

**Title of meeting:** Employment Committee

**Date of meeting:** 2<sup>nd</sup> March 2021

**Subject:** Gender Pay Gap Report 2020/21

**Report by:** Rochelle Kneller, Assistant Director of HR

**Wards affected:**

**Key decision:** No

**Full Council decision:** No

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**1. Purpose of report**

To present the outcomes of the Gender Pay Gap 2020/21, 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.

At Employment Committee on 4<sup>th</sup> December 2018, Members requested that additional data on the age breakdown be included in the Gender Pay Gap Report. The Gender Pay Gap report now includes a breakdown of the workforce profile by age, gender and whether full time or part time. Appendix 1 includes this additional information, as well as the statutory data that the Council is required to publish in accordance with the Gender Pay Gap Information Regulations.

**2. Recommendations**

It is recommended that the Employment Committee:

- 2.1 Note the key findings of the Gender Pay Gap Report 2020/21 (Appendix 1).
- 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 applied to all employers with 250 or more employees on the snapshot date of 31<sup>st</sup> 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 the central Government website, no later than 30<sup>th</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 £41bn each year.
- 3.1.4 According to the ONS Gender Pay Gap in the UK: 2020, the national gender pay gap for full-time employees was 7.4%, meaning that average pay for full-time female employees was 7.4% lower than for full-time male employees. This is a slight decrease since 2019, where the gap was 9%. The national gender pay gap for all employees, full and part-time is 15.5% which is a slight decrease from 2019 when it was 17.4%. It is important to note that the Coronavirus pandemic and the furlough scheme may have an artificial impact on the national gender pay gap figures for 2020/21.
- 3.1.5 Nationally the gender pay gap is higher for all employees than for each of full-time employees and part-time employees. This is because women fill more part-time jobs, which have lower hourly median pay than full-time jobs, and are more likely to be in lower paid occupations. A contributory factor may be that occupations with the highest rates of pay tend to offer fewer part-time jobs than those with lower pay. A lack of flexible working arrangements on offer at senior levels can be a factor affecting women's progression opportunities.
- 3.1.6 Whilst the data on the age breakdown is not a statutory requirement under the legislation, this data has been included at the request of Members. The ONS has published some national data on the age breakdown and the same categorisation and calculations used by the ONS have been replicated for the breakdown of the data for Portsmouth City Council. The findings are contained in section 3.2.

## **3.2 The Regional Context**

- 3.2.1 The table below provides a comparison of the reporting figures from other Local Authorities for the year 2019-20. There is no comparative data from these local authorities as yet for the year 2020/21.

Employer	Employer Size	% Difference in hourly rate (Mean)	% Difference in hourly rate (Median)	% Women in lower pay quartile	% Women in lower middle pay quartile	% Women in upper middle pay quartile	% Women in top pay quartile	% Who received bonus pay (Women)	% Who received bonus pay (Men)	% Difference in bonus pay (Mean)	% Difference in bonus pay (Median)
Arun District Council	250 to 499	18.1	9.9	72	65	70	47	0	0	0	0
Borough of Poole	1000 to 4999	4.4	0	66	71.2	69.6	65.1	0	0	0	0
Bournemouth Borough Council	1000 to 4999	2.0	7.3	57.5	64.9	70.9	66.4	0	0	0	0
Chichester District Council	500 to 999	1.9	6.4	38	51	60	46	0.4	0.4	49	50
East Sussex Council	5000 to 19,999	8	8.4	74	80	74	69	0.7	3.2	36.7	7.2
Fareham Borough Council	250 to 499	0.3	0.5	32.7	61.3	49.1	46.2	0	0	0	0
Hampshire County Council	5000 to 19,999	17.1	19.3	86.3	77.1	75.6	66.3	11.6	13.3	9.3	0
Isle Of Wight Council	1000 to 4999	8.3	13.7	63	77	58	54	0.1	0	0	0
New Forest District Council	1000 to 4999	7.2	0	51.7	61.3	72	50.1	0	0	0	0
Oxfordshire County Council	5000 to 19,999	3.3	1.3	74	61.4	62.3	67.1	0	0	0	0
Plymouth City Council	1000 to 4999	2.2	6.6	61.1	60.1	66.9	61.4	0	0	0	0
<b>Portsmouth City Council</b>	<b>1000 to 4999</b>	<b>9.6</b>	<b>11</b>	<b>72</b>	<b>76</b>	<b>71</b>	<b>63</b>	<b>3.3</b>	<b>3.2</b>	<b>1.9</b>	<b>0.8</b>
Reading Borough Council	1000 to 4999	5	5.1	68	64	60	58	1.3	1.5	6.6	0
Southampton City Council	1000 to 4999	3.6	3.9	60.4	64.1	56.3	60.5	0	0	0	0

### 3.3 The Local Context

3.3.1 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 2020 who earned their full-pay (relevant employees). At that time, there were 5,128 relevant full pay employees, which is made up by 3,671 females (72%) and 1,457 (28%) males. Out of the 5,128 relevant employees, 20 are covered by TUPE regulations (6 are male and 14 are female). This is an overall increase of 285 employees since 2019. This increase can be explained as fewer employees were excluded for earning less than their normal salary. For instance where employees receive reduced pay (such as long term sick leave, maternity, paternity, shared parental leave or adoption leave, for example) at the snapshot date, they would not fall under the reporting definition of relevant full pay employees. During 2020 the Council noticed a reduction in its overall sickness absence levels, which will have contributed in more staff falling within this definition and hence included in the data.

