



Report of: **Director of HR**

Meeting of Audit Committee	Date 18 May 2020	Agenda Item	Ward(s) n/a
-------------------------------	---------------------	-------------	----------------

Delete as appropriate		Exempt	Non-exempt
--------------------------	--	--------	------------

## SUBJECT - Gender Pay Gap Report

### 1. Synopsis

- 1.1. From 31 March 2017, the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, SI 2017/353 impose specific duties, including gender pay gap reporting requirements, on the Council. They require the publication of calculations annually showing how large the pay gap is between its male and female employees. The Equality and Human Rights Commission has the power to enforce any failure to comply with the regulations. Employers will also run a reputational risk if they fail to publish the information.
- 1.2. As part of our commitment to fairness and equality, the Council is going beyond its public sector duty and is providing more information than is statutorily required, including voluntarily reporting its ethnicity and disability pay gaps and detailing the actions the council is taking to address them. We believe that by continuing to focus on understanding what our data is telling us, we will be able to identify disparities and can focus our work on addressing pay and development differentials.

### 2. Recommendation

- 2.1. To note the information provided in this report, approve it for publication and refer it onwards to the Audit Committee.

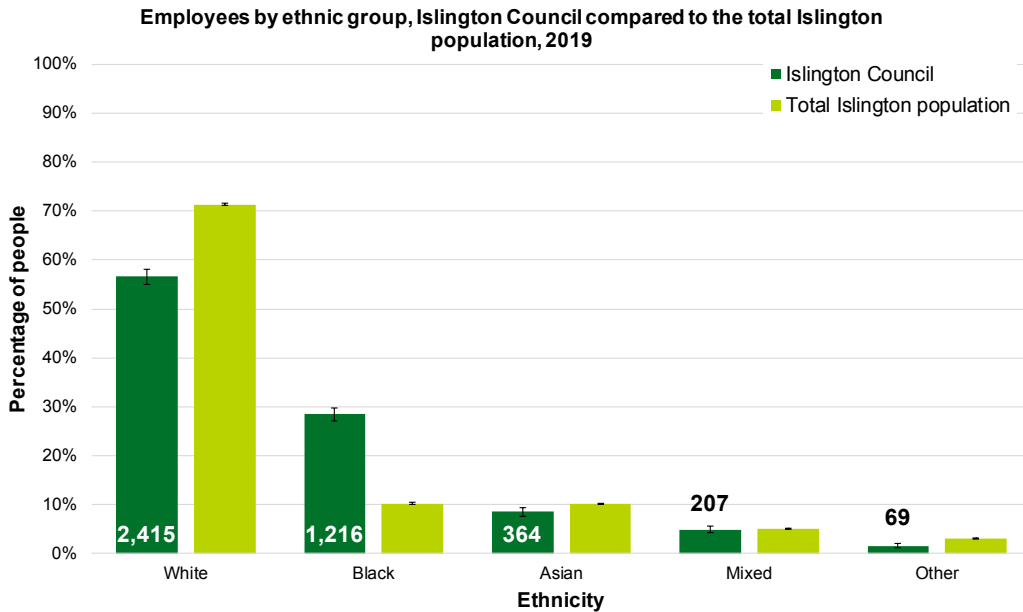
### 3. Background

- 3.1. An employer has up to 12 months to publish its gender pay gap report on its own website and on gov.uk. The deadline to report is 30 March 2020 for public sector employers. The information must be maintained online on the employer's website for a minimum of three years.

- 3.2. Four types of figures must be shown, taken from the payroll data in March 2019:
- Gender pay gap (mean and median averages)
  - Proportion of men and women in each quartile of the organisation's pay structure
  - Gender bonus gap (mean and median averages)
  - Proportion of men and women receiving bonuses
- 3.3. The council has also chosen to be transparent and to publish information about its gender pay gap by grade as well as its ethnicity and disability data and to set out the steps it is taking to address pay gaps where we identify them. This report looks therefore at the pay gap from gender, BAME and disability perspectives.
- 3.4. The gender pay gap is defined as the average hourly rate of pay of female full-pay relevant employees expressed as a percentage of male full-pay relevant employees. A negative figure indicates that the average hourly rate of pay of female full-pay relevant employees is greater than their male equivalent. A positive figure indicates that the average hourly rate of pay of female full-pay relevant employees is less than their male equivalent. In other words, a positive figure indicates that there is an issue in the pay gap and therefore some form of remedial action should be taken. A negative figure indicates there is no issue in the pay gap and therefore there is no need for any remedial action to be taken. This same principle applies to the BAME and disability pay gap analysis.
- 3.5. The Equality and Human Rights Commission advises that pay gaps of 5% or more should be treated as statistically significant, requiring further investigation to identify the cause. Gaps of between 3% and 5% may also indicate that those with the protected characteristic in question are treated differently. This paper highlights instances where the pay gap differs by 3% or more for each of the protected groups. The council's actions will, however, address all pay gaps irrespective of the scale of the differential.

