

# NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

## PERSONNEL COMMITTEE

14<sup>TH</sup> JANUARY 2019

### REPORT OF THE HEAD OF HUMAN RESOURCES – S.REES

#### Matter for Decision

#### Ward Affected: All

#### Development of actions to close the Council's Gender Pay Gap

##### 1. Purpose of Report

To seek Member approval for the Council to join the Chwarae Teg FairPlay Employer Scheme for a 12 month period, to develop a Gender Equality Action Plan, including specific actions to reduce the Council's Gender Pay Gap. This proposal is supported by the Council's Equality and Community Cohesion Group.

##### 2. Background information

The Council has committed in its Strategic Equality Plan **“to further develop pay / employment data to better understand the reasons for the gender pay gap and to identify any actions which may be feasible to close the pay gap”**.

The gender pay gap shows the difference in the average pay between all men and women in a workforce. If a workforce has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the data may help to identify what those issues are.

The gender pay gap is different to equal pay. Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman, and has been since 1970. Despite this, the UK median gender pay gap in 2016 was reported by the Office of National Statistics as 18.1%. Gender pay gap reporting

shines a light on the gender pay gap and the greater transparency aims to encourage employers to take action to reduce gender pay gaps.

The Council published its gender pay gap report in September 2018 (see appendix 1), as an appendix to the Annual Equalities Employment Data Report 2017 / 2018 (the full report, presented at Personnel Committee in September 2018 can be found on the Council's intranet / internet site). The Gender Pay Gap report provides a definition of what a gender pay gap is, how we calculated it, and the Council's gender pay gap data for 2017 / 2018.

A summary of relevant data:

**71% of our workforce is female**

**Our mean (average) gender pay gap is 11.4% and our median (midpoint) gender pay gap is 4.17%**

**On average women earn 89p for every £1 that men earn**

**At the midpoint, women earn 96p for every £1 that men earn**

**97% of our lowest paid employees (LGS Grade 1) are female but only 25% of our highest paid employees (Chief Officers) are female**

**60% of women in our workforce work part-time**

**The distribution of women in the workforce, and a predominance of women working part-time, will contribute to our gender pay gap**

### **3. How can we reduce the Council's Gender Pay Gap?**

No single action will address our gender pay gap. And whilst the Council's gender pay gap is lower than the UK average, the Council still has an obligation to reduce the gap it clearly has - the reasons for it will be myriad and complex. In order to develop actions that are meaningful

and result in tangible and measurable results, the Council needs to properly understand what issues could be contributing to the pay gap and what evidence there is to show how these issues could be addressed.

## **The Chwarae Teg FairPlay Employer Scheme**

Chwarae Teg is a charity established 25 years ago, that aims to “inspire, lead and deliver gender equality in Wales”. Chwarae Teg campaign on gender equality issues, carry out extensive research, and also seek to provide practical advice and support to women and to employers in Wales.

Through its FairPlay Employer Scheme, Chwarae Teg supports organisations to develop gender equality action plans, based on analysis of available workforce data, consideration of employer practices, matched to evidenced based best practice recommendations, including actions to reduce gender pay gaps.

The Scheme includes a baseline assessment, with a detailed gender and diversity survey, and benchmarking against sector and organisation in order to determine a current “award level”, which Chwarae Teg have categorised as Bronze, Silver, Gold and Platinum. The aim of this is help an organisation understand in some detail where it is performing well and to identify areas where action can be taken to improve the overall rating. The ratings are split into 9 areas:

- Business Diversity
- Flexible working practices
- Internal communication
- Working relationships
- Learning & development
- Recruitment selection
- Performance Management
- Organisational Culture
- Reward & recognition

The business benefits of working with Chwarae Teg to develop a bespoke gender equality action plan are:

- The wealth of experience Chwarae Teg has in gender and diversity in the workplace which will lend credibility to identified actions;
- practical and evidenced based proven solutions to help implement the action plan; and
- the clear commitment it demonstrates to gender equality and diversity.

#### **4. Financial impact**

There is a cost to the scheme, and for an employer the size of NPT, Chwarae Teg will charge a complete package price of £10k plus VAT for a 12 month subscription. Funding has been identified within the HR budget to support this (as a result of vacancies and difficulties recruiting at professional HR Officer level, the department has an underspend in the 2018 / 19 salary budget).

Resources are not available within the Council to carry out an extensive exercise of this nature.

#### **5. Integrated Impact Assessment**

A first stage impact assessment has been completed and is attached to this report. A full impact assessment is not required at this stage, but as actions are developed as part of this initiative, the assessment will need to be revisited.

#### **6. Workforce Impacts**

This proposal is positive for the Council's mainly female workforce as it seeks to understand reasons for the Council's gender pay gap and develop a strategy to reduce it.

#### **7. Legal Impacts**

There are no legal impacts in relation to this proposal.

## **8. Risk Management**

Implementation this proposal is to support the Council's Strategic Equality Plan commitment.

## **9. Consultation**

Trade unions have been consulted in relation to this proposal and support the recommended action.

## **10. Recommendation**

It is RECOMMENDED that Members:

Approve the Council joining the Chwarae Teg FairPlay Employer Scheme for a 12 month period, to develop a Gender Equality Action Plan, including specific actions to reduce the Council's Gender Pay Gap. Officers will provide update reports to the Equality and Community Cohesion Group on a quarterly basis.

## **FOR DECISION**

### **11. Reasons for Proposed Decision**

The reason for the proposed decision is to enable the Council to meet the commitment set out in the Strategic Equality Plan.

### **12. Implementation of Decision**

The decision is proposed for immediate implementation.

### **13. Appendices**

Appendix 1 – Gender Pay Gap Report 2017 / 2018

### **14. List of Background Papers**

The Annual Equalities in Employment Report 2017 / 2018

### **15. Officer contact**

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## APPENDIX ONE

### GENDER PAY GAP REPORT 2017/18

This is the Council's first gender pay gap report. It sets out the difference between the average pay of the men and women who work in the Council.

#### What is a Gender Pay Gap?

A gender pay gap is a measure of the difference in the average pay of men and women across an organisation.

The Council's gender pay gap is reported as:

- The **mean** gender pay gap
- The **median** gender pay gap
- The proportion of males and females in each **quartile** pay band.

The gender pay gap is calculated using **gross hourly** rate of pay.

It captures pay differences between men and women, irrespective of their role or seniority. For example, an organisation that is over-populated by men in higher paid/senior roles and women in lower paid roles will have a gender pay gap.

#### How did we calculate the Gender Pay Gap?

The data is based on the pay period in which **March 31st** falls.

The elements of pay used to calculate the Gender Pay Gap is referred to as **ordinary pay**.

#### Ordinary Pay:

The pay elements **included**: basic pay, pay for leave and shift premium pay and allowances such as first aid, standby payments.

The pay elements **excluded**: Overtime and allowances earned during paid overtime hours, remuneration related to redundancy or termination of employment, expenses, pay in lieu of annual leave or any arrears of pay.

## Who has been included in the calculations?

The pay data has been taken from the Council's workforce of 3,838 employees, at March 31<sup>st</sup> 2017, which represents 1,297 (34%) males and 2,541 (66%) females.

The pay data **excludes casual employees and all schools' employees.**

## What is the Mean Gender Pay Gap and the Median Gender Pay Gap?

The mean pay gap is the difference in the **average** hourly rate between men and women.

The median pay gap is the difference between the **midpoint** in the ranges of hourly rates of men and women. The median is the numerical value which splits the top 50% of the workforce from the bottom 50%.

### Our Gender Pay Gap

#### Mean Pay Gap

Our average hourly rate for men is £13.44.

Our average hourly rate for women is £11.91.

Our mean pay gap between men and women is 11.4%.

<b>Mean</b>	<b>11.4%</b>	Male	£13.44
		Female	£11.91

#### Median Pay Gap

Our median pay hourly rate for men is £11.75

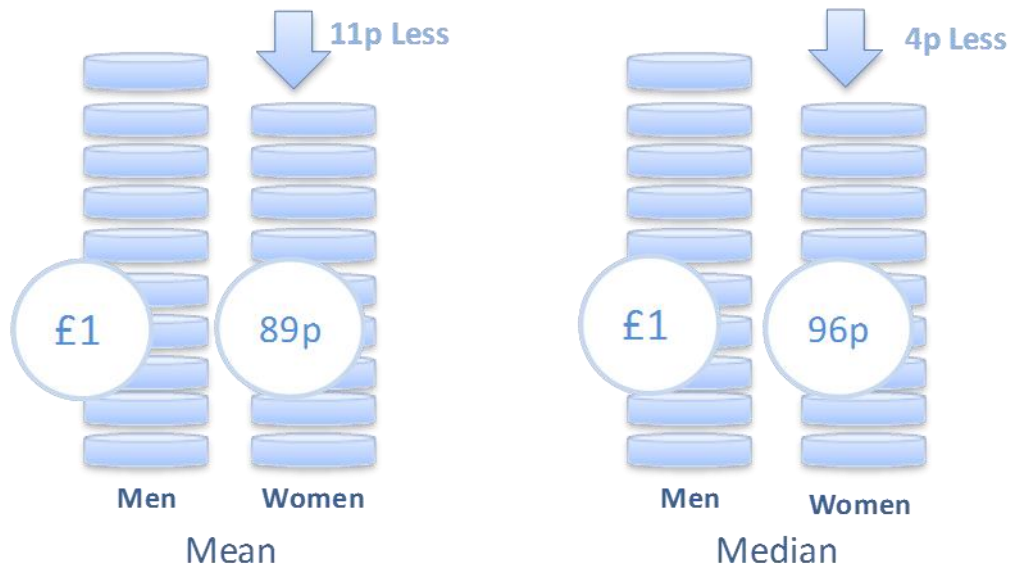
Our median hourly rate for women is £11.26

Our median pay gap between men and women is 4.17%

<b>Median</b>	<b>4.17%</b>	Male	£11.75
		Female	£11.26



## Our Mean & Median Gender Pay Gap



## What are Pay Quartiles?

Pay quartiles are created by ranking each relevant employee in order of their gross hourly rates of pay, and then dividing those employees into four equal groups from the lowest paid to the highest paid. They show the proportions of men and women in each of four pay quartiles.

## Our Pay Quartiles

Quartiles	Men		Women	
	%	Ee's	%	Ee's
<b>Upper:</b> 75-100% of full-pay relevant employees Hourly Rate between £14.38 & £70.24	42.92%	412	57.08%	548
<b>Upper middle:</b> 50-75% of full-pay relevant employees Hourly Rate between £11.26 & £14.38	35.56%	341	64.44%	618
<b>Lower middle:</b> 25-50% of full-pay relevant employees Hourly Rate between £8.69 & £11.26	33.65%	323	66.35%	637
<b>Lower:</b> 0-25% of full-pay relevant employees Hourly Rate between £3.40 & £8.69	23.04%	221	76.96%	738
<b>Total</b>	<b>33.79%</b>	<b>1297</b>	<b>66.21%</b>	<b>2541</b>

**Top quartile** (highest paid)



57.1% of the top quartile are women

**Upper middle quartile**



64.4% of the upper middle quartile are women

**Lower middle quartile**



66.4% of the lower middle quartile are women

**Lower Quartile** (Lowest Paid)



77% of the lower middle quartile are women

For comparison purposes, the Office of National Statistics has measured the UK's gender pay gap (median pay) as being **18.1%** in 2016.

Whilst the Council's Gender Pay Gap is lower than the UK's median gender pay gap, we are committed to closing the gap. We will do this by continuing to review and monitor the gender pay gap and one of the actions of the 'Workforce Plan 2018 – 2022' is to 'to develop a strategy to close the Council's gender pay gap'.