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| <b>Committee(s)</b>  | <b>Dated:</b>          |
| Establishment Committee  | 30 April 2019          |
| <b>Subject:</b><br>Equality and Inclusion Update – Including Pay Gap   | <b>Public</b>          |
| <b>Report of:</b><br>Director of Human Resources   | <b>For Information</b> |
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### Summary

This report sets out the City of London Corporation’s second year of reporting the pay gap differential with regards to gender, ethnicity and disability. The report also sets out the current work of the Diversity and Business Engagement (D&BE) Lead Officer and a general update on equality and inclusion initiatives since the last report to this Committee.

### Recommendation

Members are asked to:

- Note the gender, ethnicity and disability pay gaps for 2018, and that a more detailed analysis is planned to identify any further actions to redress any imbalances.
- Note the general equality and inclusion update from the D&BE Lead Officer with particular attention to signing up for the Stonewall Diversity Champions programme and Diversity Networks.
- Note the planned Equality and Inclusion Conferences for September 2019.

### Main Report

#### Background

1. Mandatory gender pay gap reporting was first introduced in March 2017. The City Corporation has elected to also produce ethnicity and disability pay gap figures to sit alongside the gender pay gap.
2. The D&BE Lead Officer provides an update of what has been achieved to date and plans for the future in the area of equality and inclusion; and the work of our Diversity Networks.
3. The first planned Equality and Inclusion Conference is to be focused on the topic of Intersectionality. Intersectionality was put forward as a topic at the recent Away Day of the Staff Diversity Networks, and will consider how discrimination can overlap when a person has multiple protected characteristics.
4. The second conference will focus on building strategies and skills for Staff Diversity Network Leads/Sponsors and provide a learning forum for best practice for D&I and HR professionals.

## Gender, Ethnicity and Disability Pay Gaps 2018

5. The gender, ethnicity and disability pay gaps as at March 2018 are attached as Appendices 1, 2 and 3. It is important not to confuse the pay gap differential with equal pay. The pay gap shows the difference in the average (mean or median) pay of one group compared to another; irrespective of job role or seniority e.g. female and male employees. Whereas equal pay concerns pay differences between two groups e.g. between male and female employees performing the same or similar work, or work of equal value.
6. This report sets out the information on the respective pay gaps in the following format:
  - average pay gap as a mean average
  - average pay gap as a median average
  - average bonus pay gap as a mean average
  - average bonus pay gap as a median average
  - proportion in receipt of a bonus payment
  - proportion of the overall group divided into four groups, from lowest to highest pay.
7. The pay gap calculation is based on total pay, so for example includes responsibility allowances in schools, unsocial hours payments and market forces supplements. The Committee is reminded that the grades which determine basic pay are defined by the job evaluation scheme. The bonus pay gap includes performance related payments i.e. eligible employees may earn: Grades A – C, a recognition award; and Grades D – J, a contribution based payment.
8. We have now had clarification from London Councils about how the calculations should be made in relation to ethnicity and disability pay gaps (which are non-statutory) and have updated the 2017 figures as reported to the last Committee meeting accordingly. We have now prepared both the 2017 and 2018 figures (outlined below), under the methodology suggested by London Councils.

### Summary Table: Gender, Ethnicity and Disability Pay Gaps 2018

Note: Bracketed figures represent the 2017 pay gap.

| Protected characteristic   | Mean hourly rate            | Mean Bonus Rate              |
|--|-----------------------------|------------------------------|
| <b>Gender Pay Gap (based on 100% of the workforce)</b><br>The difference between women's pay and men's pay as a percentage of men's pay  | 6.4% lower<br>(8.1% lower)  | 13.2% lower<br>(14% lower)   |
| <b>Ethnicity Pay Gap (based on 81.7% of the workforce)</b><br>BAME employees' pay and white employees pay as a percentage of white employees' pay  | 20% lower<br>(26.6% lower)  | 6.2% lower<br>(33.2% lower)  |
| <b>Disability Pay Gap (based on 78.6% of the workforce)</b><br>Pay of employees who have declared a disability and the pay of employees who have declared they do not have a disability as a % of the pay of employees who have declared they do not have a disability | 8.7% lower<br>(11.6% lower) | 26.8% lower<br>(21.9% lower) |