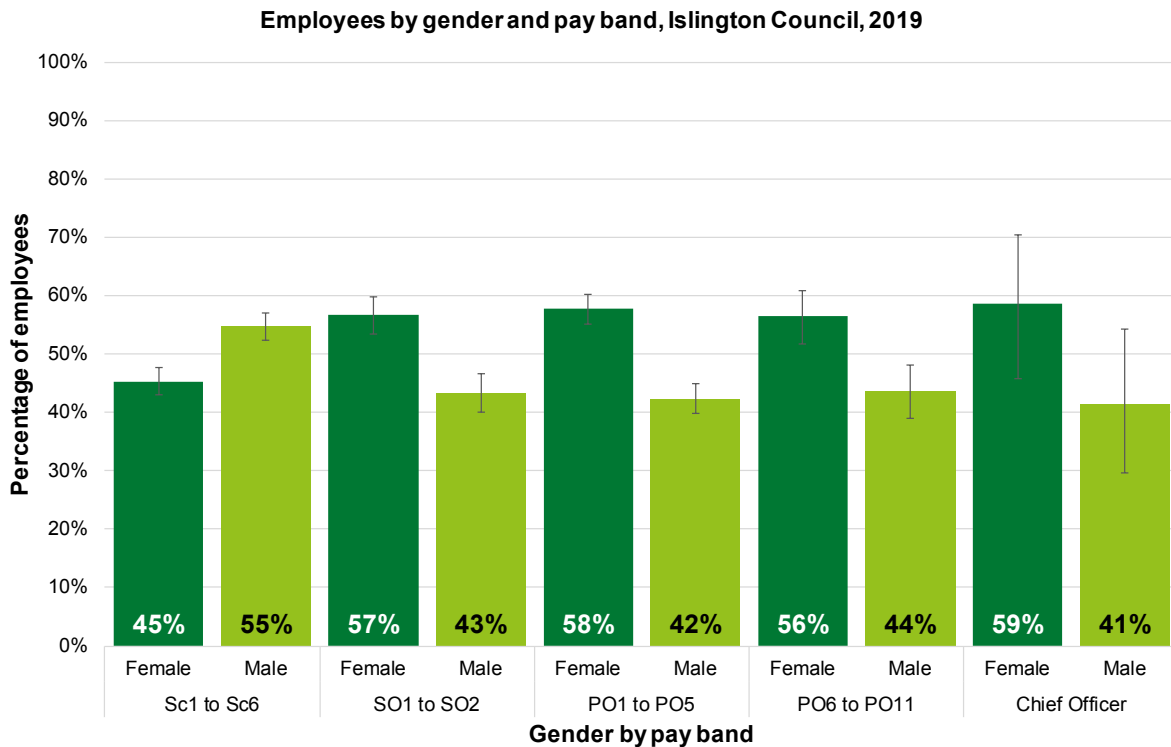
#### **4. Context - Borough and Council profile**

- 4.1 The gender profile of employees who work for the council broadly mirrors the resident population of the borough, where 49% of residents who are aged 16 and over are female. There is a slightly higher proportion of female staff (52%) when compared to male employees (48%).
- 4.2 Overall, there is a significantly higher proportion of BAME staff employed by the council when compared to the resident population. 28% of employees identify as being from a Black or Black British ethnic group compared to 10% of the resident population. 8% of employees identify as being from an Asian or Asian British ethnic group compared to 10% of the resident population, and there are also fewer members of staff who identify as from an Other ethnic group when compared to the resident population.



