchers, securities, securities options or interests in securities and relates to profit sharing, productivity, performance, incentive or commission. Non-consolidated bonuses are included. Long service awards with a monetary value are also included.

For PCC, this captures Long Service Awards and one-off honoraria payments. Regular honoraria payments are excluded from "bonus" calculations and included in "ordinary pay".

Mean Bonus Gap

The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees.

Median Bonus Gap

The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees.

Bonus Proportions

The proportions of male and female relevant employees who were paid bonus pay during the relevant period.

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.

Quartiles

A quartile is one of the three points that divide the population of data into 4 equal parts. In the context of gender pay gap reporting, the four quartile pay bands are created by dividing the total number of full-pay relevant employee into four equal parts. For clarification, that is not PCC Pay bands.

Measures

A positive measure, for example 18%, indicates the extent to which females earn, on average, **less** per hour than their male counterparts.

A negative measure, for example -18%, indicates the extent to which females earn, on average, **more** per hour than their male counterparts. This may happen, for example, if PCC employ a high proportion of males in low-paid part-time work, and/or the senior and higher paid employees are female.

The Workforce Profile

The Gender Pay Gap data supplied is correct for all staff, including school staff, in post with Portsmouth City Council on 31st 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).

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%.

The average mean hourly rate of pay for a male was £16.84. For a female the average mean hourly rate of pay was £14.93, which results in the 11% difference in the mean figure reported above.

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%.

The average median hourly rate for a male was £14.19. For a female the average median hourly rate was £12.00. This result is a 15% difference in the median figure reported above.

Mean and Median Pay Gap summary

PCC's median and mean gender pay gap compares with the national figure from the ONS where the average gap for all employees, part-time and full-time is 18.1% based on data from 2016.

In addition to a job evaluation scheme, PCC has a clear policy of paying employees equally for the same or equivalent work, regardless of their gender. As such, the council:

- carries out equal pay audits at regular intervals;
- provides regular job evaluation training for employees involved in undertaking job evaluation; and
- evaluates job roles and pay bands as necessary to ensure a fair structure

The council is therefore confident that its gender pay gap does not stem from paying male and female employees differently for the same or equivalent work. Rather its gender pay gap is the result of the roles in which male and females work within the council and the salaries that these roles attract.

Across the UK economy as a whole, males are more likely than females to be in senior roles (especially very senior roles at the top of organisations), while females are more likely than men to be in front-line roles at the lower end of the organisation. In addition,

men are more likely to be in technical and IT-related roles, which attract higher rates of pay than other roles at similar levels of seniority.

Female are also more likely than males to have had 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.

The gender pay gap exists within PCC as the majority (75%) of the workforce is female and 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:

- The introduction of a PCC Living Wage Rate of £7.85 per hour, in November 2014, is paid to all employees at the lower level of the pay structure, taking employees out of working poverty.
- PCC promotes and supports a number of flexible working policies for all employees within the organisation, irrespective of gender. These include job share, part time working and, term time working. In some areas there is also a flexibility to work from different locations.
- Robust equal opportunities and diversity policies ensure that all employees are treated fairly and equally and a clear escalation process if an individual feels they are being treated unfairly.
- The JESS Job evaluation scheme ensures that all jobs are evaluated to ensure equal pay for equal work across the entire authority. For example, a female support worker or female manager will be paid the same pay band as her male counterpart.

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%.

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%.

Bonus Proportions

The proportions of male and female relevant employees who were paid bonus pay during the relevant period in the 12 months up to 31st March was 64 males (4%) out of a total of 1,722 males and 162 females (3%) out of a total of 5,052 females. This shows that whilst there is a similar proportion of overall male and females who received a bonus payment, the amounts received by male employees is higher than that received by female employees.

Bonus pay gap summary

The mean gender bonus gap and the median gender bonus gap for the council are relatively large at 48% and 63%. However, when looked at in terms of cash amounts rather than percentage terms, the figures involved are comparatively small, the highest amount being £4,924 (paid to a female) to the smallest amount of £42 (also paid to a female). In comparison that highest amount paid to male employees was £3,766 and the smallest amount paid to male employees was £57.

