

| | | | |
|-------------------------|--|-------------------------------------|---|
| Committee: | Administration and Regulation Committee | | |
| Date of Meeting: | 17 February 2022 | | |
| Subject: | Gender Pay Gap Update (backward view) and Gender Pay Gap 2022/23 (forward view) | | |
| Report Author: | Service Director, Customer and Organisation Development | | |
| Contact Officer: | Kathy Williams /Anne Davies extensions 8297/6330 | | |
| Implications: | Legal | <input checked="" type="checkbox"/> | Community Safety <input type="checkbox"/> |
| | Equalities | <input checked="" type="checkbox"/> | Environment <input type="checkbox"/> |
| | Financial | <input checked="" type="checkbox"/> | Consultations <input type="checkbox"/> |
| | Staffing | <input checked="" type="checkbox"/> | Other <input type="checkbox"/> |
| Wards Affected: | None | | |

Purpose

1. This report seeks to advise the Administration and Regulation Committee of the council's 2021 Gender Pay Gap (GPG) as measured in accordance with legislation introduced in April 2017. This legislation requires all public sector employers of 250 or more employees to capture specific gender pay and bonus gap data annually, at a snapshot date of 31 March and to publish this data by 30 March of the following year. This year's analysis has been based on data as at 31 March 2021.
2. This report also seeks to advise the Administration and Regulation Committee of the Action Plan devised to narrow the council's GPG and its effectiveness in light of the pandemic in 2020-2022 and beyond.

Recommendations

3. Administration and Regulation Committee is recommended:
 - to be aware of the council's statutory responsibilities under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 to calculate and publish its gender pay gap data for the snapshot date of 31 March 2021 by 30 March 2022, and
 - to recommend the attached gender pay gap data for submission to Council on 22 March 2022.

Background

4. Gender Pay Gap (GPG) legislation (developed by the Government Equalities Office) introduced in April 2017 requires all public sector employers of 250 or more employees to publish by 30 March annually, their gender pay gap for full-pay relevant employees in scope as at the snapshot date of 31 March for the previous year. Schools must report separately where they employ 250 or more. There are no Luton schools covered by the legislation. GPG reporting must be repeated annually and the data must remain on the website for 3 years from initial publication.
5. The GPG covers the difference in the average hourly earnings and annual bonus pay of men and women, regardless of their role or seniority. The council is required to calculate the following GPG data:
 - gender pay gap (mean and median averages)
 - gender bonus gap (mean and median averages)
 - proportion of men and women receiving bonuses and
 - proportion of men and women in each quartile of the organisation's pay bands

The GPG is expressed as a percentage in favour of males or females.

Report

5. In 2021 the mean Gender Pay Gap was 1.3% and the median Gender Pay Gap was 5.8% in favour of males. This represents a marked narrowing of the pay gap from 2020 when the mean GPG was 3.7% and the median GPG 8.35%.
6. The mean gender bonus gap that favours females, widened slightly in 2021 to 11.3% from 10.7% in 2020. The median gender bonus gap that in 2020 marginally favoured females at 2.3%, equalised in 2021 at 0% with the median value of bonus payments of £3000 pa to both males and females.
7. The overall Gender Pay Gap is defined in two ways, firstly as the difference between the mean (average) hourly pay of men and women expressed as a percentage of the mean hourly pay of men. Secondly, it is defined as the median (actual midpoint) hourly pay of men and women expressed as a percentage of the median hourly pay of men.
8. Hourly pay at the Council has been calculated in accordance with the regulations and includes shift premiums and allowances, clothing and car allowances and those monthly market supplement payments paid in the relevant pay period (March 2021 pay). The calculations exclude overtime payments and also

exclude any employee not in receipt of full pay at that time (principally those on maternity/paternity/adoption/unpaid leave or reduced or no sick pay.)

