

<b>Committee(s)</b>	<b>Dated:</b>
Corporate Services Committee	31 May 2023
<b>Subject:</b> Gender, Ethnicity and Disability Pay Gaps with Equality and Inclusion Update (March 2022 Snapshot)	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>Contribute to a flourishing society, point 3</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>n/a</b>
<b>What is the source of Funding?</b>	<b>n/a</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>n/a</b>
<b>Report of:</b> Emma Moore, Chief Operating Officer	<b>For information</b>
<b>Report authors:</b> Chris Fagan, Human Resources Saida Bello, Equality, Diversity and Inclusion	

## Summary

The City of London Corporation is committed to promoting equality and diversity across all areas of our operations, and we believe that pay should be based on the skills, experience, and responsibilities of our employees.

The report provides the City Corporation's Gender, Ethnicity and Disability Pay Gaps for March 2022 together with an Equality and Inclusion summary. Overall, the figures remain broadly consistent with those reported in previous years, with small positive shifts in some measures from March 2021, which seem to be indicative of a longer-term positive trend in most pay gap figures. However, it is noted that the organisation has experienced significant change since this snapshot, so earlier analysis of March 2023 snapshot is recommended (Autumn 2023).

While the direction of travel is somewhat positive, it is recognised that there is always more that can be done to ensure greater equality, and we are committed to doing so through a range of measures.

- We are in the process of reviewing our pay and reward practices and will through this process ensure that they are and remain fair, transparent, and deliver our reward ambitions.
- We are also committed to promoting diversity and inclusion across our organisation, and to providing opportunities for career development and progression for all employees.

We will continue to monitor our progress and report on our results annually.

## Recommendation(s)

Members are asked to note the report for information.

## Main Report

### Section 1: Background & Context

In accordance with the Gender Pay Gap Regulations the City of London Corporation ("City Corporation") has been required to publish and report its Gender Pay Gap (GPG) by 30 March annually since 2017. Alongside the GPG the Corporation has also voluntarily elected to publish each year both the Ethnicity Pay Gap (EPG) and Disability Pay Gap (DPG), in line with a small number of London local authorities. This is supplemented with a more detailed breakdown on Market Forces Supplements in respect of gender, ethnicity and disability.

This pay gap analysis is calculated in line with the government's standard methodology and reporting requirements for Gender Pay Gaps, which compares the median and mean hourly pay rates and bonuses of employee groups. It also examines the proportion of these groups within each quartile of our pay distribution. It is difficult to compare to our grades consistently, but as a 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

Pay relates to the 'snapshot date' of 31 March 2022. The mean and median pay gap calculation is based on the total pay, so includes basic pay as well as for example responsibility allowance in schools, unsocial hours payments and other payments such as Market Forces Supplements (MFS) used for specific recruitment and retention purposes. Whereas the 'bonus gap' relates to the 12-month period which ends on the snapshot date. Bonus payments include Recognition Awards for employees at the top of Grades A-C and honoraria payments. Normally Contribution Payments are for discretionary bonuses paid to employees at the top of Grades D-J who have demonstrated a high level of performance and would also be included, however since 2020-21 it has been decided each year not to pay these.

It is noted that:

- For ease of reporting, reference made in respect of employees will include employees and casual workers unless otherwise stated.
- Pay gap data reports the difference in the average pay between groups across a whole organisation. This is entirely different to equal pay, which deals with the pay differences between different groups (i.e. men and women) who carry out the same jobs, similar jobs or work of equal value. A large pay gap does not indicate the existence of equal pay issues.
- We hold 100% data on the gender of our workforce however ethnicity and disability declaration are lower, with levels of non-disclosure of 18% and 23% respectively.
- The government gender pay gap regulations compare the pay of female and male employees and do not address how employers should make their gender pay gap calculation if they have employees who do not identify as either male or female (e.g. transgender, non-binary).

## Section 2: Analysis

1. The City Corporation's gender, ethnicity and disability pay gaps as at the snapshot date of 31 March 2022 are shown in full at Appendices 1, 3 and 4 of this report. The total headcount used for the mean and median pay gaps was 4,503 (this excludes police officers), noting that there has been a reduction from the previous report as a result of organisational change and casuals engaged at the time of the snapshot.
2. This analysis shows that as of March 2022 the pay gaps calculated are:  
(Note: Bracketed figures represent the 2021 and 2020 reported figures)

### Gender Pay Gap

3. Median Pay Gap is **2.7%** (2.2%; 0.0%) and Mean Pay Gap is **4.5%** (7.1%; 5.6%).
4. This means that, on average, women employees earn 2.7% less than men based on median hourly pay rates, and 4.5% less based on mean hourly pay rates.
5. This gender pay gap is relatively low – the UK Average is reported as 9.4% - and indicates that, on average, women in our organisation are paid similarly to men based on average hourly pay rates.
6. Looking at the picture across London Boroughs (Appendix 2), our median pay gap places us 14th out of 31 London Boroughs that have reported figures for March 2022, with 17 of these having a higher pay gap (towards men or women). An increasing number (9) have reported no median pay gap this year.
7. The mean bonus rate is 5.2% (5.4%; 15.7%). This continues a downwards trend, although this may be in part to reduced levels of bonus payments in recent years, when contribution pay was not operated. Bonuses were received by 9.0% (26%) of women and 11.1% (34.5%) of men.
8. The proportion of men and women are broadly within a 60/40% ratio across all quartiles. The proportion of men is slightly higher in Upper and Lower quartiles and the proportion of women being higher in the two middle quartiles. This continues the same pattern seen in previous years.

