

# HR Committee

21<sup>st</sup> July 2022



**Report of:** Director of HR and Organisational Development

**Title:** Annual Pay Gap Report

**Ward:** N/A

**Officer Presenting Report:** James Brereton (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 2021 and work the Council is doing to address the pay gaps.

## The significant issues in the report are:

- The mean gender pay gap is 4.55% and has increased from 4.26%. The median gender pay gap has also increase by 0.8% to 9.33%.
- 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. 92% of the workforce have disclosed their ethnicity. 86.8% of the workforce have disclosed whether or not they have a disability. 76.1% have disclosed their sexual orientation.
- The mean race pay gap is 8.74%. The pay gap is closing and has reduced from 15.06% in 2016.
- The mean disability pay gap is 2.82% and has increase from 1.37% in 2020. The median pay gap has also increased due to an increase in the number of disabled employees in the lower and lower middle quartile.
- The LGB pay gap is 2.94% and the median pay gap is 6.05%.
- In order to help the organisation better under its pay gaps we have sought to develop a dynamic report which allows users to tracks progress against our pay gaps on a monthly rather than annual basis.
- 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, 8% of the workforce have not disclosed their ethnicity and 13.2% of the workforce have not disclosed whether or not they have a disability. 23.9% of the workforce have not disclosed their sexual orientation.
- 4.4. The calculation used for calculating the race pay gap has changed this year following research into how other companies including CIPD, Law Society, Deloitte and Brent Council calculate the race pay gap. We now calculate the hourly rate of White Employees against the hourly rate of Black, Asian and Minority Ethnic employees. This has changed from calculating against White British employees.
- 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.

## **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 4.55% higher than that of women and the median pay for men is 9.33% 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 15.4%.
- 5.2.2 Our new monthly reporting on the gender pay gap allows us to track the gender pay gap and shows a fall in both the mean 3.87% and median pay gap 8.99%.
- 5.2.3 We have the 5th lowest gender pay gap amongst Core City comparators and the lowest pay gap amongst local Public Sector employers.
- 5.2.4 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.
- 5.2.5 The greatest disparity between men and women is in the Lower Quartile, whilst attracting less pay, have traditionally offered more flexible working arrangements e.g. part time or term time hours which have proven to be an attraction for women for a number of work life balance reasons. The number of care, cleaning and administrative roles in the lower quartile has therefore had an impact on the overall gender pay gap figure.

### **5.2. Race Pay Gap**

- 5.3.1 The Councils Black, Asian and Minority Ethnic pay gap has reduced from a mean of 15.38% in 2017 to a mean of 8.74% in 2021. The median has reduced from 17.48% in 2019 to 14.65% in 2021.
- 5.3.2 Since the race pay gap was reported for 2020 the HR Analytics team have been able to further refine the report used to calculate the pay gap, the figure for March 2020 is now lower than the pay gap reported at the time at 8.10%. The new report enables the pay gap to be automatically calculated monthly. The chart above shows the monthly race pay gap since March 2020. The latest mean race pay gap is 7.39% and the latest median race pay gap is 10.10% as of 28 February 2022.
- 5.3.3 Our new monthly reporting on the gender pay gap allows us to track the race pay gap and shows a fall in both the mean 7.39% and median pay gap 10.10%.
- 5.3.4 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 & 2, the lowest pay quartiles.

#### **5.4 Disability Pay Gap**

- 5.4.1 The Councils disability pay gap analysis indicates that mean pay for non-disabled staff is 2.82% higher than that of disabled staff and the median pay for non-disabled staff is 8.24% higher than that of disabled staff.
- 5.4.2 Disabled staff are more likely to occupy roles found in the lower middle quartile. The Office for National Statistics estimate the disability pay gap to be 13.8% across the UK and 13% in the South West.
- 5.4.3 Our new monthly reporting on the gender pay gap allows us to track the race pay gap and shows a fall in both the mean 2.76% and median pay gap 5.64%.
- 5.4.4 When the mean pay gap is compared, we see the full time mean pay gap is 3.56% and the part time mean pay gap is 2.55%.

#### **5.5 LBG Pay Gap**

- 5.5.1 The Councils LBG pay gap analysis indicates that mean pay for LGB staff is 2.94% higher than that of Heterosexual staff and the median pay for LGB staff is 6.05% 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 Our new monthly reporting on the gender pay gap allows us to track the race pay gap and shows an increase in the mean 3.41% and a decrease in the median pay gap 5.84%.
- 5.5.4 When the mean pay gap is compared, we see the full time mean pay gap is 2.72% and the part time mean pay gap is 5.25%.

