

Gender Pay Gap

Report 2020

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Committee:	Administration and Regulation Committee		
Date of Meeting:	23 February 2021		
Subject:	Gender Pay Gap Update (backward view) and Gender Pay Gap 2021/22 (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 2020 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.
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 to 2021 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 2020 by 30 March 2021
 - to recommend the attached gender pay gap data for submission to council on 23 March 2021

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 three 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 2020 the mean Gender Pay Gap was 3.7 per cent and the median Gender Pay Gap was 8.35 per cent in favour of males. This represents a marked narrowing of the pay gap from 2019 when the mean GPG was 7 per cent and the median GPG 12.63 per cent
6. The mean gender bonus gap that favours females, also narrowed in 2020 to 10.7 per cent from 21.2 per cent in 2019. Similarly the median gender bonus gap that overall favours females, narrowed from 20 per cent in 2019 to 2.3 per cent in 2020.
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. 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 2020 pay). The calculations exclude overtime payments.

8. 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 both the long service award and market supplement payments, which are paid as recruitment or retention incentives, have been included in the bonus calculations.
9. Appendix 1, Section A sets out the gender pay and bonus gap data that the council is required to publish for 2020 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.
10. 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
 - publishes annually a Pay Policy which sets out clearly the Council's pay matters

11. 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.
12. Changes to the National Joint Council (NJC) pay spine from 1 April 2019 and mapped to Luton pay grades from that date, are likely to be partly responsible for the narrowing of both mean and median GPG in 2020. 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.
13. 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 the result of the disproportionate 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 a disproportionate number of females receiving market supplement payments and the long service award compared to male workers (78 per cent female and 22 per cent male mainly in the social care field).
14. 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 per cent of employees (the lowest quartile) and band D covering the highest-paid 25 per cent (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 65.2 per cent female and 34.8 per cent male).
15. 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, ie 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.
16. 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 times, or continue 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.'

17. 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.
18. In the council women in band B 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 are available across the council on a part-time and/or term time only basis are at the lower end of the pay scale eg at present catering staff in the school meals service, home carers and support workers.
19. In comparison to 2019 the ratio of males to females in the workforce increased by nearly 2 per cent, with a corresponding decrease in the number of females. However this shift in the gender profile is confined to the lowest two quartiles whilst the ratio of males to females in the upper quartiles has remained static.
20. The vast majority of organisations have a gender pay gap, and we are pleased to be able to report that 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.
21. At **3.7 per cent** and **8.35 per cent** Luton council's mean (average) and median (mid-point) **gender pay gaps in favour of males** can be seen to be markedly 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, currently retained in house.
22. Next year's analysis will be based on data as at 31 March 2021 and will include over 100 remaining school catering employees who are predominantly female, and whose pay is at the lower end of the payspine. Therefore 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 seen but we can expect this to further affect the council's pay gap.
23. In contrast to the pay gap favouring males, the mean and median gender bonus gaps for Luton council at **10.7 per cent** and **2.3 per cent**, remain **in favour of females** due to the nature and circumstances in which the 'bonus' is paid. In line with the regulations, recruitment and retention incentives in the form of market supplements and the long service award have been taken into account for the purposes of the bonus calculations.
24. 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 2020. In 2020, all 21 recipients, irrespective of gender, received the same value of vouchers and therefore there is very little impact on the gender bonus gap.
25. 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.
26. Of those employees in receipt of market supplement payments in the year preceding 31 March 2020, over 78 per cent were female, with bonus amounts varying, due to their start date in post, market rates, and whether an individual had opted for their market supplement to be paid monthly in arrears or annually in advance.

27. The payment schedule for market supplements had been amended in April 2019, with the offer of either monthly or annual payments in **advance**, where formerly market supplements had been paid in **arrears** twice a year (December and June). As a result within the bonus gap calculation period of 1 April 2019 to 31 March 2020 recipients received both a six monthly payment in arrears (June 2019) plus either nine monthly supplement payments (July 2019 to March 2020), or a 12 month supplement payment in advance (for the period April 2019 until March 2020).
28. This has had the one-off effect of boosting all market supplement payments for this reporting period and narrowing the overall gender bonus gap with a significant shift in the median bonus gap in favour of males (-17.7 per cent) whilst the mean bonus gap was less marked (-10 per cent).
29. For the 2021 GPG calculations the total market supplement payment made annually will be restricted to the standard annual amount except where an individual chooses to switch from annual to monthly payments and vice versa. Dependent upon the number who opt for a change in their supplement payment schedule it is possible that the gender bonus gap will fluctuate in the future.
30. Changes to the payment schedule of an employee's market supplements could also have implications for the GPG if a significant number of recipients opt to change the timing of their payments. 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 50 employees who received a market supplement as a monthly amount in March 2020 will have been boosted as a result of this payment thereby contributing to the narrowing of the GPG as nearly 80 per cent of recipients are female.
31. 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 sets 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.
32. 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 (35 per cent male and 65 per cent female) would suggest that females in particular should see the benefit.
33. 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, career pathways, coaching and mentoring.

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.

34. 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, for instance the moratorium has slowed internal and external recruitment.

Nevertheless, the council's pay gap is comparatively small and outsourcing the school meals service in February/March 2021 with the transfer of the predominantly low paid female workforce to external providers is likely to further narrow the pay gap when this is reported in 2023.

Proposal/options

35. To recommend the attached gender pay gap data for submission to council on 23 March 2021 and for publication before 30 March 2021,

Appendices

36. Appendix 1 – Gender Pay Gap 2020 data

37. 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	The council has a statutory responsibility under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 to produce and publish its Gender Pay Gap data by 30 March 2021 and annually thereafter.	Jasbir Josen Senior Solicitor Legal Services	5 February 2021
Finance	There are no financial implications within the report.	Darren Lambert Finance Business Partner, Corporate Finance	5 February 2021
Equalities	There are no additional equalities implications, apart from those outlined within the report.	Marek Lubelski Social Justice Manager	4 February 2021
Environment	None		
Community Safety	None		
Staffing	This is the fourth year that the council, alongside other public sector organisations, has been required to	Aidan Wilkie Service Director	2 February 2021

Item	Details	Clearance agreed by	Dated
	<p>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 employees, press releases to deal with media interest and links to the government website where the results will be published.</p>		
Consultations	There are no consultation implications within the report		
Other	None		