

Committee	Dated:
Establishment Committee	10/12/19
Subject: Equalities and Inclusion Update	Public
Report of: Director of Human Resources	For Information
Report author: Tracey Jansen, Towns Clerk's - Human Resources Amanda Lee-Ajala, Town Clerk's – Human Resources Carol Simpson, Town Clerk's – Human Resources	

Summary

The report provides the City of London Corporation's Gender, Ethnicity and Disability Pay Gaps for the snapshot date of 31 March 2019 and an update from the Diversity and Business Engagement Lead Officer.

Recommendation

Members are asked to:

- Note the report.

Main Report

Background

1. In accordance with the Gender Pay Gap Regulations the City Corporation is required to report its Gender Pay Gap (GPG) annually. The City Corporation has also decided to undertake Ethnicity Pay Gap (EPG) and Disability Pay Gap (DPG) reporting in line with a number of local authorities. This report provides the pay gap figures at the snapshot date of 31 March 2019 in relation to gender, ethnicity and disability. The report also provides an update on the work of the Diversity and Business Engagement Lead Officer.
2. Members are reminded that the pay gap calculation is based on the total pay bill. Mean and median pay includes basic pay and other payments such as market forces supplements (MFS). The bonus pay gap includes bonus incentive schemes, honoraria payments, recognition rewards and contribution pay.

Current Position

3. The Corporation's gender, ethnicity and disability pay gaps as at the snapshot date of 31 March 2019 are shown in full at appendices 1, 2 and 3 of this report. Whilst we have 100% data capture in relation to the gender pay gap, for ethnicity and disability these figures relate to those staff who have self-declared their data through CityPeople self-service. We have comparatively high levels of data capture across these protected characteristics. This is due to the length of time that we have now been collecting data and through the awareness campaigns that are run annually. In addition, reminders are posted on self-service for staff to see when for example staff go in to view their payslips. The poorest data capture is amongst the highest earners and perhaps understandably, the casual workforce. Chief Officers and senior managers are asked to lead by example in providing their own data and to encourage their own staff to check they have entered their data through self-service. This is particularly important as the better the data capture for ethnicity and disability the more accurate the pay gaps will be. In summary, the mean hourly and mean bonus rates are as follows:

Summary Table: Gender, Ethnicity and Disability Pay Gaps 2019

Note: Bracketed figures represent the 31 March 2018 pay gap.

Protected characteristic	Mean hourly rate	Mean bonus rate
Gender Pay Gap (based on 100% of the workforce) The difference between women's pay and men's pay as a percentage of men's pay	5.5% Lower (6.4% Lower)	17.2% Lower (13.2% Lower)
Ethnicity Pay Gap (based on 87.86% of the workforce) BAME employees pay and white employees pay as a percentage of white employees pay	19.7% Lower (20% Lower)	18.2% Lower (6.2% Lower)
Disability Pay Gap (based on 85.91% of the workforce) 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	7.9% Lower (8.7% Lower)	-11.9% Higher (26.8% Lower)

4. As the pay gaps are based on the total pay, so for example include responsibility allowance in schools, unsocial hours payments and MFSs, it is difficult to compare to our grades consistently, but as a very rough guide:

Upper quartile: Grade G and above
 Upper middle quartile: Grade E to F
 Lower middle quartile: Grade C to D
 Lower quartile: Grade A to B

5. The formula is applied across employers and provides us with useful insight as to how to address any imbalances where this is possible. We have previously looked more closely at the GPG mean hourly rate and bonus rate. It concluded that whilst there were some differences in pay elements and MSF payments, the

main reason for the gap is in relation to the relatively fewer women in the upper quartile. This has helped to inform our Equalities and Inclusion Action Plan activities in relation to increasing the number of women in senior positions.

6. The total headcount used for the mean and median pay gaps was 5,000. The total pay on the snapshot day was £13,514,182 and of this 13.7% or £1,851,995 was for market forces supplement payments. MFS broken down by gender ethnicity and disability are attached as appendix 4.
7. MFSs are considered on a case by case basis. They are agreed by the MFS Board with higher awards being referred to the Establishment Committee for approval. The business case for Chief Officers to apply or renew an MFS includes independent benchmarking and also information about others posts that are or could be impacted including equality considerations. However, if the market benchmarking data is in itself weighted towards traditionally male professions, then this can unintentionally continue to underpin to a degree the gender pay gap.
8. The vast majority of bonus payments relate to contribution pay, recognition awards and to a lesser extent, honoraria payments. The breakdown by gender ethnicity and disability are included in appendix 5. This year Chief Officers were asked to take into consideration the equality impact of the proposed payments and to be mindful of the spread of contribution pay across the grades in scope (grades D – J). Members will be aware that we are currently consulting staff through focus groups and an anonymised survey about contribution pay.