3.3.2 The profile of the workforce has been broken down into the proportion of full time and part time employees, whereby 1,086 (75%) of males are full time<sup>1</sup> and 371 (25%) are part time compared to 1231 (34%) of females are full time and 2440 (66%) are part time.

3.3.3 The profile of the workforce has been further categorised by age range. The age ranges used are based on those as determined by the ONS data. The table below outlines the workforce profile for **full-time** employees. There has been an overall decrease in numbers of females and males across all age ranges with the exception of the 60 and over age bracket where there has been a slight increase.

<sup>1</sup> Full time is as determined by ONS as those working 30 hours or more.



<b>Age Range</b>	<b>Full-time women headcount</b>	<b>Full-time women %</b>	<b>Full-time men headcount</b>	<b>Full-time men %</b>	<b>Total headcount</b>
16 to 21	22	61	14	39	36
22 to 29	177	61	111	39	288
30 to 39	232	53	204	47	436
40 to 49	293	52	274	48	567
50 to 59	393	55	327	45	720
60 and over	114	42	156	58	270
<b>Total</b>	<b>1231</b>		<b>1086</b>		<b>2317</b>

3.3.4 Looking at all the data for both part time and full time, our data correlates with the national data, where between the ages of 30 to 59 there are 805 men (55%) employed full time. Women however, are less likely to work full time with only 918 (25%) of 30 to 59 year olds employed full time. In comparison across the same age ranges (30 to 59 years old) 1818 (50%) of women are employed part time and 200 (14%) of men work part time.

3.3.5 Based on the Council's breakdown, our data for full time females correlates with the national data, however as the majority of our workforce is predominantly female this skews the data to show that they are the higher proportion of workers across each age category compared to males.

3.3.6 The table below outlines the workforce profile for part-time employees.

<b>Age Range</b>	<b>Part-time women headcount</b>	<b>Part-time women %</b>	<b>Part-time men headcount</b>	<b>Part-time men %</b>	<b>Total headcount</b>
16 to 21	22	67	11	33	33
22 to 29	202	80	50	20	252
30 to 39	511	87	76	13	587
40 to 49	626	93	49	7	675
50 to 59	681	90	75	10	756
60 and over	398	78	110	22	508
<b>Total</b>	<b>2440</b>		<b>371</b>		<b>2811</b>

3.3.7 In addition to the above age profile of the workforce, and using the same methodology as applied by the ONS, the gender pay gap has been broken down by age and full-time/part-time hours. In accordance with the ONS data, full-time hours has been classed as 30 hours or more. The Gender pay gap by age full-time/part-time is based on the median salary within each data category (as per the ONS data) and uses a separate calculation for part-time

and full-time per age range. The data looks at the gender pay gap for people of a similar age and working pattern, unlike the statutory data which looks at the gender pay gap based on the median difference between men and women. Therefore the gender pay gap within each age bracket does not relate to the overall median figure because that is based on **all** relevant employees across the Council, whereas the age gender gap is based on each individual age groupings and working patterns within those age brackets.

Age Bands	Full Time %	Part Time %
16 to 21	27.65	-15.57
22 to 29	-2.69	1.55
30 to 39	-3.37	23.91
40 to 49	6.01	29.29
50 to 59	6.87	27.50
60 and over	3.44	16.32

The table above shows that within each age bracket where there is a negative figure, for example -18%, this indicates the extent to which females earn, on average, **more** per hour than their male counterparts. A positive measure, for example 18%, indicates the extent to which females earn, on average, **less** per hour than their male counterparts.

- 3.3.8 Therefore it can be determined that female employees earn more between the ages of 22 up to age 39 for full-time employees and between the ages of 16 to 21 for part-time employees. As male employees get older, over 40 years old, they tend to earn more than female employees within the same age bracket when working full time.
- 3.3.9 According to ONS data, for age groups under 40 years, the gender pay gap for full time employees is now close to zero, but was over 10% for older age groups and this picture is broadly reflected in the data for Portsmouth City Council. Whilst our figures show that **full-time** females are earning less, on average, than their male counterparts (with the exception of 22 to 39 year olds), this could be attributed to the fact that a significantly higher number of females are employed within these age brackets, compared to the number of males. The ONS highlight that, nationally, this is because the proportion of employees who held full-time jobs rather than part-time jobs increased more for females than males, but that new entrants or returners to full-time jobs are likely to start from a lower pay level and may reduce the average pay for full-time women employees.
- 3.3.10 By contrast the pay gap has reduced for **part-time** workers in the 16 to 21 age bracket compared to last year's gap of 0% meaning women are now paid more on average at this age than their male counterparts. This could be a consequence of the increase in the Living Wage rate and a reduction in the

number of male employees in this age group. In addition the gap has also reduced in the 22-29 age bracket where the gap was 10.18%.

