

Committee	Dated:
Establishment Committee	25/04/18
Subject: Equalities and Inclusion Update	Public
Report of: Director of Human Resources	For Decision
Report author: Tracey Jansen, Towns Clerk's - Human Resources	

Summary

The report to Committee in February 2018 outlined the City Corporation's Gender Pay Gap submission. This report provides a more detailed analysis of the mean average Gender Pay Gap of 8.1% and mean average Bonus Gender Pay Gap of 14%.

The report also asks the Committee to endorse the proposed establishment of a Diversity and Inclusion Consultant and associated budget in HR to further the support and development of staff networks.

Recommendation(s)

Members are asked to:

- Note the report.
- Endorse the proposal to seek funding to establish a Diversity and Inclusion Consultant and associated budget to support and develop staff networks.

Main Report

Background

1. Further to my report in February 2018, this report provides a more detailed analysis of the data reported of our Gender Pay Gap (GPG) which has now been published in accordance with the Regulations on the Government website.
2. The staff networks have been established for 3 years now and have between them made a significant contribution to the equality and inclusion agenda in the City Corporation. They attend the Equality and Inclusion Board and have put on a range of events for their own members and wider all staff events. They have also been influential and contributed to HR policies and guidance such as the Transgender, Ramadan, Carers guides, and revisions to maternity and shared parental leave pay. All of them have however struggled with time commitment and administrative support and this has meant that they have limited ability to contribute to staff network events in the wider business community. It should be noted that the annual workforce profile report will be reported to the May

Committee and will include a summary of Equalities & Inclusion activities over the course of the year.

Current Position

3. The gender pays gap (GPG) as at the snap shot date of 31 March 2017 is as follows:

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	8.1% Lower		
Median hourly rate	1.4% Lower		
Pay quartiles	Women	Men	Total
Proportion of women and men in the upper quartile (paid above the 75th percentile point)	43%	57%	100%
Proportion of women and men in the upper middle quartile (paid above the median and at or below the 75th percentile point)	51%	49%	100%
Proportion of women and men in the lower middle quartile (paid above the 25th percentile point and at or below the median)	47%	53%	100%
Proportion of women and men in the lower quartile (paid below the 25th percentile point)	46%	54%	100%
Bonus pay	Bonus Gender Pay Gap - the difference between women's bonus and men's bonus as a % of men's bonus		
Mean bonus	14% Lower		
Median bonus	0%		
Bonuses paid	Women	Men	
Who received bonus pay	11%	13%	

4. A comparison with other public and private sector organisations is attached as Appendix 1. The full GPG reporting across all industries can be accessed at <https://gender-pay-gap.service.gov.uk/>.
5. Members are reminded that the GPG calculation is based on the total monetary pay bill. The overall impact of this is that it is heavily influenced by the general gender split in the organisation and where the difference in male female split is greater towards the top end of the pay scale then this is compounded even further. This produces some interesting results across industries and so for example many local authorities have for many years had more women than men employed and in turn more women have reached the senior levels in the organisation. This results in a smaller GPG and in some cases a negative one. In

other situations, bonuses may not exist or are extremely limited. In one known case one person gets a bonus who happens to be male which in turn has led to a 100% bonus GPG even though the mean average pay gap is very small.

6. Because the GPG is based on the total pay, so for example includes responsibility allowance in schools, unsocial hours payments and market forces supplements, 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

7. Whilst we cannot change the formula, the figures do require some further analysis to better understand the reason for the gaps. However, the formula is consistently applied across employers and provides us with useful insight as to how to address any imbalances where this is possible. We have looked more closely at the mean hourly rate GPG (8.1%) and the Bonus GPG of 14%.