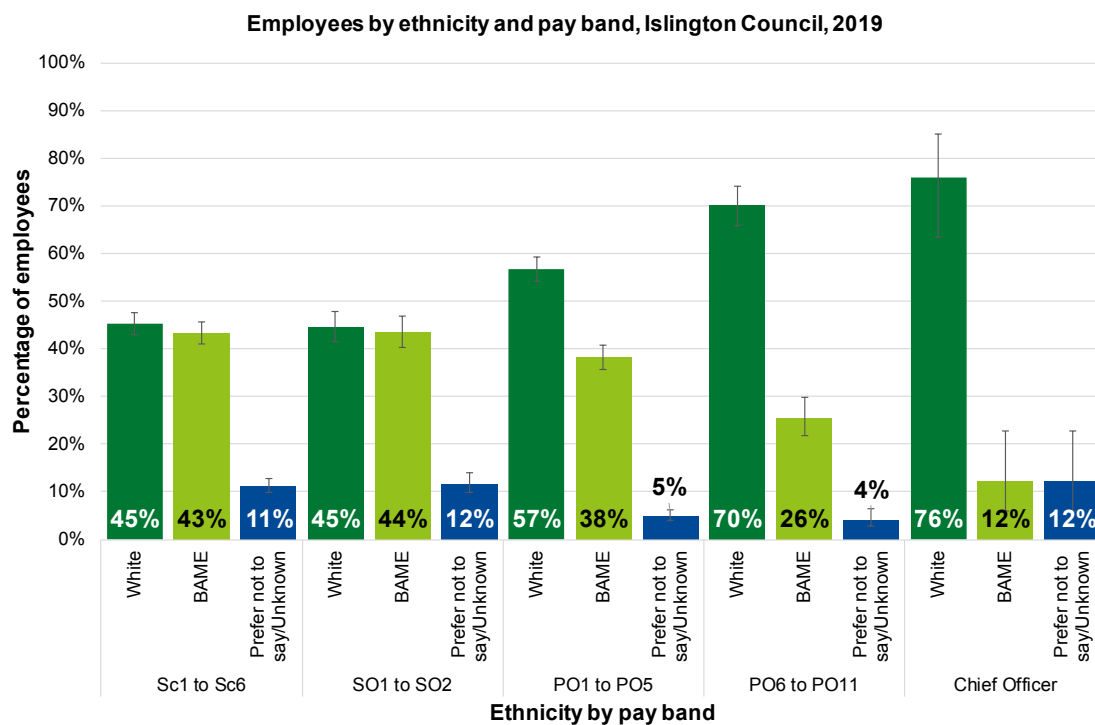
**Note:** 406 (9%) employees have been excluded in this analysis due to having unknown ethnicity/preferring not to say. Data labels correspond to the number of Islington Council staff of each ethnic group.  
**Source:** Islington Council Internal HR dataset, 2019, Housing-led GLA population estimates, 2019.

4.3 When the profile of the council is analysed by grade and gender there is a higher proportion of females at higher grades than their male counterparts. The council goes against the national trend in this regard.



**Source:** Islington Council internal HR dataset, 2019

- 4.4 Employees from White ethnic groups have increasing representation at the higher pay bands. 76% of employees at Chief Officer level are from a White ethnic group, compared to 12% of employees at that level who are from BAME ethnic groups.



- 4.5 When the pay of different ethnic groups is analysed in the context of age, gender and working hours, there are significant differences in the likelihood of being employed at PO1 and PO5 pay bands.

- 4.6 The majority of employees (2,338) have not stated whether they have a disability or not. A small number of employees, 413, or 9% of the workforce, have shared their disability, whilst 1,926, or 41%, have declared that they do not have a disability. The percentage of employees who have declared a disability is less than the expected prevalence for an inner London borough, which is 14%.

## 5. Mean and Median Pay

### Gender

- 5.1 Of the 4,608 members of staff employed by the Council at 31 March 2019, a slightly higher proportion are females (52%) than male (48%). This is consistent with figures from last year's report.
- 5.2 The mean hourly rate of pay for all females is £19.42, and this is 3.6% higher than the mean hourly rate of their male counterparts, which is £18.74 per hour. There is a larger pay gap when the median hourly rate of pay of all women is compared to the median hourly rate of all men, where the difference, as shown in Figure 1, is 8.0% in favour of women. The larger numbers of men in the lowest pay quartile continues to account for the median pay gap.

- 5.3 Both the mean and median hourly pay gap have reduced when compared to last year's rates. Last year, the mean gender pay gap was 4.9% in favour of women, and the median hourly pay gap was 11% in favour of women.