9. It is important to note, that staff are not obliged to disclose their ethnicity or disability and some staff are unwilling to disclose or do not use employee self-service to input their data on to City People. Regular reminders are sent to staff to add and/or update their personal and sensitive data on City People, but there will always be a small core of staff who chose not to do so. Casual employees are unlikely to use self- service in the same way as other staff, and as part of the draft Equality and Inclusion Action Plan 2019/20 we have included an action to address those areas who have large casual workforces and other particular areas where reporting is low to improve the level of reporting of personal data. This in turn will provide greater accuracy to our pay gap reporting. Chief Officers have already been encouraged to add their own data to self-service.
10. As noted last year, the majority of bonus payments relate to contribution pay. This year Chief Officers have been written to in advance of the end of year appraisal cycle reminding them of our bonus pay gaps and asking them to bear these in mind when moderating the proposed awards and in the distribution of awards across the grades. They have been asked to complete an equality test of relevance to guide this process and identify any unintended disparity.

## **Gender Pay Gap**

11. This is the second year of mandatory reporting the Corporation's Gender Pay Gap (Appendix 1)<sup>1</sup>. Whilst it is positive news that the average pay for women across the organisation has increased (i.e. the gender pay gap has reduced by 1.7%), we continue through our Equality and Inclusion Action Plan to work to reduce our gender pay gap.
12. Women who received a bonus did so at the same rate as men at 12%. However, the bonus payments women received were on average 13.2% lower than their male counterparts, an improvement of 0.8% on the previous year.

## **Ethnicity Pay Gap**

13. The government ran a consultation exercise on mandatory ethnicity pay reporting from 11 October 2018 to 11 January 2019 and are presently analysing the feedback received. New legislation could be introduced from April 2019, with the first annual reporting date occurring in April 2020. The Corporation's Ethnicity Pay Gap is at Appendix 2.
14. The ethnicity pay gap mean hourly rate is 20% lower, the difference between BAME pay and white employees pay as a percentage of white employees' pay. Whilst the bonus pay gap is 6.2% lower. As our annual workforce profile reports have identified, the number and proportion of ethnic minority staff at more senior levels is disproportionately lower than it is for white staff. The draft Equality and Inclusion Action Plan includes measures that we intend to introduce, to address and reduce the pay gap identified.

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<sup>1</sup> Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (SI 2017/172). Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (SI 2017/353) (the Public-Sector Regulations). Mandatory reporting by employers who employ a headcount of 250 or more employees on the "snapshot date" in the year to which the required information relates: 31 March for government departments, the armed forces, local authorities, NHS bodies as cited in Schedule 2 of the Public Sector Regulations and 5 April for all other private, voluntary and public sector employers.

## Disability Pay Gap

15. At present there is no mandatory requirement to produce a Disability Pay Gap. However, in January 2019 the parliamentary committee for Business, Energy and Industrial Strategy made the recommendation that this should be made a requirement in time for publication in 2020. This corresponds with the government's plans to get one million more disabled people into work over by 2027<sup>2</sup>.
16. The City Corporation's Disability Pay Gap is at Appendix 3. The disability pay gap mean hourly rate is 8.7% lower, the difference between those employees who have declared a disability as a percentage of the pay of those who have declared they do not have a disability. Whilst the bonus gap is 26.8% lower. Noting that as with the ethnicity pay gap, the draft Equality Inclusion Action Plan includes measure that we intend to introduce to address and reduce the pay gap identified.

## E&I Action Plan updates

### Diversity Champions

17. On the 26 March 2019 the City Corporation officially signed up for the Stonewall Diversity Champions programme. This is the UK's leading employers' programme for ensuring all LGBT staff, customers, clients and service-users are accepted without exception.
18. The City Corporation will now receive tailored support and a framework to help create a workplace where LGBT staff can thrive. Working closely with Stonewall, will be enable learning best practice from leading employers and progress towards being an inclusive workplace.
19. In addition to this there is also access to a library of research and best practice guides, monthly newsletter updating on Stonewall event and campaigns, guidance and support through the submission process of the Equality Index.
20. The D&BE Lead Officer is currently meeting with Web, Social media, Comms and Recruitment teams to ensure the UK Diversity Champions logo is used for internal and external branding including job posts, emails and newsletters and is communicated publicly.
21. In line with the Attracting Talent project this will also give the City Corporation access to Stonewall's Proud Employers website, a jobs board for LGBT candidates. This has 13,000 views per month and will help to attract diverse talent for all levels of the organisation. Five adverts are available for free in the first year of membership.
22. Four tickets have been secured for the Stonewall London Workplace conference 2019, where there will be a combination of workshop, discussion and challenge style sessions to give delegates a variety of learning opportunities - to look at topics as well as, share ideas with others. The key themes on the day will be Trans inclusion, understanding and celebrating identities, supporting staff, embedding LGBT inclusion into marketing and inclusive leadership.