Some honoraria payments made within PCC are used to reward outstanding contributions and the definition of "bonus" for this report captures these types of payments. As such this can skew the data and creates inconsistencies in reporting. Further work is needed to ensure that recording of this data is accurate in the future.

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 the table below.

	Number of males	Number of females	Total	Male %	Female %	Total %
Upper Quartile	480	987	1467	33%	67%	100
Upper Middle Quartile	400	1069	1469	27%	72%	100
Lower Middle Quartile	289	1179	1468	20%	80%	100
Lower Quartile	327	1142	1469	22%	78%	100

The totals differ slightly to accommodate the same hourly rate distribution across the divides.

Quartile Pay Band Summary

In order for there to be no gender pay gap, there would need to be an equal ratio of male to female in each quartile. However, within the Council, 78% of the employees in the lower quartile are female and 22% are male. The percentage of male employees increases throughout almost all the remaining quartiles, from 20% in the lower middle quartile to 33% in the upper quartile. In direct comparison the percentage of female employees decreases throughout almost all of the remaining quartiles from 80% in the lower middle quartile to 67% in the upper quartile.

Conclusions

While the Council's gender pay gap compares favourably with that across the whole UK economy, it is committed to doing everything that it can to reduce the gap. However, the Council also recognises that its scope to act is limited in some areas - it has, for example, no direct control over the subjects that individuals choose to study or the career choices that they make. Individuals make choices about their work/life balance and one of the trends identified by Gender Pay Gap analysis is that female's pay reduces at a certain age due to caring responsibilities for dependants. This is the norm for our culture. However,

Portsmouth City Council ensures that individuals are able to make these choices without suffering discrimination with its various flexible working policies and culture.

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

There is currently no benchmarking data in relation to bonus payments from ONS that will correlate directly with the calculation method defined by the Gender Pay Gap Information Regulations. Therefore, we do not know how the percentage for bonus payments will compare with the national average or sector trends. 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 to ensure that accurate recording can identify payments that fall into the definition of "bonus" so that future reporting is accurate.

Action Plan/Recommendations

1. To ensure that managers are aware of, and equipped to deal with, the risk of unconscious bias during recruitment decisions.
2. Review the recruitment process and consider if it is appropriate to revise the process to anonymise the candidate's gender, age or ethnicity for the shortlisting process. This would enable a completely unbiased approach to considering candidates.
3. Increase awareness around apprenticeship schemes to encourage more employees to improve their skills and experience giving them the opportunity to progress their career.
4. Promote the benefits of flexible working practices to employees and Managers (research conducted by Hays 'What workers want', showed that many employees (65%) who were looking for new opportunities stated that flexible working was the single most important factor for them). In addition the Council will monitor the take-up of flexible working arrangements by gender and level within the organisation.
5. Promote existing career management tools and monitor progress.
6. Promote the benefits of working for PPC, such as Apprenticeship opportunities, flexible working arrangements, diversity commitments, etc.
7. Develop a greater evidence base and widen the data collection to determine trends for the proportion of men and women who return to work after maternity, paternity, adoption or shared parental leave to resume substantive posts and those that continue in post a year after returning.
8. Based on the data collected in 7 above, encourage managers to consider job redesign if there are aspects of a job that prevents or stops employees applying for them on a part-time or flexible basis.
9. Monitor exit interview data and identify any trends to understand if one gender is leaving for common reasons compared to the other.
10. Develop a process to monitor starting pay both on recruitment and promotion for men and women to assess whether there are differences on starting pay as this can be one of the most common causes of the gender pay gap. This will be particularly beneficial in areas where there are skills shortages.

11. Continue to monitor the allocation of additional payments that are made at managers' discretion to ensure that this is not contributing to the gender pay gap or unequal pay and address any anomalies as appropriate.
12. Monitor current pay systems and address any systematic issues so as to not cause any distortion of the data.

Timescales of achieving the action plan

The action plan will be implemented over the next 12 months and reviewed on an ongoing basis, and annually in comparison with the published results of the Gender Pay Gap report, each March.



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