

Title of meeting: Employment Committee

Date of meeting: 4th December 2018

Subject: Gender Pay Gap Report 2018

Report by: Jon Bell, Director of HR, Legal and Performance

Wards affected: None

Key decision: /No

Full Council decision: /No

1. Purpose of report

To present the outcomes of the Gender Pay Gap 2018, 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 2018 (see section 3.5).
- 2.2 Note the progress made on the 2017 action plan.
- 2.3 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 applied to all employers with 250 or more employees on the snapshot date of 31st March (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 30th 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 In 2017 the national gender pay gap for full-time employees was 9.1%, meaning that average pay for full-time female employees was 9.1% lower than for full-time male employees. The gap has decreased from 9.4% in 2016. The national gender pay gap for all employees, full and part-time is 18.4% which is a slight increase from 2016 when it was 18.1%; however this figure remains 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 31st March 2018 who earned their full-pay (relevant employees). At that time, there were 5294 relevant full pay employees, which is made up by 3853 females (73%) and 1441 (27%) males.

Out of the 5294 relevant employees, 81 are covered by TUPE regulations (37 are male and 44 are female).

3.3 Implementation

3.3.1 Methodology

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

- 3.3.3 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.

- 3.3.4 The Regulations detail how to carry out the calculations.

- 3.3.5 All public sector organisations are required to publish their reports no later than 30th March of the following year.

3.3.6 The report will be based on hourly pay rates as at 31 March 2018 and bonuses* paid between 1 April 2017 and 31 March 2018.

(*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.)

3.4 Scope

3.4.1 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.

3.4.2 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.

3.4.3 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.

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

3.5 Key Findings

3.5.1 **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 9.55%. In March 2017 this gap was 11.34%.

3.5.2 **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 12.81%. In March 2017 this gap was 15%.

3.5.3 **Mean bonus pay gap** - The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees is 2%. In March 2017 this was 48%.

3.5.4 **Median bonus pay gap** - The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees is 0%. In March 2017 this was 63%.

3.5.5 **Bonus proportions** - The proportions of male and female relevant employees who were paid bonus pay during the relevant period is 58 males

(3.99%) out of a total of 1454 males and 120 females (3.18%) out of a total of 3777 females.

- 3.5.6 **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.

3.6 Conclusions

- 3.6.1 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 for all employees, full time and part time, and this is down to a number of factors that already exist within the council.

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

The mean gender bonus gap and the median gender bonus gap for the council have significantly reduced to 2% and 0% respectively. There does not appear to be any 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. However looking at the data published by the Council's neighbouring local authorities, those who reported paying bonuses in 2017 consisted of three County Councils, one District Council and one Borough Council.

In comparison to these local authorities, Portsmouth's bonus pay gaps are slightly higher than one County Council and one District Council but are lower than one other County Council. Our neighbouring City Councils did not previously report paying any bonuses.

4. Reasons for recommendations

- 4.1 To comply with the legislation reporting requirements.

5. Equality impact assessment

- 5.1 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.

6. Legal implications

- 6.1 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 of themselves lead to the establishment of claims that could be levelled against the Authority based upon a claim for equal pay, indeed there is clear evidence of engagement and consideration that would mitigate against such risk. The Authority is complying with its duty with respect to Public Sector Equality.

7. Director of Finance's comments

- 7.1 The activities proposed in the Action Plan in appendix 1 will be funded from the existing service revenue budget. Any consequent proposals which have financial implications will be brought back to members.

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Signed by:

Appendices:

Appendix 1 Gender Pay Gap Report 2018

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

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