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<sup>2</sup> 'Improving lives: the future of work, health and disability', Department for Work and Pensions strategy, 2017.

## Move towards becoming Disability Leaders

23. The City Corporation has successfully achieved Disability Confident Employer status by virtue of self-assessment. Therefore, the next step is to become a Disability Confident Leader subject to initiating independent validation of this assessment. This process for validation will involve validators looking at each of the criteria and the evidence previously provided in the Disability Confident Employer self-assessment so that they are assured that the core actions have been delivered against.
24. When the application to become a Disability, Confident Leader is submitted a short narrative on what will be conducted to show commitment as a Leader. Therefore, alongside getting processes in place for Diversity champions, the D&BE Lead Officer is meeting with those previously involved in the Disability Confident Employers process to formulate the relevant back story to strengthen this process.
25. As a Disability Confident Leader, there will be an expectation that the City Corporation will encourage other employers to make the journey to become Disability Confident. The main advantage of fulfilling this process is that it will aid the development of stronger links with City businesses across the City.

## Staff Diversity Networks

26. The D&BE Lead Officer had the first of the planned annual awaydays on the 18 March 2019 with the Staff Diversity networks chairs and leads. Attended by most network chairs or leads the afternoon session focused on branding, building a marketing business plan that sends a consistent message and how to boost attendance as well as collaborative working. There was also a demonstration on how Team sites can be utilised to benefit the networks and their members. The Disability and Women's network sites have since been set up with updated content.
27. The Carers network have now rebranded to become the Carers and Parent network and had a launch event on the 29 March 2019, attracting many new members who have now signed up to join the group. This will provide a more joined up approach to caring in the wider sense taking into account carers and employee rights as well as providing a wider support network and sharing of information and experiences. The Disability Inclusive Network (DIN) has also rebranded to become the Disability and Wellbeing Network (DAWN). The Chair is currently in discussion about next steps to relaunching the network.
28. The Staff Diversity Networks are working in collaboration with City Well to host an event ***Make time for mental health*** event at Mansion House on 14 May 2019. The Networks have where possible secured speakers and will have a stall during the event to encourage increased membership.
29. Within the previous update it was suggested that the budgets for all the Networks be held in once central place; by the D&BE Lead Officer. An arrangement has since been established whereby special codes will be assigned to each network making end of year arrangements as seamless as possible, enabling the current system to remain.

## **Diversity Network Conferences**

30. Two conferences are currently being planned to be held during Inclusion Week 23-27 September 2019, in the Livery Hall on the 23<sup>rd</sup> and 24<sup>th</sup>. The first event will be themed around Intersectionality giving delegates an opportunity to learn more about the topic through hearing perspectives from a range of speakers, followed by a panel session giving them the chance to ask their own questions and identify actions.
31. This event will be open to all City Corporation staff and will be run twice in one day to enable as many people from different locations to attend.
32. The second conference is proposed to enable the City Corporation to keep in close contact with organisations across the City that are at a similar stage in their D&I and networking journeys. It is therefore proposed that two half day sessions are run over one day, the morning session will focus on building strategies and skills for Staff Diversity Network Leads/Sponsors and the afternoon will be a forum for best practice for D&I and HR professionals.
33. Both sessions will be open to City Corporation Staff Diversity Leads/sponsors and Network and D&I Leads across the city. Both will be put together by Jeito Consulting and the D&BE Lead Officer who have agreed to invite their contacts. This will be a charged event for city businesses (TBE). Lunch and refreshments will be provided.
34. The overall objectives of these events will be to: boost the energy, resilience, skills and impact of the Staff Diversity Networks; build and continue to engage a community of D&I/HR Leaders across the city; increase the impact of the City Corporation as being at the centre of the city community; and continue to improve impact internally.