3.3.11 Within PCC the gap for full-time females across the over 40 age brackets reflects the national picture where the gap falls below the national average of 10%.

3.3.12 It is worth noting that across all age groups, apart from 16 to 21 year olds, there has been an increase in the total headcount of part time employees by 534 compared to the headcount in 2019. In contrast there has been a reduction in headcount of 249 across all age groups apart from the 60 and over category for full time employees. The increase in the pay gap across all ages, specifically those part time aged 30 and over, could be explained by the recruitment of new employees, particularly if more of these are female as they are likely to start at the bottom of the pay band. If an existing employee changes their working pattern from full time to part time, their hourly rate will remain the same and if they have been employed for a number of years they are likely to be at the top of their pay band through the incremental rises within the pay band compared to a new starter. In 2020 there was an increase in the number of part time males across the following age groups - 20 to 39 and 50 and over and this is reflected in the increase of the pay gap within these ages. The new vacancy filler report went live in November 2020 and will be used in future gender pay gap reporting.

### **3.4 Implementation**

#### **3.4.1 Methodology**

3.4.2 The Regulations clearly define the methodology for the Gender Pay Gap calculations and reporting guidelines based on the statutory data.

3.4.3 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.

3.4.4 The Regulations detail how to carry out the calculations.

3.4.5 All public sector organisations are required to publish their reports no later than 30<sup>th</sup> March of the following year.

3.4.6 The report will be based on hourly pay rates as at 31 March 2020 and bonuses\* paid between 1 April 2019 and 31 March 2020.

(\*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.)

### 3.5 Scope

- 3.5.1 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.
- 3.5.2 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.
- 3.5.3 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.
- 3.5.4 Apprentices, seasonal, temporary and casual employees are included if they fall within the reference period created by the snapshot date.

### 3.6 Key Findings

- 3.6.1 **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 **10.99%**. In March 2019 this gap was 9.57%.
- 3.6.2 **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 **9.32%**. In March 2019 this gap was 10.95%.
- 3.6.3 **Mean bonus pay gap** - The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees is **14.68%**. In March 2019 this was -1.92%. This gap has increased as the overall average bonus payment made to males is higher than that of females. Males are paid on average £1,336 and females are paid on average £1,140.
- 3.6.4 **Median bonus pay gap** - The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees is **0.53%**. In March 2019 this was -30.75%. The bonus gap between males and females has reduced significantly and can be attributed to the fact that more females received a payment and that the value of more of these payments has equalised, although there are still some differences at the higher and lower ends of the payment values. There were a total of 104

females who received a 'bonus' payment compared to 48 males. The 12 highest bonus payment values to females was between £2,240 and £22,397, whilst the 12 lowest bonus payment values was between £232 and £37. In comparison the highest 12 bonus payment values to males was between £1,919 to £12,809, whilst the lowest 12 bonus payment values was between £276 and £64.

- 3.6.5 **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 31<sup>st</sup> March was 48 males (3.29%) out of a total of 1,457 males and 104 females (2.83%) out of a total of 3,671 females. This is slightly up for the males from 2019 when 3.19% were paid a bonus and slightly reduced for females when 3.32% were paid a bonus.
- 3.6.6 **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.

### 3.7 Conclusions

- 3.7.1 The gender pay gap exists within PCC as the majority (72%) 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.
- 3.7.2 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.
- 3.7.3 The Gender Pay Gap for the "mean" and "median" categories fall below that of the national average for all employees.
- 3.7.4 The mean gender bonus gap and the median gender bonus gap for the council have changed to 14.68% and 0.53% respectively, showing that male employees are paid more than their female counterparts. 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 compares with the national average or sector trends.
- 3.7.5 In terms of the impact of the Gender Pay Gap based on age, the action plan highlights in the points in 7 and 8 actions that may assist in reducing the pay gap within certain age brackets.
- 3.7.6 The Public Sector Equality Duty (PSED) forms part of the Equality Act 2010, it is made up of a general equality duty and specific duties. The general equality duty covers the following protected characteristics: age (including children and young people), disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The specific duties require the authority to publish information to demonstrate its compliance with the

general equality duty, this information must include information relating to people who share a protected characteristic who are:

- Its employees, and
- People affected by its policies and practices.

Therefore the Council will review the data held in relation to ethnicity with a view to including pay gaps relating to ethnicity as part of future Gender Pay Gap Reporting. This has been included in the Action Plan contained within Appendix 1.

**4. Reasons for recommendations**

4.1 To comply with the legislation reporting requirements.

**5. Integrated impact assessment**

5.1 An IIA has been completed and is attached at Appendix 2.

**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:**

**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 .....

.....  
Signed by: