

Committee(s)	Dated:
Equality, Diversity & Inclusion Sub-Committee Corporate Services Committee	26 June 2024 03 July 2024
Subject: Gender, Ethnicity and Disability Pay Gaps (March 2023 Snapshot)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	<ul style="list-style-type: none"> • Providing Excellent Services • Diverse Engaged Community
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Alison Littlewood, Executive Director of Human Resources and Chief People Officer	For information
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Summary

The City of London Corporation is committed to promoting equity, equality, diversity and inclusion (EEDI) 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 (appendix 1) provides the City Corporation's Gender, Ethnicity and Disability Pay Gaps as at March 2023. For the first time this year the Ethnicity pay gap data has been analysed based on aggregated groups rather than a binary analysis to provide more depth.

The City Corporation has little to no gender pay gap across its workforce and the long-term direction of travel in other measures is somewhat positive. Overall, figures remain broadly consistent with those reported in previous years, with small positive shifts in some measures from March 2022 that seem to be indicative of a longer-term positive trend in most pay gap figures. Work is underway to improve the quality of our data upon which this analysis is based, specifically to increase our disclosure rates. Better data, will make reporting more robust and allow us to report on wider pay gaps, including social mobility. 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

1. Through the Corporate Plan 2024-29 and the People Strategy 2024-29, we are establishing a clear vision, strategy and action plan to ensure we continuously improve our culture, ethos and approaches to support current and prospective workforce to feel that they belong and fit, and feel actively engaged with the City Corporation, its ambitions and priorities. In addition, our Equality Objectives 2024-29 are a dynamic framework advancing our commitment to equity, equality, diversity and inclusion as a leader, employer and service provider. These are owned across all departments and institutions. There are already a range of projects and measures underway to ensure we deliver that commitment. Including:
 - A fundamental review of our pay and reward approach through the Ambition 25 project and we will through this process ensure that we provide flexible, sustainable, fair, equitable and transparent reward and recognition opportunities for our people.
 - A holistic review of our benefits offer, alongside the launch of Ambition 25. These will help us attract a diverse array of excellent people to work for the City Corporation.
 - Promoting equity, equality, diversity and inclusion in career development through the implementation of job families that inform a variety of career pathways to ensure career progression opportunities are available to all eligible employees, regardless of job type.
 - Work to develop leadership capacity and capability across all aspects of EEDI. For example, by widening the range of access and participation in working groups and meetings, actively listening to understand lived experience, and considering who is in the room and who has a voice.
 - Creating a comprehensive EDI training offering with a focus on awareness-raising, skills-building and the development of an inclusive culture, including coaching and embedding EDI in general training.
 - Through our approach to 'Brilliant Basics' we will be undertaking a programmatic approach to policy development, reviewing HR policies as required due to legislative, regulatory, and internal and external changes, embedding EDI principles throughout.
 - Continue to improve data and insights, including improving data gathering through extensive and sustained communications in partnership with EDI and communications teams.
 - Development of dashboards provision and reporting on all protected characteristics, along with social mobility. Breakdown by identity data will also be undertaken where possible.
2. In accordance with the Gender Pay Gap Regulations City Corporation has been required to publish and report its Gender Pay Gap (GPG) by 30 March annually since 2017. This is published on both the City Corporation and UK Government websites. Alongside the GPG, the City Corporation has also voluntarily elected to publish both the Ethnicity Pay Gap (EPG) and Disability Pay Gap (DPG) annually.

3. 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 as the quartile boundaries will often fall within a grade range, and regular additional payments might raise some groups of staff above others in the grade, 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

4. Pay relates to the 'snapshot date' of 31 March 2023, and includes all workers paid on that date across the City Corporation and its Institutions, this includes employees and Casual Workers, and all professions except Police Officers. This means the data reported here may vary from other reports, due to the nature of the snapshot. The mean and median pay gap calculation is based on the total pay: this includes basic pay and additional payments, for example responsibility allowance in schools, unsocial hours payments and Market Forces Supplements (MFS) used for specific recruitment and retention purposes.

5. 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. In the period in question, Contribution Payments, discretionary bonuses paid to employees at the top of Grades D-J who have demonstrated a high level of performance that would normally be included, were not paid.

6. For the purposes of analysis:

- a. Reference made in respect of employees in the report includes employees and casual workers (who are not employees) unless otherwise stated.
- b. 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.
- c. Demographic information is drawn from payroll and HR information system data. Additional sensitive information is added on a voluntary basis by employees through the employee self-service facility on the HR information system. This information is collected in line with the nine protected characteristics identified in the Equality Act 2010.
- d. 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. non-binary). As per the City Corporation's approach to data collection outlined above, data is collected on the sex of employees, in line with the protected characteristics of the Equality Act 2010. This data is held on 100% of the workforce and has been used in the calculation of the gender pay gap.