**Figure 1: Gender - Mean and Median Pay**

	Male	Female	Gender Pay Gap
Headcount	2,210	2,398	
Mean	18.74	19.42	-3.62%
Median	17.40	18.79	-7.98%

## **BAME**

- 5.4 The mean and median BAME pay gap for full-pay relevant employees (Figure 2) when compared to white employees is positive, which means that the difference is in favour of White employees.
- 5.5 The mean hourly rate of pay for employees from White ethnic groups is £20.19, and this is 11.1% higher than the mean hourly rate of their BAME counterparts, which is £17.94 per hour. The median pay gap, as shown in Figure 2, is 7.4% in favour of White employees. The larger proportion of White employees in the highest pay quartile accounts for the pay gap.
- 5.6 The mean hourly pay gap has slightly reduced when compared to last year's, which was 11.9% in favour of White employees. The median hourly pay gap has remained the same.

**Figure 2: BAME - Median and Median Pay**

	White	BAME	Pay Gap
Headcount	2,381	1,746	
Mean	20.19	17.94	11.13%
Median	18.79	17.40	7.39%

## **Disability**

- 5.7 The mean and median disability pay gap in hourly rates of pay (Figure 3) is negative, which means that the pay of those who have declared they have a disability is higher than the pay of those who declare they do not have a disability.
- 5.8 The mean hourly rate of pay for employees who have declared a disability is £19.06, which is 1.2% higher than the mean hourly rate of employees who have declared that they do not have a disability (£18.85). The median pay gap, as shown in Figure 3 below, is 2.7% in favour of employees who have declared a disability. These differences are small and should be seen in the context of the large percentage of employees (50%) who have not shared any disability status.
- 5.9 Both the mean and median hourly pay gaps have slightly reduced when compared to last year's rates. Last year the mean pay gap was 1.3% in favour of employees who have declared a disability and the median hourly pay gap was 4.9%.

**Figure 3: Disability - Mean and Median Pay**

	Disabled	Not Disabled	Pay Gap
Headcount	373	1,758	
Mean	19.06	18.85	-1.16%
Median	18.33	17.86	-2.66%

## 6 Pay Quartiles

### Gender

- 6.4 Employees are divided into quartiles according to their hourly rates of pay (the upper pay quartile being the highest paid quarter of all council employees), and then the percentage of male and female employees in each quartile is compared (Figure 4). This is the required format for the publication of this data. The above information does not take into account that there are more female than male workers employed by LB Islington (52% of staff are female), so this figure has been included as a comparison beneath in Figure 4.
- 6.5 The trend of female employees representing a higher percentage of employees compared to male employees at the upper and upper middle pay quartile has continued over the last two reporting periods. In the last year, there has been an increase in the percentage of female employees within all quartiles but the highest pay quartile, which has remained unchanged.
- 6.6 The percentage of female employees in the lower pay quartile has increased to 44% compared to 40% last year.

**Figure 4: Gender - Pay Quartiles**

	Headcount		Percentage per Band	
	M	F	M	F
Upper Pay Quartile (paid above the 75 <sup>th</sup> percentile point)	534	609	47%	53%
Upper Middle Pay Quartile (paid between median and 75 <sup>th</sup> percentile point)	473	670	41%	59%
Lower Middle Pay Quartile (paid between the 25 <sup>th</sup> percentile point and median)	552	591	48%	52%
Lower Pay Quartile (paid below the 25 <sup>th</sup> percentile point)	645	497	56%	44%
Islington overall	2,204	2,367	48%	52%

### BAME

- 6.7 This section compares the percentage of BAME and White employees in each quartile (Figure 5). Overall, 42% of employees at Islington Council identify as belonging to a BAME group. This figure is reflected beneath in Figure 5. 379 employees prefer not to share their ethnicity and have been excluded from the calculations in Figure 5.

- 6.8 The proportion of BAME employees in the upper quartile is 29% compared to White employees (71%). The proportion of BAME employees in the other three lower quartiles is greater than the proportion of BAME employees in the total workforce (42%).
- 6.9 These figures are not where we want them to be and we have recognised that there is work to do in particular in achieving improved representation of BAME staff at higher grades in the council. To that end we have included several action points in the Workforce Strategy that aim to improve this situation including two new posts created to focus on equality as part of the new Policy and Equalities team reporting to the Chief Executive.