9. Bonus payments can be a significant element of overall remuneration in some sectors, although less so generally within the public sector. However, the regulations define bonus pay as any remuneration “in the form of money, vouchers...” that relates to “profit sharing, productivity, performance, incentive or commission.” For the purposes of the gender bonus calculations therefore the retirement bonus, the long service award and market supplement payments, which are paid as recruitment or retention incentives, have been included in the bonus calculations.
10. Appendix 1, Section A sets out the gender pay and bonus gap data that the council is required to publish for 2021 and shows a marked narrowing of both the GPG and gender bonus gaps. Section B sets out the retrospective GPG trend data since the introduction of GPG reporting in 2017, whilst section C sets out Luton’s GPG compared with other organisations and the comparable rates of pay and bonuses for males and females.
11. In line with its legal responsibilities under the Public Sector Equality Duty, the council is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. The council has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above). As such, the council:
 - carries out pay and benefits audits at regular intervals,
 - evaluates job roles and pay grades as necessary to ensure a fair pay structure, and
 - publishes annually a Pay Policy which sets out clearly the Council’s pay matters
12. The Council’s pay approach supports the fair treatment and reward of all staff irrespective of gender with pay systems and grades aligned to nationally negotiated pay spines. Employees are expected to move through the relevant pay range for their grade; the longer period of time in a grade the more they are expected to earn, irrespective of gender, until they reach the maximum pay for their grade.
13. Changes to the National Joint Council (NJC) pay spine from 1 April 2019 and mapped to Luton pay grades from that date, continue to be partly responsible for the narrowing of both mean and median GPG in 2020 and 2021. This is because the number of pay points for the lowest three grades at the council were reduced

by half, thereby narrowing the differential in pay between employees on the lower grades. Most significantly grade L1a was reduced to a single pay point so that all employees on the lowest grade are paid exactly the same rate with no pay progression linked to time in post.

14. The Council is confident that its gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather, the Gender Pay Gap is linked to the number of females occupying roles with lower salaries and allowances, compared to male employees occupying these roles. Conversely, the bonus pay gap is based on the proportion of females receiving market supplement payments and the long service award compared to male workers (80% female:20% male mainly in the social care field.)
15. The table in section A (Appendix 1) depicts pay quartiles by gender, showing the council's full pay workforce divided into four equal-sized groups based on hourly pay rates, with band A including the lowest-paid 25% of employees (the lowest quartile) and band D covering the highest-paid 25% (the upper quartile). In order for there to be no gender pay gap, there would need to be a ratio of men to women in each band reflecting exactly the Council's gender make up (ie 64% female and 36% male) with no gender pay gap within each quartile.
16. Across the UK economy as a whole, it is generally accepted that men are more likely than women to be in senior roles (especially very senior roles at the top of organisations), and women are more likely than men to be in front-line roles at the lower end of the organisation. This is borne out by the situation in Luton where cumulatively, there is an overrepresentation of women in the lower quartiles, i.e. below overall median pay, compared with underrepresentation in the higher quartiles and this explains why there is a gender pay gap in favour of men for both mean and median pay.
17. The Chartered Institute of Personnel and Development (CIPD) on its website explains that research has found that there currently exists a "motherhood penalty" where working mothers face disadvantages in the workplace with regards to perceptions of their competence, dedication and aspiration. Furthermore in its gender pay gap reporting guide states that "If a woman either leaves the labour market altogether for even a short period of time, or continues to work, but on a reduced hours' basis, she's more likely to be in a low-paid and low-skilled job, and to remain there throughout her working life."
18. In addition the CIPD also states that although there has been progress in female representation at the top of organisations, there's still a long way to go until we can claim equality of opportunity in career progression on the basis of gender. The CIPD also states that if an organisation reports a gender pay gap, it does not

mean women are paid less than men for doing the same job, but it does show that, on average, men occupy higher-paying roles than women.