## **Conclusion**

35. The pay and bonus pay gaps have reduced in March 2018 reports. This reflects initiatives included in the Equality and Inclusion Action Plan. Whilst reporting of ethnicity and disability employee self-service is relatively high (81.7% and 78.6%), greater accuracy could be achieved in pay and bonus pay gap reporting if all those in scope added their personal data on City People. We send out communication to all employees periodically and more frequently on City People encouraging them to enter their personal data explaining that we collate it for statistical purposes to inform and help measure our progress against our Equality and Inclusion Action Plan. We have included a special initiative in the draft Equality and Inclusion Action Plan to try to improve the level of reporting. A more detailed analysis of the pay gaps will be reported to a future meeting of the Committee.
36. The revised Equality and Inclusion Action Plan for 2019-20 is drafted and currently subject to consultation with the Staff Networks, the HR community and other interested parties.
37. Work of the D&BE Lead Officer is progressing with a number of activities planned in the coming months.

## **Appendices**

Appendix 1: Gender Pay Gap March 2018

Appendix 2: Ethnicity Pay Gap March 2018

Appendix 3: Disability Pay Gaps March 2018

## **Background Papers**

Equality and Inclusion Update report to Establishment Committee, 26 February 2019

Gender Pay Gap report to Establishment Committee, 26 February 2018

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**Appendix 1: The Corporation’s Gender Pay Gap (“snap shot” date of 31 March 2018)**

| <b>Pay rates</b>  | <b>Gender pay gap - the difference between women's pay and men's pay as a percentage of men's pay</b> |            |              |
|---|---|------------|--------------|
| Mean hourly rate  | 6.4% Lower  |            |              |
| Median hourly rate  | 1.4% Lower  |            |              |
| <b>Pay quartiles</b>  | <b>Women</b>  | <b>Men</b> | <b>Total</b> |
| Proportion of women and men in the <b>upper quartile</b> (paid above the 75th percentile point)                                   | 42.2%   | 57.8%      | 100%         |
| Proportion of women and men in the <b>upper middle quartile</b> (paid above the median and at or below the 75th percentile point) | 50.3%   | 49.7%      | 100%         |
| Proportion of women and men in the <b>lower middle quartile</b> (paid above the 25th percentile point and at or below the median) | 51%   | 49%        | 100%         |
| Proportion of women and men in the <b>lower quartile</b> (paid below the 25th percentile point)                                   | 44.7%   | 55.3%      | 100%         |
| <b>Bonus pay</b>  | <b>Bonus Gender Pay Gap - the difference women's bonus and men's bonus as a % of men's bonus</b>      |            |              |
| Mean bonus  | 13.2% Lower   |            |              |
| Median bonus  | 5.9% Lower  |            |              |
| <b>Bonuses paid</b>   | <b>Women</b>  | <b>Men</b> |              |
| Who received bonus pay  | 12%   | 12%        |              |



## Appendix 2: The Corporation's Ethnicity Pay Gap ("snap shot" date of 31 March 2018)

| Pay rates   | BAME pay gap - the difference between BAME employees' pay and white employees pay as a percentage of white employees' pay |       |       | BAME pay gap - BAME employees' pay as a percentage of white employees' pay  | Hourly rate of pay for BAME employees | Hourly rate of pay for white employees | Difference £    |
|---|---|-------|-------|---|---------------------------------------|--|-----------------|
| Mean hourly rate  | 20% Lower   |       |       | 80%   | £19.10                                | £23.87                                 | £4.77           |
| Median hourly rate  | 17.8% Lower   |       |       | 82.2%   | £17.01                                | £20.70                                 | £3.69           |
| Pay Quartile Information  |   |       |       | Workforce composition   |                                       |  |                 |
| Pay quartiles   | BAME  | White | Total | BAME headcount  | White headcount                       | Non disclosed headcount                | Total headcount |
| Proportion of BAME and white employees in the <b>upper quartile</b> (paid above the 75th percentile point)  | 7%  | 77%   | 84%   | 88  | 947                                   | 201                                    | 1236            |
| Proportion of BAME and white employees in the <b>upper middle quartile</b> (paid above the median and at or below the 75th percentile point)  | 13%   | 74%   | 87%   | 164   | 920                                   | 152                                    | 1236            |
| Proportion of BAME and white employees in the <b>lower middle quartile</b> (paid above the 25th percentile point and at or below the median)  | 20%   | 64%   | 84%   | 244   | 794                                   | 197                                    | 1235            |
| Proportion of BAME and white employees in the <b>lower quartile</b> (paid below the 25th percentile point)  | 18%   | 53%   | 71%   | 228   | 653                                   | 355                                    | 1236            |
| Bonus pay   | Bonus BAME Pay Gap - the difference BAME employees' bonus and white employees' bonus as a % of white employees' bonus     |       |       | Bonus BAME Pay Gap - BAME employees' bonus as a % of white employees' bonus | Bonus pay of BAME employees           | Bonus pay of white employees           | Difference £    |
| Mean bonus  | 6.2% Lower  |       |       | 93.8%   | £1,523.31                             | £1,624.59                              | £101.28         |
| Median bonus  | 1.4% Lower  |       |       | 98.6%   | £1,095.60                             | £1,110.96                              | £15.36          |
| Bonuses paid  |   |       |       |   |                                       |  |                 |
| BAME paid bonus as % of all BAME  | 8%  |       |       |   |                                       |  |                 |
| White paid bonus as % of all White staff  | 15%   |       |       |   |                                       |  |                 |
| Black, Asian and Minority Ethnic (BAME) includes employees recorded in the following categories (categories taken from the 2001 Census): Asian/Asian British (inc Chinese), Black/Black British, Mixed/Multiple Heritage and Other Ethnic Group (i.e.: all other categories than that of White British and White Other). For the calculations exclude any employees whose ethnicity is not known. |   |       |       |   |                                       |  |                 |