### Ethnicity

9. Median Pay Gap **14.7%** (15.7%; 17.1%); Mean Pay Gap **17.4%** (16.8%; 19.1%).
10. This means that, on average, BAME employees in our corporation earn 14.7% less than White employees based on median hourly pay rates, and 17.38% less than White employees based on mean hourly pay rates.
11. Ethnicity Pay Gap reporting continues to be voluntary for employers. As such there is no statutory instrument, or national database for benchmarking. This reflects the complexity of analysing a multi-faceted category such as ethnicity, and/or the issue of representing these fairly using a binary measure.
12. In terms of comparison, only a small number of Councils report their gaps publicly. Camden for example have reported their Ethnicity pay gap since 2015/16. They currently report a gap of median 10.9% and mean 13.0%. their Gender pay gap figures are 0.7% and 0.6% respectively.
13. Looking at both Camden and our own quartile analysis, the pay gaps appear to possibly stem from the proportions of BAME employees within each quartile. For

the Corporation there are approximately 20% in the two lower quartiles, (LQ 21.8%; LMQ 19.7%) dropping to 14.6% in the upper middle quartile and then to 8.2% in the upper quartile. Camden have a higher base with more than 50% in the bottom quartiles (LQ 57%; LMQ 55%), dropping to 46% in the UMQ and 30% in the upper quartile. Camden figures exclude non-disclosed from their analysis.

14. As highlighted in previous years, the levels of non-disclosure on ethnicity continue to remain relatively high, with 18% not disclosing. Activity to improve levels of disclosure continues, especially among our institutions and capturing this for casual workers. It is hoped this will support stronger analysis in the future.
15. The City Corporation's average ethnicity bonus pay gap was 24.4% (22.2%; 23.1%) this measures the difference between BAME employees' bonus pay and White employees bonus pay as a percentage of White employees' pay. Bonuses were received by 12.6% of all BAME employees and 10.8% of all White employees.
16. In April 2023, the Government published guidance for those employers who want to report voluntarily. The aim is to develop a consistent, methodological approach to ethnicity pay reporting. This new guidance will inform our methodology as part of March 2023 reporting. A key suggestion is not to aggregate ethnicity categories together where possible.

## **Disability**

17. Median Pay Gap is **2.4%** (7.1%; 8.9%); Mean Pay Gap is **8.8%** (8.9%; 10.3%).
18. This means that, on average, Disabled employees in our corporation earn 2.4% less than Not Disabled employees based on median hourly pay rates, and 8.8% less than Not Disabled employees based on mean hourly pay rates.
19. As with Ethnicity, Disability Pay Gap reporting is voluntary for employers. There is no statutory instrument, or national database. Robust analysis of disability pay data by is also hindered by the low number of employees with a declared a disability (only 4.1%), and the high levels of non-disclosed (22.7%).
20. However, the latest median and mean pay gap figures continue a general trend of a reduction in the pay gap over recent years.
21. However, the mean bonus pay gap has extended significantly from -4.3% in March 2022, to -31.5% in March 2023. This is likely due to the impact of much smaller numbers of bonus payments being made in 2023 due to the deferral of contribution pay. Numbers are so small that a few cases could impact average reporting significantly. The proportion of Disabled and Non-Disabled staff receiving bonuses remained relatively equal (9.2% and 11.1% respectively).