19. The CIPD also states that in an organisation of nearly two-thirds women and one-third men, relatively small changes in the distribution of men across the different pay quartiles in the organisation can have a significant impact on the gender pay gap. In comparison to 2020 the ratio of males to females in the workforce increased by nearly 2%, with a corresponding decrease in the number of females. However this shift in the gender profile is most marked in the quartiles A and C where the ratio of females drops by 3% and 2.4% respectively. In contrast the ratio of females rises by 1.3% in quartile B whilst the ratio of males to females in the top quartile D has remained almost static with only a 0.5% downward shift in the ratio of females.

20. Between April 2020 and March 2021, 290 (75.5%) of the 384 employees leaving the council were female whilst only 85 (60%) of the 142 recruited during the same timeframe were women. Of those leaving during the same timeframe due to organisational change e.g. redundancy or TUPE transfer, 95 (88%) were female. The reduction in the distribution of the female workforce is likely to have been a contributory factor to the narrowing of both the mean and median pay gap. Demographics and the nature of the council's services will remain as factors in our ability to further close the median and mean pay gaps in the future.

21. In the Council women in quartile band B, where the highest proportion of women can be found (72.6%) are typically in administrative roles that do not attract allowances or supplemental payments or in front line care roles which do. However as women are more likely than men to have had breaks from work that have affected their career progression, for example to bring up children, they may also not have progressed as far in the incremental scales as their male counterparts. Women are also more likely to work part time, and many of the jobs that were available at 31 March 2021 across the Council on a part-time and/or term time only basis, were at the lower end of the pay scale eg the remaining catering staff in the school meals service, home carers and support workers.

22. The vast majority of organisations have a gender pay gap, and we are pleased to be able to report that with the further narrowing of the pay gap, Luton council's gap appears to compare very favourably with that of other local authorities and organisations (ONS Annual Survey of Hours and Earnings). Please refer to Appendix 1 section C for comparative data with the wider public, private and third sectors.

23. At **1.3%** and **5.8%** Luton council's mean (average) and median (mid- point) **gender pay gaps in favour of males** can be seen to be increasingly lower than the norm for the public sector. This is particularly encouraging given the range and nature of services provided by the Council with a number of traditionally low paid services, such as refuse collection and some school catering services, at 31 March 2021, retained in house.
24. This year's analysis has been based on data as at 31 March 2021 and still includes 67 school catering employees who are predominantly female, and whose pay was at the lower end of the pay spine. They transferred over to their new employers on the 1 April 2021 and it will not be until the council reports its gender pay gap in 2023 (for 2022), that the effects of transferring out this in-house service, will be fully seen but we can expect this to further affect the council's pay gap.
25. In line with the regulations, recruitment and retention incentives in the form of market supplements, retirement bonuses and the long service award have been taken into account for the purposes of the gender bonus gap calculations.
26. In contrast to the pay gap favouring males, the mean gender **bonus gap** for Luton council widened slightly from 10.7% to 11.3% but remained **in favour of females** due to the nature and circumstances in which the "bonus" is paid. The median gender bonus gap equalised at 0% with the median bonus for both males and females at £3000 pa.
27. The long service award, in the form of shopping vouchers to the value of £200, was made to employees who had accrued 25 years of continuous service with the Council in the 12 months prior to 31 March 2021. In 2021 all recipients, irrespective of gender, received the same value of vouchers and therefore there is very little impact on the gender bonus gap.
28. In respect of market supplements, recipients commit to repay monies should they leave the Council before the end of their two year agreement thereby serving as both a recruitment and retention tool.
29. Of those employees in receipt of market supplement payments in the year preceding 31 March 2021, over 79.6% were female, with bonus amounts varying, due to their start date in post, the post held and the market rate supplement levels applicable to their post.
30. The payment schedule for market supplements is either monthly or annual payment in advance but as the calculations for the gender bonus gap are based

on the total market supplement amounts paid in the year prior to the 31 March, all recipients will have received their standard annual market supplement payment within the calculation timeframe. When payments were made in arrears this was not necessarily the case.