Gender Pay Gap - mean hourly rate (8.1%)

8. The overall percentage of the workforce at the snap shot date was 44.79% female and 55.21% male. Compared to the GPG table this indicates that women are over represented in the lower quartiles and under-represented in the upper quartile.
9. Mean pay includes basic pay and other payments. Members will be aware that our grades which determine basic pay are defined by the job evaluation scheme. The vast majority of other payments relate to responsibility allowances paid to teachers in the three city schools for example in relation to a head of department duties or undertaking additional roles such as school timetabler. The schools overall have a 58% female: 42% male workforce. Other payments include unsocial hours and market forces supplements and we have looked at these more closely.
10. Unsocial hours payments are contractual payments for weekend and evening/ night work. The types of occupations that attract such additional payments include security staff, gardeners and other work where service delivery is for either extend hours or 24/7 cover. Most of these professions tend to, but not exclusively so, relate to work which is traditionally undertaken by men. However, they apply to a relatively small number of people and make up a very small part of the total monetary pay bill so do not significantly impact the overall mean average GPG.
11. Market forces supplements (MFS) make up an even smaller part of the overall total pay bill but as they are agreed on a case by case basis some further analysis has been conducted and this indicates that:

- MFSs are concentrated mainly in the higher grades (grade G and above)

- proportionately more men than women receive an MFS
- men in receipt of an MFS get higher MFS Payments on average compared to women

12. MFSs are agreed by the MFS Board with higher awards referred to the Establishment Committee for approval. The business case for Chief Officers to apply for or renew an MFS includes independent benchmarking and also information about others posts that are or could be impacted. All agreed MFS's are reported to the Establishment Committee as part of the Scheme of Delegations regular report. We are confident that overall these are appropriately scrutinised and as with unsocial hours payments these do not in any event impact on the mean average GPG. However, going forward we will include the total MFS gender breakdown in the Scheme of Delegations report.
13. The further analysis of pay has not indicated any specific additional pay elements that account for the GPG and as noted above basic pay is subject to a robust job evaluation scheme and this also ensures that we can defend any equal pay challenge. Given that the mean average hourly rate is based on the total monetary pay bill, and taking into account the further analysis of the main additional pay elements, we conclude that the mean hourly rate GPG of 8.1% is related in general to the proportion of male to females and this is further compounded because of the under representation of women in the upper quartile and conversely the over representation of women in the lower quartiles.
14. As part of our equalities and inclusion action plan and in particular our attracting talent project we have already established and reported on a range of initiatives to attract a wider pool of candidates and specifically encouraging women into senior roles. A further summary of these initiatives and progress to date will be reported in May along with the Annual Workforce Monitoring report.
15. With regard to the Reward Strategy this was reported to the Committee at its meeting on 9 April and a full Equality Assessment will be conducted and kept under review as part of that work programme.

Bonus Gender Pay Gap (14%)

16. The second area that we have looked at in closer detail is the Bonus GPG which is the difference between women's bonus and men's bonus as a percentage men's bonus. Bonus payments can be described as one of the following:

Bonus incentive schemes related to task completion (these make up 3.24% of all bonus payments)

17. We have one such scheme covering 5 employees all of whom are male and on lower grade bands. As such they have little impact on the overall Bonus percentage.

Honoraria payments (these make up 11.43% of all bonus payments)

18. These relate broadly to outstanding performance not recognised under the Recognition Rewards and Contribution Pay Schemes or could be in relation to partial acting up duties (generally when these are shared between two or more colleagues). In some exceptional circumstances it may be in recognition of substantial extra hours worked which could not be claimed as overtime or time off in lieu (staff on grade F and above are not eligible for overtime).
19. All honoraria are considered by the MFS Board. Amounts of more than £5k for Grade H and below, and all requests at Grade I and above are referred to the Establishment Committee for approval. The intention is to expand our quarterly Scheme of Delegation monitoring report to include these.
20. In relation to both types of honoraria they are regulated schemes approved by the MFS Board in the case of honoraria payments or by internal recruitment and selection processes in relation to acting ups and for which there is an HR Policy.
21. An analysis of these payments in the last financial year indicates that:
 - awards are concentrated in the higher grade (G-J)
 - compared to the City Corporation wide gender split (53.18% male 48.62% female), proportionately more men receive honoraria than women (54.41% compared to 45.59%)
22. These payments are a small part of the bonus GPG calculation and so do not impact significantly on the bonus GPG.

Recognition rewards and contribution pay (these make up 85.32% of all bonus payments)

23. These payments are made in accordance with our Pay Progression & Eligibility for Bonuses / Recognition Awards scheme and are linked to end of year appraisal objectives. These are verified through the appraisal moderation process at the departmental level.
24. We have analysed the payments made to men compared to women and also looked at eligibility for a payment. This indicated that overall 67.1% of eligible females receive a contribution payment compared to 63% of eligible males. However, at the more senior level (grade G and above) less women receive a payment than men (33 females compared to 71 males) which broadly reflects the reduced number of female in more senior grade.