Race at Work Charter

9. People from BAME backgrounds are underrepresented in the City Corporation. In June 2019 the Equality and Inclusion (E&I) Board gave approval to become signatories of the Business in the Community (BITC) Race at Work Charter by December 2019. This has been completed and requires the 5 calls to action to be implemented and future developments to be established. This will continue throughout 2020.
10. With only 17% of people from BAME backgrounds being employed at the City Corporation this is an area that needs to be addressed. It is imperative that we make significant progress in this moving forward. The Race at Work Charter is just the beginning of the interventions that need to be implemented, but it will enable the City Corporation to demonstrate its commitment to acting responsibly and investing in building a better society.
11. The City Corporation has a duty of care to ensure that all employees are adequately supported and not disadvantaged through various stages in their personal and professional lives.
12. The Race at Work Charter has five distinct calls to action:

- **Appoint an executive sponsor for race**
Executive sponsors for Race provide visible leadership on race and ethnicity in their organisation and can drive actions such as setting targets for ethnic minority representation, briefing recruitment agencies and supporting mentoring and sponsorship.
- **Capture ethnicity data and publicise progress**
Capturing ethnicity data is important for establishing a baseline and measuring progress. It is a crucial step towards an organisation reporting on ethnicity pay differentials.
- **Commit at board level to zero tolerance of harassment and bullying**
The Race at Work Survey revealed that 25% of ethnic minority workers reported that they had witnessed or experienced racial harassment or bullying from managers. Commitment from the top is needed to achieve change.
- **Make clear that supporting equality in the workplace is the responsibility of all leaders and managers**
Actions can include ensuring that performance objectives for leaders and managers cover their responsibilities to support fairness for all staff.
- **Take action that supports ethnic minority career progression**
Actions can include embedding mentoring, reverse mentoring and sponsorship in their organisations.

13. This is a target contained in the E&I Action Plan that aims to utilise innovative programmes to become leaders. At the next E&I Board details contained in this charter will be discussed for future progress and appropriate actions taken where work has not already commenced.

14. Discussions have taken place with BITC to gain membership which will enable the City Corporation to work and learn with a formidable community of over 750 businesses and thousands of leaders committed to E&I.

15. A selection of members already working with BITC include Amazon, Google, UPS, British Airways, LinkedIn, BP, Legal & General and BUPA. Local Authorities who are working in partnership BITC include Westminster City Council, Kensington and Chelsea Council, Lambeth London Borough Council, London Borough of Barking and Fulham and Brent Council.

16. The City Corporation will appear on the signatory list from the 1 December 2019.

Corporate & Strategic Implications

17. This report supports and complements the Corporate Plan aim to contribute to a flourishing society and the HR Business Plan - attracting talent project and delivering the E&I Action Plan.

Conclusion

19. As noted in the report, the GPG calculation is based on the total monetary pay bill. Our Job Evaluation scheme ensures that we have equal pay for work of equal value. Our additional payments are moderated, and we will continue to monitor and report to Summit Group and Establishment Committee on them. To reduce our pay and bonus gaps significantly, we can only achieve this by increasing the number of women, ethnic minority staff and employees with disabilities particularly at the higher grades. Our wider E&I initiatives are aimed at addressing this. Departments are tasked with concentrating efforts to address these pay gaps through recruitment practice and other initiatives as outlined in their E&I action plans, but this is not an issue that can be delivered in a short timeframe.
20. As suggested, the Race at Work Charter is just the beginning of the interventions that need to be implemented. The suggested BITC membership will enable the City Corporation to access expert advice, research, toolkits and training alongside BITC's market leading Responsible Business Map and Tracker. This will shape thinking, influence the debate and lead action on key areas critical to meaningful change on not only Race but Age and Gender.
21. The financial implications associated with the annual membership contribution will be £5-9k per annum. The £5k membership and preferred package includes access to the network, invitations to their calendar of events and networking and exclusive online content. This will be covered within the Diversity and Business Engagement budget.
22. The £9k package includes all the above but also includes a Responsible Business Tracker and diagnostic, a dedicated Relationship Manager, a core package aligned to our needs, representation on BITCs regional advisory boards and use of the BITC brand.

Appendices

1. The City Corporation's Gender Pay Gap ("snapshot" date of 31 March 2019)
2. The City Corporation's Ethnicity Pay Gap ("snapshot" date of 31 March 2019)
3. The City Corporation's Disability Pay Gap ("snapshot" date of 31 March 2019)

Background Papers

Gender Pay Gap Report to Establishment Committee, 26 February 2018

Equality and Inclusion Updates to Establishment Committee, 30 April & 10 July 2019

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Appendix 1: The City Corporation's Gender Pay Gap ("snapshot" date of 31 March 2019).

*Bracketed figures represent the 31 March 2018 pay gap.