- e. On ethnic origin, employees are asked to provide data using the standard classifications on the HR Information System. The level of non-disclosure for ethnic origin is 17.0% (compared to 18.0% the previous snapshot date).
- f. Employees are asked to indicate whether they have a disability on the HR information system. Therefore, this indicator does not accurately measure whether an employee meets the definition of “disability” under the Equality Act 2010. The level of non-disclosure for disability is 25.6% (compared to 23.0% the previous snapshot date).
- g. In accordance with the General Data Protection Regulations and the Data Protection Act 2018, all employees have been sent a privacy notice describing how the City Corporation as a data controller collects and uses personal information during and after employment with the City Corporation. This privacy notice outlines that employees are not required to provide all personal and sensitive information. As such, not all the categories include 100% data capture. This includes cases where the employee has specifically recorded ‘not stated’ or ‘declined to specify’ on employee self-service.

Section 2: Analysis

- 7. The City Corporation’s gender, ethnicity and disability pay gaps as at the snapshot date of 31 March 2023 are shown in full at Appendix 1 of this report, which also includes analysis. The total headcount used for the mean and median pay gaps was 4,988 (this excludes police officers), noting that there has been an increase from 4,503 in the previous year as a result of organisational change and the numbers of casuals engaged at the time of the snapshot.
- 8. This analysis headlines from the Appendix are:
(Note: Bracketed figures represent the 2022, 2021 and 2020 reported figures)

Gender Pay Gap

- 9. Gender Pay Gap
 - a. **Median Pay Gap is 0.0%** (2.7%; 2.2%; 0.0%); and
 - b. **Mean Pay Gap is 4.5%** (4.5%; 7.1%; 5.6%).

Ethnicity Pay Gap

- 10. In April 2023, the Government published guidance for those employers who want to report Ethnicity Pay Gaps voluntarily, to develop a consistent, methodological approach to ethnicity pay reporting. A key suggestion is not to aggregate ethnicity categories where possible. We have not chosen to follow the guidance in its entirety, as breaking down our ethnicity categories provided more than 200 individual pay gaps. We have chosen to breakdown to aggregated categories (i.e. Asian; Black; Mixed; Other Ethnic Groups; White; and Prefer not to say/No response), and to compare the pay gap to the overall workforce, rather than each other category. This results in six pay gap figures. We will continue to review our approach annually and look at examples elsewhere on how we can meaningfully present a more detailed analysis. For the 2023 snapshot, we have also undertaken the binary analysis as per the 2022 snapshot, to allow historic comparison.

11. As highlighted in previous years, the levels of non-disclosure on ethnicity continue to remain relatively high, with 17% not disclosing (down from 18%). Activity to improve levels of disclosure continues, especially among our institutions and capturing this for casual workers. This will support stronger analysis in the future.

12.A: Ethnicity Pay Gap – Binary:

- a. **Median Pay Gap 13.2%** (14.7%; 15.7%; 17.1%);
- b. **Mean Pay Gap 16.7%** (17.4%; 16.8%; 19.1%).

13.B: Ethnicity Pay Gap – Aggregated Category:

Ethnic Grouping	Head-count	Median Hourly Rate	Median EPG in Org %	Mean Hourly Rate	Mean EPG in Org %
White	3,256	£23.15	-0.56%	£27.44	-4.43%
Not Known	850	£20.46	11.12%	£25.13	4.38%
Black	346	£19.46	15.46%	£22.05	16.10%
Asian	320	£21.44	6.86%	£23.58	10.28%
Mixed	167	£21.44	6.86%	£24.91	5.22%
Other Ethnic Group	49	£19.46	15.46%	£21.00	20.10%
Total	4,988	£23.02		£26.28	

Disability Pay Gap

14. Employees are asked to indicate whether they have a disability, similarly, job applicants are asked to indicate Yes or No to the statement of “I consider myself to have a disability” (no third option not to disclose is available). Therefore, this indicator does not accurately measure whether an employee meets the definition of “disability” under the Equality Act 2010.

- a. **Median Pay Gap is 7.1%** (2.4%; 7.1%; 8.9%);
- b. **Mean Pay Gap is 6.9%** (8.8%; 8.9%; 10.3%).

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. This work ties in with Corporate Equalities Objectives 2024-29 and activity to improve our data so better insights into the workforce can be provided to achieve EEDI 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

15. Overall, the pay gap figures reported remain broadly consistent with those from previous years, with some positive shifts compared to March 2022. 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.
16. The levels of non-disclosure observed highlights the need to continue to improve our data, especially the levels of disclosure on protected characteristics across employees and casuals. This will enable stronger analysis and greater insight. As part of the work to support promoting and delivering our Equalities Objectives and People Strategy, we are addressing data quality and improving levels of disclosure with a campaign to increase disclosures underway.
17. City Corporation is committed to equal opportunities and equal treatment for all employees. Although many of the pay gap measurements are either 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. Our aim is to create an environment, 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.
18. To support our EDI commitments, we will look to 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 forms a key element of the Ambition 25 programme.
 - 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 capable 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).

Appendices

1. City of London Corporation Pay Gap Report 2024: Snapshot Date: 31 March 2023

Background Papers

None

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