**Figure 5: BAME - Pay Quartiles**

	Headcount		Percentage per Band	
	BAME	White	BAME	White
Upper Pay Quartile (paid above the 75 <sup>th</sup> percentile point)	314	768	29%	71%
Upper Middle Pay Quartile (paid between median and 75 <sup>th</sup> percentile point)	474	551	46%	54%
Lower Middle Pay Quartile (paid between the 25 <sup>th</sup> percentile point and median)	470	506	48%	52%
Lower Pay Quartile (paid below the 25 <sup>th</sup> percentile point)	477	531	47%	53%
Islington overall	1,735	2,356	42%	58%

### Disability

- 6.10 This section compares the percentage of disabled and non-disabled employees in each pay quartile (Figure 6). The 2,444 employees who have not shared a disability status with HR (50% of employees) are excluded from the calculations in Figure 6. Among those employees that have shared their status, 18% have shared a disability with HR.
- 6.11 The proportion of disabled employees in the middle quartiles are higher than the overall proportion of disabled employees at Islington Council. However, the proportion of disabled employees in the highest and lowest pay quartiles is lower than the overall proportion of disabled employees at Islington Council.

**Figure 6: Disability - Pay Quartiles**

	Headcount		Percentage per Band	
	Disabled	Not disabled	Disabled	Not Disabled
Upper Pay Quartile (paid above the 75 <sup>th</sup> percentile point)	85	443	16%	84%
Upper Middle Pay Quartile (paid between median and 75 <sup>th</sup> percentile point)	103	429	19%	81%
Lower Middle Pay Quartile (paid between the 25 <sup>th</sup> percentile point and median)	99	380	21%	79%
Lower Pay Quartile (paid below the 25 <sup>th</sup> percentile point)	86	502	15%	85%

Islington overall	373	1,754	18%	82%
-------------------	-----	-------	-----	-----

## 7 Bonus Pay

### Gender

- 7.4 The gender pay gap in terms of bonus pay is the average value of bonuses paid to female relevant employees expressed as a percentage of the average value of bonuses paid to male relevant employees (Figure 7). For Islington Council, bonuses as defined for the purposes of the Gender Pay Gap are pensionable bonuses, retention payments, honoraria, travelcard season ticket loans and long service awards. Retention payments make up the vast majority of bonuses. The majority of the recipients of the retention payment are Social Workers as they are hard to fill roles.
- 7.5 The gender pay gap for bonuses (mean and median) is in favour of women, with the mean bonus to females being 149% higher than the mean bonus paid to men. Both the mean and median bonus pay gaps have increased since the last reporting period (March 2018), when they were 30% and 13%, respectively. However, the percentage of men paid a bonus as a percentage of all male employees has increased, and is consistent with the percentage of women paid a bonus.

**Figure 7: Gender - Bonus Pay**

	Male	Female	Gender Pay Gap
Headcount	227	248	
Mean	814.15	2,025.08	-149%
Median	210	1,500	-614%
Percentage paid bonus	10%	10%	

### BAME

- 7.6 The BAME pay gap in terms of bonus pay is the average value of bonuses paid to BAME relevant employees expressed as a percentage of the average value of bonuses paid to White relevant employees (Figure 8).
- 7.7 The pay gap for bonuses by ethnicity (both mean and median) is in favour of White employees, with the mean bonus to White employees being 13% higher than the mean bonus paid to BAME employees. 12% of White employees and 8% of BAME employees received a bonus.

**Figure 8: BAME - Bonus Pay**

	White	BAME	Pay Gap
Headcount	280	147	
Mean	1,608.76	1,400.95	12.9%
Median	1,364	1,250	8.4%
Percentage paid bonus	12%	8%	



## Disability

- 7.8 The disability pay gap in terms of bonus pay is the average value of bonuses paid to disabled relevant employees expressed as a percentage of the average value of bonuses paid to non-disabled relevant employees (Figure 9).
- 7.9 The pay gap for bonuses by disability (both mean and median) is in favour of employees with disabilities, with the mean bonus to disabled employees being 20% higher than the mean bonus paid to non-disabled employees. 9% of disabled employees and 11% of non-disabled employees received a bonus.