31. If a significant number of recipients opt to change the payment schedule of their market supplement, moving from monthly to annual payments or vice versa at the start of the financial year, this could also have implications for the GPG. This is because if a market supplement payment is made during the month of the snapshot date (March) then in accordance with the regulations, this monthly payment has to be factored into hourly pay. The hourly rate for the 66 employees who received a market supplement as a monthly amount in March 2021 will have been boosted as a result of this payment thereby contributing to the narrowing of the GPG as 76% of monthly recipients are female.

32. The Action Plan presented to the People Plan Governance Board in March 2020 to further minimise the pay gap can be found at Appendix 2. This set out the key themes of promoting flexible working, positive action around progression for women and a review of recruitment practices, which when fully implemented would result in a higher proportion of females in the upper two pay quartiles, where they are currently under-represented.

33. The council has developed a range of routes to enable employees to advance in their careers, such as apprenticeships, career pathways, secondment opportunities, the National Graduate Development Programme and management training, including mandatory unconscious bias training. Alongside these routes, the council is embedding check-ins and coaching and mentoring throughout the business to assist in personal development. Whilst all of the above applies equally to all genders, the council's profile – 36% male and 64% female – would suggest that females in particular should see the benefit.

34. Luton Council has put in place a number of initiatives, which may contribute to the narrowing of the GPG over time with increased take up at the higher grades - these include, publicising paid shared parental leave, flexible working/hours (eg compressed hours) as a day one right, flexitime scheme, check-ins and personal development plans and career pathways. In addition the Council has further developed schemes to purchase additional annual leave (raised from 10 to 20 days additional leave) and a flexible retirement procedure, all of which may have particular appeal to those with family related responsibilities where balancing work and home commitments is essential for retaining employees within a workforce that is predominantly female.

35. The Council recognises it has limited influence over the subjects that individuals choose to study or the career choices that they make or their choices around work/life balance and part-time work or their choices around the payment of their market supplement. The pandemic and the council's financial position has taken some focus away from the action plan. Nevertheless, the council's pay gap is now comparatively small.

36. Fully outsourcing the school meals service in March 2021 with the final transfer of the predominantly low paid female workforce to external providers, is likely to further narrow the pay gap when the analysis is completed based on 31 March 2022, and due to be reported in 2023.

Proposal/Options

37. To recommend the attached gender pay gap data for submission to Council on 22 March 2022 and for publication on or before 30 March 2022.

Appendices

- 38. Appendix 1 – Gender Pay Gap 2021 data
- 39. Appendix 2 - Gender Pay Gap Action Plan 2020

List of Background Papers - Local Government Act 1972, Section 100D

Implications

| Item | Details | Clearance Agreed By | Dated |
|--------------|---|--|----------|
| Legal | <p>The Council has a statutory responsibility under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 to annually produce and publish its Gender Pay Gap data.</p> <p>The explanatory note to the Regulations states that non-compliance will constitute an unlawful act under s.34 of the Equality Act 2006.</p> | Jasbir Josen Senior Solicitor Legal Services | 26.01.22 |

| Item | Details | Clearance Agreed By | Dated |
|-------------------------|---|---|-------------------------------|
| Finance | There are no direct financial implications associated with this report. | Darren Lambert Finance Business Partner, Corporate Finance | 26 January 2022 |
| Equalities | This report is in line with the Council's legal responsibilities under the Public Sector Equality Duty | Maureen Drummond Equality & Diversity Adviser | 26 January 2022 |
| Environment | None | | |
| Community Safety | None | | |
| Staffing | <p>This is the fifth year that the council, alongside other public sector organisations, has been required to calculate and publish its gender pay gap data.</p> <p>Whilst there are no direct staffing implications as a result of this report, there is reputational risk to the council, if on publication of the data, it compares unfavourably with other public sector employers, particularly that of neighbouring authorities. Without an accompanying 'dialogue' this could adversely affect employee relations with the Trades Unions and could affect recruitment and retention within the workforce.</p> <p>To mitigate the risks in this regard, the Communications team will be fully briefed in order for the council's GPG publication to be accompanied by Intranet articles to explain the data, revised Q&As for</p> | Aidan Wilkie Service Director | 1 st February 2022 |