### **Section 3: Equality Diversity and Inclusion Update**

22. We are committed to creating an inclusive working environment where everyone feels a true sense of belonging. To this end, we are currently consulting on our Equality Objectives 2023 to 2027 which sets out our overall ambitions.
23. In September 2022, we strengthened our Equality, Diversity and Inclusion (EDI) governance structure through the introduction of a newly created EDI Sub-Committee. The EDI Sub-Committee reports into the Policy and Resources grand committee. Furthermore, a new EDI directorate was initiated in September 2022. The EDI directorate is led by the Director of EDI/ Head of Profession for across the Corporation. We have successfully recruited one EDI officer and an admin officer (0.5 FTE) and we are currently recruiting a second EDI officer and an apprentice.
24. A new EDI governance structure was agreed with the Executive Leadership Board and the EDI Sub-Committee in December 2022. The EDI governance structure will enable better joined-up working on EDI across the City Corporation's departments and institutions.
25. The City Corporation signed up to the Women in Finance Charter in 2019. We set a target to increase the representation of women in senior grades (above grade G) to 45% by 2025. When we signed up to the Women in Finance Charter in 2019, 33% of senior level staff (Grade G and above) were female. By 2021 this increased to 37% and by 2022, this increased to 43%. We believe that we are on course to meet our target of 45% by March 2025.
26. One of the practical steps we will take to minimise unconscious bias during the recruitment process is the use of anonymised recruitment. We plan to roll this out once our HR systems have been upgraded in the next 12 months.
27. The City Corporation has 7 Staff networks that play a huge part in enhancing our inclusive workplace culture, with additional networks in some of our Institutions. Our staff networks drive forward our EDI agenda by attending our bi-monthly EDI board meetings and supporting their members.
28. To ensure that we continue to make measurable and meaningful progress on EDI, we will set targets for EDI in 2023 which we will measure over the next two years. These targets will include increased representation in senior level roles for gender, disability and ethnicity. As disclosure rates remain low for some protected characteristics, we will set targets to increase our disclosure rates for ethnicity, disability and socio-economic background. We will increase our disclosure rates by stepping up our disclosure campaigns and by increasing trust through demonstrating that we have taken action on staff survey and pulse survey feedback.
29. To narrow our pay gaps, we will ensure that the EDI targets we set are monitored quarterly alongside our overall EDI action plan, departmental plans, institution plans and our annual workforce data.
30. Additionally, the City Corporation's first People Strategy is being developed. The intention is that EDI will be considered as an individual theme to encourage explicit and prioritised actions to be developed as well as a 'golden thread' to underpin all employee activity and initiatives.

#### **Section 4: Corporate and Strategic Implications**

**Strategic Implications:** Ensuring that our employment practices and procedures are fair and free from bias will support the City Corporation to recruit, retain and most importantly engage a high calibre and diverse workforce, capable of high performance and delivering the organisations strategic ambitions.

**Financial Implications:** No direct financial implications.

**Resource Implications:** None related explicitly to this report.

**Legal Implications:** None

**Risk Implications:** None

**Equalities Implications:** This report forms part of our package of work to continuously review our performance on specific metrics to help inform the wider EDI activity.

**Climate Implications:** None

**Security Implications:** None

## Section 5: Conclusions and Next Steps

31. Overall, the pay gap figures reported remain broadly consistent with those from previous years, with some positive shifts compared to March 2021. These shifts seem to be indicative of a longer-term positive trend in all pay gap figures. However, due to the nature of the calculation method there will be a natural mathematical variation in the workforce numbers included within the snapshot and therefore some deviation due to these measures used that are unrelated to pay practice.
32. It is noted that the figures reflect the position as of March 2022. Since this snapshot the City Corporation has gone (and is continuing to go) through a period of significant change to its structures and employee composition. Although it is important to report and note the position at this snapshot, it would be prudent to bring forward the March 2023 analysis, to identify how these changes have impacted the pay gap position and ensure that future actions identified are based on a more up-to-date picture.
33. The high levels of non-disclosure observed in the ethnicity and disability data highlight the need to continue to improve our data and especially our levels of disclosure on protected characteristics across employees and casuals, to allow stronger analysis and greater insight. As part of our HR Strategy, we will be addressing HR data and improving levels of disclosure.
34. The City Corporation is committed to equal opportunities and equal treatment for all employees. Although many of the pay gap measures are already relatively small or larger but moving in a positive direction, there will always be more that we can do to improve our culture, policy, process and practices to ensure a truly bias free work environment for all employees, in which people irrespective of their background can expect to develop, progress, flourish and perform and be remunerated fairly for the work that they do. We will carry out further analysis on the reasons for disparity in order to support our EDI commitments, reduce any perceived barriers to engagement and progression and work towards greater pay equity. This will include:
  - Guarantee the robustness of our job evaluation scheme and policy, to ensure that we have equal pay for work of equal value, which provides protection against claims of equal pay. This will be part of the Reward Review
  - Review our pay structure and reward practices to ensure that these support fair and equal remuneration, and that any additional payments are minimised and where they remain necessary, actively monitored and moderated.
  - Ensure our work and engagement practices, do not preclude or discourage suitable individuals, from applying to, be appointed and progressing within the organisation (e.g. recruitment activities; where we advertise; the benefits we offer; our support for flexible working;

Departments and Institutions are tasked with concentrating efforts to address pay gaps through recruitment practice and other initiatives as outlined in their E&I Action Plans. This work will take sustained efforts over time and requires robust data to inform prioritisation and decision-making.

## **Appendices**

1. Gender Pay Gap (“snapshot” date of 31 March 2022)
2. London Boroughs Gender Pay Gap (“snapshot” date of 31 March 2022)
3. Ethnicity Pay Gap (“snapshot” date of 31 March 2022)
4. Disability Pay Gap (“snapshot” date of 31 March 2022)
5. Market Forces Supplements by Gender, Ethnicity and Disability (“snapshot” date of 31 March 2022)

## **Background Papers**

None

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