Note: A significant proportion of employees in the lower quartile are casual employees and are therefore less likely to enter their ethnicity information on City People.

### Appendix 3: The Corporation’s Disability Pay Gap (“snap shot” date of 31 March 2018)

| Pay rates   | Disability pay gap - the difference between the pay of employees who have declared a disability and the pay of employees who have declared they do not have a disability as a % of the pay of employees who have declared they do not have a disability |              |       | Disability pay gap - the pay of employees who have declared a disability as a percentage of the pay of employees who have declared they do not have a disability | Hourly rate of employees who have declared they have a disability | Hourly rate of employees who have declared they do not have a disability | Difference £    |
|---|---|--------------|-------|--|---|--|-----------------|
| Mean hourly rate  | 8.7% Lower  |              |       | 91.4%  | £21.10  | £23.10   | £2.00           |
| Median hourly rate  | 8.1% Lower  |              |       | 92%  | £18.56  | £20.19   | £1.63           |
| Pay Quartile Information  |   |              |       | Workforce composition  |   |  |                 |
| Pay quartiles   | Disabled  | Not disabled | Total | Disabled headcount   | Not disabled headcount  | Non disclosed headcount  | Total headcount |
| Proportion of disabled and not disabled employees in the <b>upper quartile</b> (paid above the 75th percentile point)                                   | 2%  | 80%          | 82%   | 25   | 984   | 227  | 1236            |
| Proportion of disabled and not disabled employees in the <b>upper middle quartile</b> (paid above the median and at or below the 75th percentile point) | 3%  | 79%          | 82%   | 38   | 982   | 216  | 1236            |
| Proportion of disabled and not disabled employees in the <b>lower middle quartile</b> (paid above the 25th percentile point and at or below the median) | 3%  | 77%          | 80%   | 41   | 955   | 239  | 1235            |
| Proportion of disabled and not disabled employees in the <b>lower quartile</b> (paid below the 25th percentile point)                                   | 3%  | 67%          | 70%   | 38   | 824   | 374  | 1236            |
| Bonus pay   | Bonus Disability Pay Gap - the difference between the bonus paid to employees who have declared a disability and employees who have not declared a disability as a % of employees who have declared a disability.                                       |              |       | Bonus Disability Pay Gap - Pay of employees who have declared a disability as a % of pay of employees who have declared they do not have a disability            | Bonus pay of employees who have declared they have a disability   | Bonus pay of employees who have declared they do not have a disability   | Difference £    |
| Mean bonus  | 26.8% Lower   |              |       | 73.2%  | £1,186.67   | £1,620.34  | £433.67         |
| Median bonus  | 0%  |              |       | 100%   | £1,095.60   | £1,095.60  | £0              |
| Bonuses paid  |   |              |       |  |   |  |                 |
| Disabled paid bonus as % of all Disabled  | 10.6%   |              |       |  |   |  |                 |
| Non disabled paid bonus as % of all Non disabled staff  | 14.1%   |              |       |  |   |  |                 |
| For the calculations exclude any employees for whom disabled/not disabled is not known.   |   |              |       |  |   |  |                 |

Note: A significant proportion of employees in the lower quartile are casual employees and are therefore less likely to enter their disability information on City People.