

Briefing note - Gender Pay Gap Reporting

For Overview and Performance Scrutiny Forum

1.0 Why have the requirements changed?

1.1 Several factors are likely to have influenced the change in reporting requirements including:

- People expect pay to be fair
- People expect organisations to be accountable – to government, to shareholders, to employers, to employees, to customers etc. for the way in which pay is allocated
- Due to IT improvements it is now easier to collect and analyse pay data and make pay transparent
- After 40 years of equal pay legislation the gender pay gap is still with us
- Closing the gender pay gap has the potential to substantially improve UK GDP - under-utilisation of women's skills is estimated to cost the economy between 1.3 and 2% of GDP per year
- Gender pay gap reporting can highlight labour market disadvantage, gender disparity in the workplace and the differences between the individual earnings of a man and a women

2.0 The requirement

2.1 New gender pay reporting legislation requires employers with 250 or more employees to publish statutory measures every year showing how large the pay gap is between their male and female employees. The snapshot date for data is 31st March each year for public sector organisations and 5th April for private and third sector employers.

2.2 Organisations then have 12 months in which to publish their data, giving public sector organisations an annual deadline of 30th March and 4th April for private sector and third sector employers.

2.3 The data must be published on the government's gender pay gap portal <https://gender-pay-gap.service.gov.uk/> and on the organisation's website. This information must be accessible for a period of at least three years.

- 2.4 Private sector and third sector employers are required to also submit a supporting statement to confirm that data is accurate and has been signed off by an appropriate person (Director or equivalent). Public sector organisations are not obliged to provide this statement but may do voluntarily.
- 2.5 The statement could voluntarily include a narrative that explains specific gender pay gap issues and/or if corrective measures being undertaken or considered.

3.0 What data needs to be published?

3.0 There are six pieces of information which need to be published:

1. Average gender pay gap as a mean average
2. Average gender pay gap as a median average
3. Average bonus gender pay gap as a mean average
4. Average bonus gender pay gap as a median average
5. Proportion of males receiving a bonus payment and proportion of females receiving a bonus payment
6. Proportion of males and females when divided into quartiles ordered from lowest to highest paid

4.0 Employees and pay in scope

- 4.1 The equality act 2010 definition of an employee applies. It includes employment under a contract of employment, a contract of apprenticeship or a contract personally to do work.
- 4.2 The calculations are based on full pay relevant employees - an employee who is not during the relevant pay period, being paid at a reduced rate or nil as a result of being on leave e.g. maternity leave.
- 4.3 Pay includes basic pay, allowances, pay for piecework, pay for leave, shift premium pay and bonus pay. Overtime pay or redundancy pay is not included.

5.0 Enforcement

5.1 Government states that failure to comply will constitute an unlawful act empowering the Equality and Human Rights Commission to take enforcement action.

5.2 The Government is committed to reviewing the regulations within five years of commencement.

6.0 The desire for transparency

6.1 Simply making the numbers available is the requirement but this is unlikely to satisfy the desire for transparency. Our key audiences which could include politicians, managers, employees, trade unions, future potential recruits, the public, competitors and the media will want some context. People are going to ask us what the figures mean and good, bad or indifferent we need a story to tell.

6.2 These audiences may want to know:

- Why we are doing this – is it just a compliance issue or do we have a genuine commitment to achieve gender equality?
- What are the likely reasons for any gender pay gap?
- What action are we going to take?
- How do we compare to other local authorities?
- Are there any structural changes that have affected our figures?
- What are the challenges we face in closing the gender pay gap?

7.0 Communication

7.1 In the run up to the gender pay gap reporting there was significant national, regional and local interest in the issue. During 2017/18 there has been significant media coverage with several large organisations effectively being named and shamed.

7.2 We decided to develop infographics and a full narrative to help bring the data to life and give some explanation of what is impacting on our figure. The infographics are available on the website [here](#). Our 2017 gender pay gap report including all figures and narrative is attached at Appendix A.

7.3 There was a pre-release to staff and members via aspire intranet prior to the figures being published on our website and the national gender pay gap portal.

7.4 In our communication activity we considered the following risks associated with gender pay gap reporting:

- Audiences not understanding the gender pay gap e.g. confusion with equal pay
- A rise in equal pay claims/enquiries
- Concerns about seemingly unfair practices e.g. bonus culture
- Inadequate data for follow up enquiries
- Being unprepared for obvious questions
- Inconsistency with other public statements and commitments
- The rise of social media campaigning
- Reputational damage affecting recruitment, retention and use of our commercial services

8.0 Organisational benefits of reporting the gender pay gap

8.1 There are a number of benefits that promoting gender diversity and reducing the gender pay gap can have for organisations including:

- Improving our reputation as an employer and service provider
- Attracting an improved pool of talent for jobs as a fair employer
- Staff feel valued, supported, creating higher retention rates and lower costs
- Boosting staff productivity
- Meeting the diverse needs of customers

9.0 Potential future requirements

9.1 Lobbying is taking place to introduce further reporting requirements and action. These could include:

- Requiring the publication of action plans for reducing the gender pay gap
- Introducing new reporting requirements including ethnicity pay gap and disability pay gap

10.0 Key points from our gender pay gap report

- 10.1 Our full gender pay gap report for 2017 is attached at appendix A, but there are several very important points to consider on our gender pay reporting:
- 10.2 The gender pay gap is not the same as equal pay. The law says that men and women must be paid the same for doing the same or equivalent work. We use job evaluation techniques to evaluate each role and not the post holder to ensure that all roles are fairly remunerated in comparison to other roles. It makes no reference to gender or any other personal characteristics of any existing or potential job holders. We are therefore confident that our gender pay gap does not stem from paying men and women differently for the same or equivalent work, rather it is a result of the roles in which men and women work within the organisation and the salaries these roles attract.
- 10.3 The majority of Chesterfield Borough Council services are provided in-house including services which many authorities have either contracted out such as building cleaning or moved to alternative models such as arms-length organisations for example with managing Council housing and associated repairs and maintenance. These services tend to have a large gender in-balance, for instance building cleaning employs a large number of female part time staff whereas the majority of higher paid trades staff and associated professions working in housing repairs and maintenance are male.
- 10.4 Chesterfield Borough Council does not have a council wide bonus scheme. We do however operate a productivity based incentive scheme for our trade based employees e.g. plumbers, electricians, roofers etc. This incentive scheme enables us to recruit and retain employees with specific trades to ensure that 100% of our council housing stock remains at the decent homes standard and that we can continue to provide an effective repairs service for our tenants. Nationally these types of role continue to be male dominated which is the key reason for the difference in the proportion of male and female employees receiving a bonus payment.

11.0 2017 gender pay gap – how we compare within the local government sector

- 11.1 314 of 326 English local authorities have now reported their 2017 gender pay gap figures. The remaining authorities are likely to have less than 250 employees and therefore do not meet the threshold for reporting requirements.
- 11.2 Our mean gender pay gap at 7% is equal to the English local authority average but our medium figure is slightly higher at 9% compared to an average of 5%.
- 11.3 On the bonus pay gap, Chesterfield Borough Council has a mean bonus pay gap of 13% compared to the national average of 2%. However when we strip out the authorities that do not have a bonus scheme (leaving us with just 95 authorities) our bonus gap is slightly below the average of 15%. The really stark figure around bonuses however is the 29% of male employees receiving bonuses compared to 0.2% of female employees. This is in comparison to other bonus paying local authorities where the average is 13% of males and 12% of females.
- 11.4 Our quartile information also illustrates a higher proportion of men in the top two quartiles than the local authorities national averages.