**Figure 9: Disability - Bonus Pay**

	Disabled	Not Disabled	Pay Gap
Headcount	35	199	
Mean	1,729.54	1,439.32	-20.2%
Median	1,404	1,364	-2.9%
Percentage paid bonus	9%	11%	

## 8 Conclusion and actions

### Gender

- 8.1 We are proud that our overall mean and median figures for gender show a positive picture, and that these reflect high levels of female representation in middle and senior management. We will continue to embed flexible working practices and want to continue to enable all employees to manage their work around their individual circumstances.

### BAME

- 8.2 In contrast to gender, our pay gaps for BAME staff are larger and not where we want them to be. We have carried out very detailed analysis and have a much better picture of where we need to target our actions. We have also used information from our staff survey, Spark engagement programme, and a widespread staff consultation process carried out as part of developing our Workforce Strategy. We know that the gaps reflect the lower representation of BAME staff at middle and senior grades. The career progression of underrepresented groups of staff is one of our corporate equalities objectives.
- 8.4 We will be taking a range of actions to improve the progression and recruitment of BAME people into middle and senior grades including a new management development programme. We already ensure that all our recruitment and selection training incorporates diversity, inclusion, conscious and unconscious bias and we use anonymous recruiting.
- 8.5 We are refocusing our approach to appraisal and performance development to incorporate continuous conversations, feedback and coaching for development. We are reviewing our leadership development training programmes and will ensure that these provide opportunities for BAME staff to progress. We have also used the London Leadership Programme to provide leadership development for BAME staff and want to seek other opportunities for BAME staff to develop, including external development and mentoring and coaching.

8.6 Our Workforce Strategy incorporates a further range of actions and we have consulted widely with staff across the council, including via the staff forums. Our staff forums are an opportunity for employees to meet together with other colleagues, discuss issues and concerns, have their voices heard as well as hear from external speakers. We also use the forums to actively seek the views of employees on matters relevant to their employment with the council and the forum chairs meet with the Chief Executive and the Corporate Management Board lead for equalities. We are planning to discuss the pay analysis and proposed actions at the next meeting of the forum chairs.

## **Disability**

8.7 Through our Workforce Strategy we will encourage staff who have not as yet declared a disability to do so, to provide richer data, so that we can take necessary action to provide them with access to the support that they need at work, whether this is by way of adjustments, a more flexible working day or other arrangement. Through our recruitment strategy and apprenticeship plan we will reach out to those with a disability to offer them access to quality work. We will continue to work through our Disability Forum to discuss and agree actions. Currently only 9% of staff have declared a disability whereas in the staff survey 13% of respondents declared that they have a disability.

## **9 Implications**

### **9.4 Financial Implications**

There are no financial implications arising from this report other than the two new equalities posts created are funded partly as a growth item and partly from the funding allocated to the Workforce Strategy business case from the Transformation fund.

### **9.5 Legal Implications**

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, SI 2017/353 impose specific duties, including gender pay gap reporting requirements, on the Council. The purpose of the duties is to enable the better performance by the Council of the public sector equality duty imposed by section 149(1) of the Equality Act 2010, which requires the Council to have due regard, in the exercise of its functions, to specified equality aims.

### **9.6 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

There are no environmental implications arising from this report.

### **9.7 Resident Impact Assessment**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise

disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

The analysis undertaken to compile this gender pay gap report demonstrates that the council is not discriminating against women in the remuneration of its employees. It strives to combat discrimination in all its forms and has adopted policies, procedures and systems which demonstrate its commitment to equality of opportunity and to ensuring the dignity at work of all its employees. These include supporting flexible working, so that a balance can be achieved between family commitments and professional aspirations. The council's policies also include payment of the real London Living Wage, as a minimum, which represents a fair day's pay for a fair day's work, and a level of remuneration which means its employees can afford to live in the capital.

**Final report clearance:**

Signed by:



Alan Grant

**Acting Director of HR**

Date: 19<sup>th</sup> February 2020

Report Author: Alan Grant, Acting Director of HR

Email: [Alan.Grant@islington.gov.uk](mailto:Alan.Grant@islington.gov.uk)

Financial Implications

Author: Steve Key

Email: [Steve.Key@islington.gov.uk](mailto:Steve.Key@islington.gov.uk)

Legal Implications

Author: Peter Fehler

Email: [Peter.Fehler@islington.gov.uk](mailto:Peter.Fehler@islington.gov.uk)