| Item | Details | Clearance Agreed By | Dated |
|----------------------|--|---------------------|-------|
| | employees, press releases to deal with media interest and links to the government website where the results will be published. | | |
| Consultations | There are no consultation implications within the report | | |
| Other | None | | |

Appendix 1

Gender Pay Gap Data 31 March 2021 (required to report by 30 March 2022)

A. Luton Borough Council Gender Pay Gap Data for Publication *

- The mean gender pay gap for Luton Borough Council is **1.3%** (in favour of males)
- The median gender pay gap for Luton Borough Council is **5.8%** (in favour of males)
- The mean gender bonus gap for Luton Borough Council is **-11.3%** (in favour of women)
- The median gender bonus gap for Luton Borough Council is **0%**
- The proportion of male employees in Luton Borough Council receiving a bonus is **4%** and the proportion of female employees receiving a bonus is **8.5%**

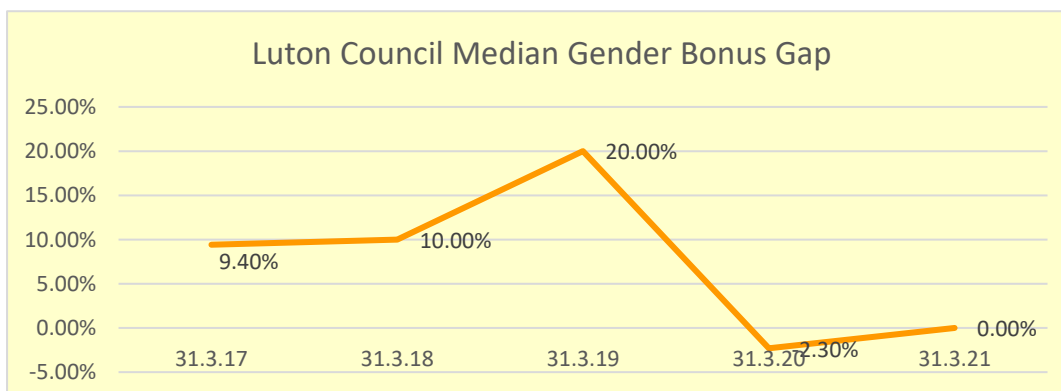
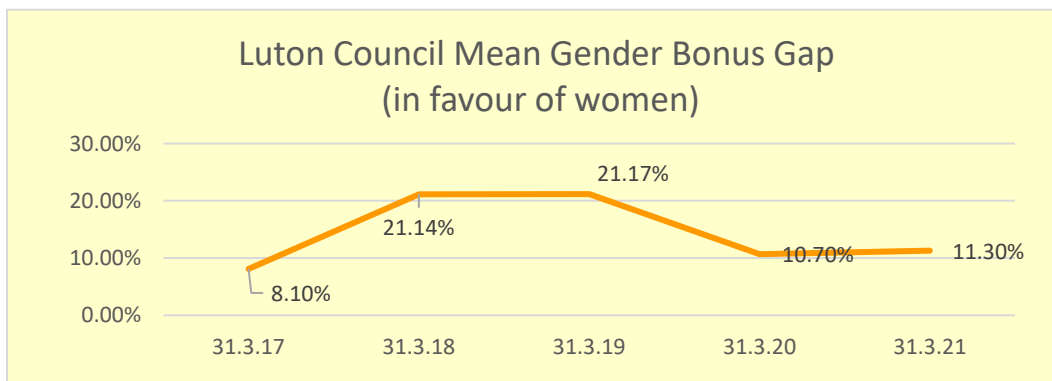
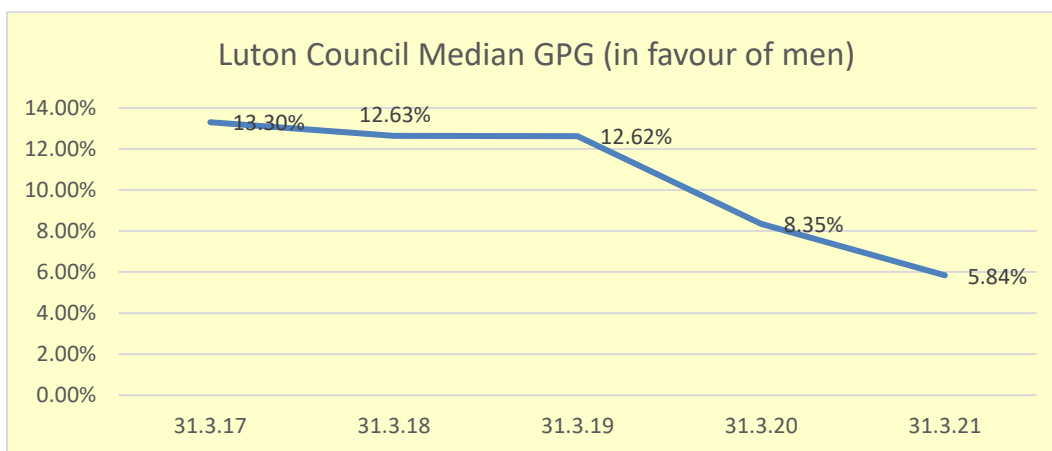
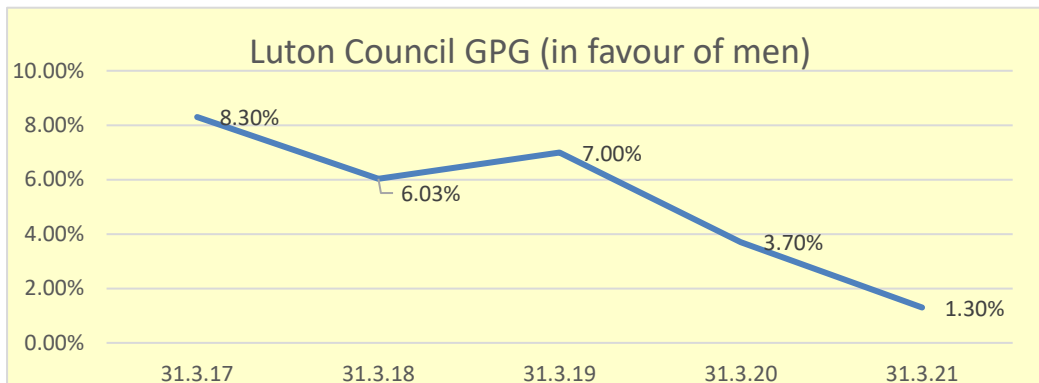
Distribution of pay at 31 March 2021 by quartile*