Creation of a Diversity Equality & Inclusion Consultant post

25. Members of the Committee will be aware of the progress being made to continue to support and grow the staff networks. The staff networks do continue to struggle with the general maintenance, organisation of their events and outreach work. Whilst we have had the benefit of working with Radius for some time now who specialise in supporting and developing staff networks, because of the pressure

on their time, the network leads do not often avail themselves of these developmental or networking opportunities. When we established the staff networks the idea was that they should be self-sufficient and there was no HR resource allocated or budget provision specifically made.

26. We also have limited ability to undertake work in the City as part of the employability strategy to demonstrate best practice and being a model employer and have relied on colleagues in EDO to undertake this role. We are also supporting as an employer, commitments to the women in finance charter, the social mobility agenda, responsible business and the education strategy all of which are of interest to the staff networks. Members will be aware of the other initiatives in HR that are influencing and shaping the ED&I agenda.
27. We are making good progress as an employer with the E&I Action plan, attracting talent, and responding to GPG but we are not resourced to take the next step and develop the City Corporation as a credible voice and influence in the wider City and beyond in relation to staff networks, diversity equality and inclusion. We are in a unique position of having our public sector equality duty experience and good employment practice but at the same time we have links with the City organisations who are driving the business case for linking DE&I to the corporate social responsibility agenda, public relations and marketing. We also propose to join Stonewall and measure ourselves against their Workplace Equality Index which is an established and highly regarded benchmarking tool which whilst focussing on LGBT can also be used to assess our performance in relation to other protected characteristics.
28. It is therefore proposed to seek funding for a Diversity and Inclusion Consultant role with an associated budget to sit within HR initially to:
- support the development of our own networks and their sponsors to become more influential in the City
 - act as an Ambassador in the City promoting the benefits of staff networks and diversity equality and inclusion
 - develop employer networks interested in creating and supporting their own staff networks with a view to sharing knowledge and experience
 - work collaboratively to deliver cross organisation events and best practice, establishing the City Corporation as a key player and influencer in the City and beyond.

Options

29. We are required to publish our Gender Pay Gap and we have complied with this requirement.
30. We have established our staff networks and could continue with the current arrangement. Alternatively, we could provide them with greater financial support to put on events and/or allocate fixed release time to undertake their work within the City Corporation.

Proposals

31. Member are asked to note the more detailed analysis of our GPG. The Committee is asked to consider and support the business case for the establishment of a Diversity and Inclusion Consultant to support and develop staff networks and with an associated budget provision.

Corporate & Strategic Implications

32. 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.

Implications

33. Subject to the Committee's endorsement a report will be made to the Resource Allocation Sub Committee seeking funding for the post of Diversity and Inclusion Consultant. The estimated cost of the post with on costs is £66005 (mid-point of Grade F plus on-costs).
34. Given the nature of the role and the need to further support the networks, it is proposed that additional budget provision of £20k is requested to support the post holder in maintaining and further developing the networks, hosting events, securing key speakers, and developmental initiatives. It is also proposed that we continue membership of Radius who is our partner organisation that specialises in Staff Networks and that we become members of Stonewall.

Conclusion

35. As noted in the report the GPG calculations are based on the total monetary pay bill and as there are more men employed and particularly at the most senior grades, this impacts on the mean percentage pay and bonus calculation. 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 Committee on them. To reduce our GPG and bonus GPG significantly, we can only achieve this by increasing the number of women employed and particularly at the higher grades. Our attracting talent project and wider E&I initiatives are aimed at addressing this and will be reported in more depth to the next meeting of the Committee, but this is not an issue that can be delivered in a short timeframe.
36. The establishment of a dedicated resource to support the work of the networks and diversity and inclusion agenda will not only assist us with delivering a more balanced workforce but also have an impact on the wide business community.

Appendices

- Appendix 1 – GPG comparison Table

Background Papers

Gender Pay Gap Report to Establishment Committee February 2018

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