### **6. Closing the gap**

- 6.1 Our Equality and Inclusion Policy and Strategy 2018-23 sets out our commitment to equality, diversity and inclusion, and how we will tackle equalities issues; aim to eliminate discrimination; create good relationships between communities in Bristol; and ensure those from different backgrounds have similar life opportunities. We publish annual progress reports presented at Cabinet showing what we have done to achieve the aims of our policy and strategy, and how well we are meeting our equality objectives. Our equality objectives relate directly to our internal governance and commitment to promoting equity in the workplace, as well as to providing inclusive services and our role as a leading agency in the community.

6.2 We have begun a refresh of our existing Workforce Strategy and action plan which provides the framework for our transformational journey to become a council that people are proud to work for. This includes activities that support narrowing the pay gaps identified in this report and which help us to proactively meet the future challenges and requirements of the organisation. This refresh is informed by our new Corporate Strategy priorities, findings and from our staff surveys and emerging workforce needs, as well as our new programme approach to equality and inclusion. We have set stretching diversity targets - in particular to increase the number of Black and minoritised ethnic, disabled and women colleagues in senior management positions by using positive action initiatives etc. Specific actions that are being taken address our pay gaps are set out below.

6.3 As part of our commitment to building an inclusive organisation where the workforce reflects the city we serve and the needs of all citizens, and where colleagues feel confident about being themselves at work we created local and corporate action plans with the results from the annual employee survey. We have also implemented recommendations from an LGA Equality Framework for Local Government peer review and delivered “Leading with Cultural Intelligence” workshops to 200 managers to raise self-awareness about how culture influences our interactions with others and helps create open and inclusive leadership.

6.4 To ensure there is a clear framework to support structure, pay and policy and support good employee relations we have implemented a range of changes to recruitment and selection processes including new secondment policy increase opportunities for career progression and improve the diversity of the workforce at higher pay grades. Changes include ensuring all opportunities are widely promoted across the organisation rather than to specific teams/groups and to remove the option of direct appointments to short term roles. We have also established a new Grievance Resolution Policy including a survey to provide greater insight into how well grievances are being resolved. We have reviewed our senior leadership structure and launched a new succession planning policy to support internal talent development. Our next steps will be to finalise the refresh of HR policies - including disciplinary, managing change, improving performance, supporting attendance, learning and development.

6.5 As part of the annual business planning cycle all Council service areas carry out review of their functions to produce an updated workforce, and equality action plan. These plans prioritise relevant equality issues for their area of work, including addressing any under-representation and identifying ways to address them with measurable targets to track progress. Managers have access to the HR diversity dashboard and succession planning tools and are asked to identify and address diversity and pay gaps.

6.6 We have a new monthly Pay Gap Report dashboard for managers which provides real time information about the council’s pay gaps and enables us to compare our statutory reporting figure against a current pay gap. The dashboard shows disparities by gender, ethnicity, disability and sexual orientation. It allows for ‘drilling’ down to view differences by council directorate and division, by full/part time employees, and by salary range etc. We have also improved workforce diversity monitoring, with clearer representation targets.

6.7 We have set the following relevant organisational targets for 2022/23:

- Increase the percentage of employment offers made to people living in the 10% most deprived areas – Target 6.5%
- Reduce the gender pay gap – Target 3.8%
- Reduce the race pay gap – Target 7.5%

6.8 Bristol City Council has led the development and production of the Race Equality Data Product which is updated on a bi-annual basis and transparently presents how all major public sector agencies (and now other sector partners) in the City are performing in terms of race equality data, including detail on key H.R. indicators such as representation, pay, grievance, disciplinary and sickness data for over 50,000 employees within Bristol. This detailed work goes way beyond statutory guidelines for race data reporting with the aim of ensuring we achieve greater diversity and equality within our organisations. The Race Equality Strategic Leaders' Group utilise the report's key findings to drive an action plan and ensure there is a focussed collective effort on addressing key priorities.

6.9 To become an employer of choice attracting, developing and retaining the best talent, we are continuing to develop our employer brand to reach a diverse range of talented employees in a competitive labour market, well as continuing work to recruit and retain apprenticeships for a career with the council.

6.10. We have an established talent development steering group 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
- 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 Black and minoritised ethnic 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 initiatives such as career passports designed to improve the diversity of the workforce and contribute to closing pay gaps.

6.11 We have re-launched a number of our Equality and Inclusion initiatives across the Council including Reverse Mentoring and Positive Action Initiatives, as well as a review of the current Equality and Inclusion learning and development offer for Council Employees.

6.12 Stepping Up Bristol is a multi-award-winning program for excellence in diversity and mentoring. The programme aims to unlock potential and develop talent while ensuring a fair representation of Black, Asian and minoritised ethnic, disabled people and women in positions of leadership. In 2021-22 there were 80 participants of which 21 were Bristol City Council employees. For the next steps it will change its name to Stepping Up Learning Academy and offer more tailored support to host businesses, as well as targeting specific minoritized groups like Gypsy Roma Traveller people.

### **Proposal**

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

### **Other Options Considered**

8. None.

### **Risk Assessment**

9. 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 2021

### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

#### **Background Papers:**