Pay rates	Gender pay gap - the difference between women's pay and men's pay as a percentage of men's pay		
Mean hourly rate	5.5% Lower (6.4% Lower)		
Median hourly rate	-0.9% Higher (1.4% Lower)		
Pay quartiles	Women	Men	Total
Proportion of women and men in the upper quartile (paid above the 75th percentile point)	43.8% (42.5%)	56.2% (57.8%)	100%
Proportion of women and men in the upper middle quartile (paid above the median and at or below the 75th percentile point)	53% (50.3%)	47% (49.7%)	100%
Proportion of women and men in the lower middle quartile (paid above the 25th percentile point and at or below the median)	50.6% (51%)	49.4% (49%)	100%
Proportion of women and men in the lower quartile (paid below the 25th percentile point)	45.6% (44.7%)	54.4% (55.3%)	100%
Bonus pay	Bonus Gender Pay Gap - the difference women's bonus and men's bonus as a % of men's bonus		
Mean bonus	17.2% Lower (13.2% Lower)		
Median bonus	21.1% Lower (5.9% Lower)		
Bonuses paid	Women	Men	
Who received bonus pay	12.3% (12%)	12.7% (12%)	

Appendix 2: The City Corporation's Ethnicity Pay Gap ("snapshot" date of 31 March 2019).
***Bracketed figures represent the 31 March 2018 pay gap.**

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	19.7% Lower (20% Lower)			80.3% (80%)	£19.78 (£19.10)	£24.64 (£23.87)	£4.86 (£4.77)
Median hourly rate	17.4% Lower (17.8% Lower)			82.6% (82.2%)	£17.51 (£17.01)	£21.21 (£20.70)	£3.70 (£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 upper quartile (paid above the 75th percentile point)	7.2% (7%)	73.8% (77%)	81% (84%)	90 (88)	923 (947)	237 (201)	1250 (1236)
Proportion of BAME and white employees in the upper middle quartile (paid above the median and at or below the 75th percentile point)	13.6% (13%)	74.4% (74%)	88% (87%)	170 (164)	930 (920)	150 (152)	1250 (1236)
Proportion of BAME and white employees in the lower middle quartile (paid above the 25th percentile point and at or below the median)	20.4% (20%)	63.4% (64%)	83.8% (84%)	255 (244)	793 (794)	202 (197)	1250 (1235)
Proportion of BAME and white employees in the lower quartile (paid below the 25th percentile point)	19% (18%)	54.2% (53%)	73.2% (71%)	238 (228)	677 (653)	335 (355)	1250 (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	18.2% Lower (6.2% Lower)			81.8% (93.8%)	£1,351.18 (£1,523.31)	£1,652.23 (£1,624.59)	£301.05 (£101.28)
Median bonus	18.4% Lower (1.4% Lower)			81.6% (98.6%)	£1,104.01 (£1,095.60)	£1,353.05 (£1,110.96)	£249.04 (£15.36)
Bonuses paid							
BAME paid bonus as % of all BAME	8% (8%)						
White paid bonus as % of all White staff	16% (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 City Corporation's Disability Pay Gap ("snapshot" date of 31 March 2019).

*Bracketed figures represent the 31 March 2018 pay gap.

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			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	7.9% Lower (8.7% Lower)			92.1% (91.4%)	£21.95 (£21.10)	£23.82 (£23.10)	£1.87 (£2.00)
Median hourly rate	7.3% Lower (8.1% Lower)			92.7% (92%)	£19.17 (£18.56)	£20.69 (£20.19)	£1.52 (£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 upper quartile (paid above the 75th percentile point)	2.1% (2%)	76% (80%)	78.1% (82%)	26 (25)	950 (984)	274 (227)	1250 (1236)
Proportion of disabled and not disabled employees in the upper middle quartile (paid above the median and at or below the 75th percentile point)	3% (3%)	79.2% (79%)	82.2% (82%)	38 (38)	990 (982)	222 (216)	1250 (1236)
Proportion of disabled and not disabled employees in the lower middle quartile (paid above the 25th percentile point and at or below the median)	4% (3%)	76% (77%)	80% (80%)	50 (41)	950 (955)	250 (239)	1250 (1235)
Proportion of disabled and not disabled employees in the lower quartile (paid below the 25th percentile point)	3.2% (3%)	68.2% (67%)	71.4% (70%)	40 (38)	853 (824)	357 (374)	1250 (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	-11.9% Higher (26.8% Lower)			111.9% (73.2%)	£1,828.24 (£1,186.67)	£1,633.92 (£1,620.34)	-£194.32 (£433.67)
Median bonus	19.7% Lower (0%)			80.3% (100%)	£1,036.79 (£1,095.60)	£1,291.08 (£1,095.60)	£254.29 (£0)
Bonuses paid							
Disabled paid bonus as % of all Disabled	10.4% (10.6%)						
Non-disabled paid bonus as % of all Non-disabled staff	14.9% (14.1%)						
For the calculations exclude any employees for whom disabled/not disabled is not known.							