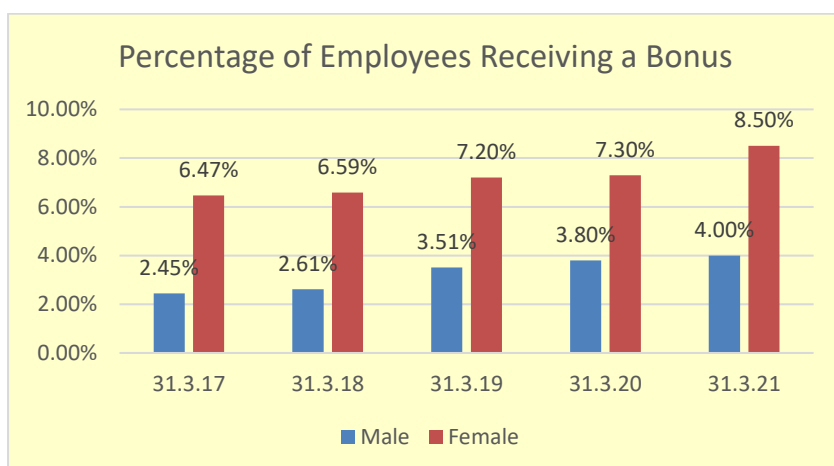
| Band | Males | Females |
|---------------------------------|-------|---------|
| A. Lowest quartile | 40.4% | 59.6% |
| B. Lower middle quartile | 27.4% | 72.6% |
| C. Upper middle quartile | 39.6% | 60.4% |
| D. Upper quartile | 36.5% | 63.5% |
| All full pay relevant employees | 36% | 64% |

*All the figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Gender Pay Gap Data Trends

B. Luton Borough Council Gender Pay Gap (GPG) Data Trend 2017 - 2021





C Gender Pay Gap 2021 data

Mean and Median Pay Gap Comparisons with other organisations

| Year 2021 | Luton Council | Private sector* | Public sector* | Non-profit and mutual association pay gap* |
|----------------|---------------|-----------------|----------------|--|
| Mean Pay Gap | 1.3% | 17.8% | 14.8% | 18% |
| Median Pay Gap | 5.8% | 19.6% | 18% | 20.8% |

*Data from - ONS ASHE – Office for National Statistics - Annual Survey of Hours and Earnings (provisional 2021 data)

Comparable Rates at Luton 2021

| Hourly Pay | Number of full pay employees | Range – hourly rates | Mean (average) hourly rate | Median (mid-point) hourly rate |
|------------|------------------------------|----------------------|----------------------------|--------------------------------|
| Males | 988 | £4.55 -£94.36 | £16.53 | £15.78 |
| Females | 1759 | £4.55 - £71.64 | £16.32 | £14.86 |

| Bonus Payments | Number of recipients | Range of payments | Mean (average) bonus | Median (mid-point) bonus |
|----------------|----------------------|-------------------|----------------------|--------------------------|
| Males | 44 | £115-£5500 | £2988.86 | £3000 |
| Females | 172 | £60-£5500 | £3326.56 | £3000 |

| Quartile | Hourly Rate Range | Grade Range | Males | Females |
|----------|-------------------|-------------|-------|---------|
| A | £4.55-£11.73* | App-L4 | 277 | 409 |
| B | £11.73-£15.33* | L1A-L7 | 188 | 499 |
| C | £15.33-£18.50* | L2 – M2 | 272 | 415 |
| D | £18.50-£94.36* | L3 - CE | 251 | 436 |

*In accordance with the regulations, including payments of allowances such as standby, sleeping in and weekend/night allowances can substantially boost hourly rates of pay whilst deductions for salary sacrifice schemes such as purchase of additional leave or payment for child care vouchers suppress the hourly rate of pay.

Appendix 2

Gender Pay Gap Action Plan update report People Plan Governance Board 12th March 2020

Context:

1. At 7 % and 12.6% Luton Council's mean (average) and median (mid-point) 2019 gender pay gap in favour of males can be seen to be markedly lower than the norm for the public sector (15.7 % mean and 16.8 % median). This is particularly encouraging given the range and nature of services provided by the council with a number of traditionally low paid services, such as refuse collection and some school catering services, retained in house.
2. The council has in place family friendly initiatives such as paid shared parental leave and other types of special leave, maternity leave, flexible working/hours, flexitime scheme, career breaks, a scheme to buy additional leave and a flexible retirement procedure. These initiatives aim to appeal to those with family related responsibilities, where balancing work and home commitments is essential for retaining employees within a workforce that is predominantly female. In addition, the council has developed a range of routes to enable employees to advance in their careers, such as apprenticeships, career pathways, secondment opportunities, the National Graduate Development Programme and management training. Alongside, these routes, the council is embedding check-ins, coaching and mentoring throughout the business to assist in personal development. Whilst all of the above applies equally to all genders, the council's profile – 34% male and 66% female – would suggest that females in particular should see the benefit.
3. Luton Council's gender pay gap is related to the gender composition of our workforce; where we have a higher proportion of women working in lower graded roles (68.2% quartile A and 72.7% quartile B) compared to the upper quartile D (63.8%), which adversely impacts on the average pay of women employed by the council (Appendix A). Starting salaries and appointments are consistently made at the bottom of the pay grade, thus appearing not to be the issue. We are aiming for a 34% / 66% gender split across all quartiles to align with the overall gender profile.
4. Gender pay gap is a complex issue and is impacted by a variety of factors. The purpose of a gender pay gap action plan is to establish a list of specific actions that will be taken to address the many drivers of the Council's gender pay gap, and develop a strategic approach to change.

Gender Pay Gap Action Plan: Luton Council

| Key theme | Actions | Delivery | Target outcome |
|---|--|--|--|
| Promotion of flexible working | Promote take-up of flexible and part time working and shared parental leave arrangements, particularly at higher grades and within service areas (eg Children's Services) with low rates currently | HR Strategy Anne Davies December 2020 | <ul style="list-style-type: none"> • Increased uptake of flexible and part time working and shared parental leave arrangements at higher grades and within low take up service areas • Increase in new starters on less than full time contracts, particularly at management grades |
| | Create leadership briefings and an e-bulletin detailing case studies of male and female senior officers who work flexibly, home working, part-time, job shares etc to promote acceptance and culture change | Communications team & CLMT Martin Hindmarsh CDs & SDs December 2020 | <ul style="list-style-type: none"> • As above |
| Positive action around progression for women | Embed mentoring and coaching programmes, career pathways/core skills pathways and introduce a women's empowerment network, focussing on senior managerial roles in areas where women are under-represented e.g. Place and Infrastructure; senior Finance roles | HR Strategy Equalities team Lesley McNeill Denise Morgan Maureen Drummond December 2020 | <ul style="list-style-type: none"> • An increase in numbers of females becoming mentors and coaches • An increase in numbers of M1-M8 females benefitting from a mentor or coaching sessions • An increased proportion of females at Grade M1 and above • Evidence of women aspiring into management roles accessing leadership & management development opportunities |

| | | | |
|--|--|---|--|
| Review of recruitment practices | A data driven review of the various recruitment channels/media being used with particular focus on recruitment into management positions (M3-M8) | HR Business Support Helen Davey December 2020 | <ul style="list-style-type: none"> Recruitment data to provide information on number of applications completed on a diverse range of platforms and equalities profile of final appointments |
| | Implement gender balanced recruitment panels where possible for senior roles (M3-M8) | HR Business Support Helen Davey December 2020 | <ul style="list-style-type: none"> Gender balanced recruitment panels where possible |

Considerations:

1. Proposed actions have been cited as either effective or promising according to the Government Equalities Office's report – reducing the gender pay gap and improving gender equality in organisations: Evidence based actions for employers.
https://gender-pay-gap.service.gov.uk/public/assets/pdf/Evidence-based_actions_for_employers.pdf
2. The Council will not tackle all of the drivers of the gender pay gap with short-term fixes, and it is acknowledged that actions will not have an immediate effect on reducing the headlines pay gap statistics but they will lay the foundations for a serious committed and long-term approach to achieving our aspiration of narrowing the gender pay gap in Luton Council.
3. The Action plan will be implemented over the next 12 months and reviewed on an ongoing basis, and annually in comparison with the published results of the Gender Pay Gap report each March.

Recommendations:

PPGB is recommended to agree the GPG Action Plan