

HR Committee

22nd July 2021



Report of: Director: Workforce & Change and Director: Policy, Strategy and Partnerships

Title: Annual Pay Gap Report

Ward: N/A

Officer Presenting Report: Mark Williams (Head of Human Resources)

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Recommendation

That the Committee notes the report and the work that is being undertaken to close the pay gaps.

Summary

This annual report provides information on the gender, race, disability and LGB pay gaps for the City Council at the report date of 31 March 2020 and work the Council is doing to address the pay gaps.

The significant issues in the report are:

- The mean gender pay gap is 4.26% and has increased from 4.08%. However, the median gender pay gap has fallen by 0.4%.
- The City Council is one of a small number of employers in the UK to publish the race pay gap. Few employers have been identified who publish their disability and LGB pay gaps.
- Other than gender, our pay gap reporting is reliant on employee disclosure. 93% of the workforce have disclosed their ethnicity. 88% of the workforce have disclosed whether or not they have a disability. 73% have disclosed their sexual orientation.
- The mean race pay gap is 9.78%. The pay gap is closing and has reduced from 15.06% in 2016.
- The mean disability pay gap is 1.37% and has fallen from 1.97%. However, the median pay has increased due to an increase in the number of disabled employees in the second pay quartile.
- The LGB pay gap is reported for the first time and the mean pay gap is 2.04% and the median pay gap is 3.06%.
- Clear plans and targets are in place to reduce the pay gaps in future years.

Policy

1. Publication of the Gender Pay Gap satisfies the Council's legal obligation under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. Due to COVID-19, the government has relaxed the requirement for employers to publish their gender pay gap in 2020. There is no requirement upon employers to publish their race, disability or LGB pay gaps. The Council's policy is to publish this information as part of our drive to become an inclusive employer with a workforce that reflects the communities we serve.

Consultation

2. **Internal**
Not required because this report is for information only.
3. **External**
Not required because this report is for information only.

Context

4. Background

- 4.1. From 2017 onwards, any UK organisation employing 250 or more employees must report publicly on its gender pay gap. The gender pay gap is a measurement of the difference between men and women's average salaries.
- 4.2. The Equalities Act Regulations require public authorities, to publish the data in six different ways: the mean and median gender pay gaps; the mean and median gender bonus gaps; the proportion of men and women who received bonuses, and the number of men and women according to quartile pay bands.
- 4.3. There is currently no legal obligation for employers to report upon anything other than the gender pay gap. As part of our Workforce Strategy the Council has further committed to report upon and support work to tackle the race, disability and LGB pay gaps. These pay gaps rely on employee disclosure, employees are not obliged to disclose this information. Currently, 7% of the workforce have not disclosed their ethnicity and 11.7% of the workforce have not disclosed whether or not they have a disability. 26.8% of the workforce have not disclosed their sexual orientation. We are working to reduce the number of unknown declarations.
- 4.4. The race pay gap compares the average hourly pay of disclosed Black, Asian and Minority Ethnic workers, and White British employees. The Black, Asian and Minority Ethnic pay gap looks at all roles and shows whether white employees are on average occupying higher paying roles than Black, Asian, and Minority Ethnic employees, or vice versa.
- 4.5. The disability pay gap compares the average hourly pay of disclosed disabled and non-disabled employees. There is no obligation upon employers to report upon this information. All roles are examined to find out if non-disabled employees are on average occupying higher paying roles than disabled employees.
- 4.6. The Lesbian, Gay, Bisexual (LGB) pay gap compares the average hourly pay of LGB and Heterosexual employees. There is no obligation upon employers to report upon this information.

All roles are examined to find out if Heterosexual employees are on average occupying higher paying roles than those LGB employees.

4.7. We do not report on the pay gap for transgender employees as there are three employees. Undertaking a pay gap analysis is not possible given the small number of declarations.

5. Findings from our pay gap data

5.1. Gender Pay Gap

- 5.2.1 The Councils gender pay gap analysis indicates that mean pay for men is 4.08% higher than that of women and the median pay for men is 8.9% higher than that of women. The difference between the median and the mean figures is due to the high proportion of women in the top quartile of employees. The mean gender pay gap is significantly lower than that of the national average, which is currently 17.2%. The median gender pay gap is also significantly lower than the national average of 17.3% (please see appendix 1).
- 5.2.2 We have the 4th lowest gender pay gap amongst Core City comparators and the lowest pay gap amongst local Public Sector employers. We have found that some organisations have chosen to delay publishing their pay gaps following the government decision to relax requirements on employers.
- 5.2.3 Our findings show higher levels of female representation in lower graded part time roles with women forming the majority of staff in the two lower earnings quartiles. Due to
- 5.2.4 There is a negative gender pay gap for women in senior roles within the pay structure i.e. women are more likely to be paid more than men in senior roles.
- 5.2.5 Gender pay gaps were identified within certain grades. This arises from the fact that men having longer tenure in their jobs, which enables them to progress further through the respective pay ranges.

5.2. Race Pay Gap

- 5.3.1 The Councils race pay gap analysis indicates that mean pay for White British staff is 9.78% higher than that of Black, Asian and Minority Ethnic staff and the median pay for White British is 16% higher than that of Black, Asian and Minority Ethnic staff.
- 5.3.2 The Councils race pay gap has reduced from a mean of 15.38% in 2016, to a mean of 9.78% in 2020. We have the lowest ethnicity pay gap amongst the small number of Core City comparators that publish their ethnicity pay gap.
- 5.3.3 The difference between the median and the mean figures is due to a lower proportion of Black, Asian and Minority Ethnic staff in the higher pay quartiles 3 & 4, against a high proportion of Black, Asian and Minority Ethnic staff in quartile 1, which is the lower pay quartile.

- 5.3.4 When the mean pay gap is compared, we see the full-time mean is 7.4% and the part time mean is 13.4%. Part time Black, Asian, and Minority Ethnic staff have the biggest race pay gap.

5.4 Disability Pay Gap

- 5.4.1 The Councils disability pay gap analysis indicates that mean pay for non-disabled staff is 1.97% higher than that of disabled staff and the median pay for non-disabled staff is 5.09% higher than that of disabled staff.
- 5.4.2 The greatest disparity between disabled and non-disabled staff is in the top pay Quartile (4). We have not found any published information from other organisations so we can compare our performance, however the Trade Union Congress (TUC) estimate the disability pay gap to be 19.6% across the UK and 9% in the South West.
- 5.4.3 When the mean pay gap is compared, we see the full time mean pay gap is 2.6% and the part time mean pay gap is -0.3%.

5.5 LBG Pay Gap

- 5.5.1 The Councils LBG pay gap analysis indicates that mean pay for LGB staff is 2.04% higher than that of Heterosexual staff and the median pay for LGB staff is 3.06% higher than that of Heterosexual staff.
- 5.5.2 The lower pay quartiles have a slightly higher proportion of LGB employees than the upper quartiles. We have not found any published information from other organisations to compare our performance.
- 5.5.3 When the mean pay gap is compared, we see the full time mean pay gap is 2.1% and the part time mean pay gap is 4.4%.

6. Closing the gap

- 6.1 Our equality policy and strategy set out our commitment to equality and diversity, and how we will; tackle equalities issues, aim to eliminate discrimination, foster good relationships between communities in Bristol and ensure those from different backgrounds have similar life opportunities. The annual report was considered at Full Council on 6th July 2021 and this sets out the Council's priorities for the next twelve months.
- 6.2 Our Workforce Strategy includes new targets and priorities that will support narrowing the pay gaps identified in this report. We will be setting new stretching diversity targets and to increase the number of BAME, disabled and women colleagues in senior management positions using positive action initiatives. Specific action that is being taken that will contribute to closing pay gaps are set out below:

- 6.2.1 A range of changes to recruitment and selection processes including new secondment (previously 'acting up') policy. Changes include ensuring all opportunities are widely promoted across the organisation rather than to specific teams/groups and will remove the option of direct appointments to short term roles. There will also be positive action guidance. These changes were implemented in September 2020 and have increased opportunities for career progression and will improve the diversity of the workforce at higher pay grades.
- 6.2.2 Service level workforce and succession have been introduced as part of the annual service planning cycle. Managers have access to the HR diversity dashboard and succession planning tools and are asked to identify and address diversity and pay gaps.
- 6.2.3 A new monthly Pay Gap Report is going to be created allowing us to have real time information about the councils pay gaps. This will enable us to compare our statutory reporting figure against a current pay gap.
- 6.2.4 A Talent development steering group has been established to shape a programme to nurture talent and help colleagues develop their careers. This includes:
- Talent mapping and the leadership pipeline.
 - Identifying talent and encouraging colleagues to seek development.
 - New in-house leadership development module on talent development of team members, encouraging effective career conversations.
 - Use apprenticeships systematically as pathways into professions where there is occupational segregation and poor representation e.g. women and BAME workers.
 - Increased offer of structured development opportunities.
 - Offer defined secondment and/or project opportunities for BCC Stepping Up graduates, and colleagues completing apprenticeships, in house leadership programmes and other learning programmes.
 - Increased mentoring and coaching.
 - Introduction of positive action initiatives such as Diverse Voices – which provides experience leadership forums and brings diverse voices to council decision making.
 - Developing new initiatives such as career passports this intervention is designed to improve the diversity of the workforce and will contribute to closing pay gaps.
- 6.2.5 We have set the following organisational targets for 2021/22:
- Increase the percentage of employment offers made to people living in the 10% most deprived areas – Target 6.5%
 - Percentage of top earners who are women – Target 56%
 - Reduce the gender pay gap – Target 3.75%
 - Reduce the race pay gap – Target 7.5%
 - Difference between progression rate of BAME and non-BAME employee –Target 0% (no difference)
 - Difference between progression rate of Women and Men – Target 0% (no difference)

7. City-wide action to reduce pay gaps

- 7.1 City-wide action is being taken to reduce the gender pay gap through the Women in Business Charter: Bristol. The City Council is founding signatory of the Charter which is designed to enable organisation to achieve gender equality and inclusivity for all women in business. There are currently 40 organisations in the City which are signatories. They are from all sectors and include small businesses. The council is re-accredited annually and our plans and priorities are assessed.
- 7.2 City-wide action to reduce the race pay gap is being taken. Bristol City Council has led the development and production of the city's first ever Race Equality H.R. data product, which includes many of the major Public Sector organisations in the City, through Bristol's Race Equality Strategic Leaders Group. The latest data will include an evaluation of Race representation at Board level or equivalent.
- 7.3 The group has committed to producing this report on a bi-annual basis, to enable monitoring of trends in relation to race equality across partner organisations, with detailed actions plans set by partners in order to bring about improvements in race equality performance. The latest data will be published shortly.
- 7.4 The driving force of this key initiative is to ensure that we produce fairer, more inclusive workplaces for our employees across the City as well as ensuring more representative workforces to serve the communities of Bristol. This project focuses on transparently presenting how all major public sector agencies in the City are performing in terms of their race equality data, including detail on pay by race for key H.R. indicators such as by representation, pay, grievance, disciplinary and sickness data.
- 7.5 Stepping Up, the Council's flagship Diversity Leadership Programme and multi-award-winning initiative has launched its 4 cohort with 83 participants drawn from private and public sector employers across the City and Region.

Proposal

8. That the Committee notes the report and the work that is taking place to close pay gaps.

Other Options Considered

9. None.

Risk Assessment

10. Not required because this report is for information only.

Public Sector Equality Duties

- 16a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker

considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation, and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard to the need to –
 - tackle prejudice; and
 - promote understanding.

16b) Not required because this report is for information only.

Legal and Resource Implications

Legal

Not required because this report is for information only.

Financial

(a) Revenue

(b) Capital

Not required because this report is for information only.

Land

Not applicable.

Personnel

Not required because this report is for information only.

Appendices:

A – BCC Pay Gap Report - Data based as at March 2020

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Race Equality HR Data Product – Update 2020

<https://www.bristolonecity.com/wp-content/uploads/2020/03/Race-Equality-Data-Product-UPDATE-2020.pdf>