



Equalities Committee

6 December 2016

Report from the Director of Human Resources and Organisational Development

Wards affected:
ALL

2015-16 Gender Pay Gap Audit

1.0 Summary

- 1.1 The Equality Act 2010 incorporates a power to introduce regulations requiring employers with at least 250 employees to publish information for the purpose of showing whether there is a difference in pay between male and female employees. Section 78 of the Act was not implemented at the time. Instead, since 2011, the government has encouraged businesses to report this information voluntarily.
- 1.2 The government recently consulted on introducing mandatory Gender Pay Gap reporting regulations under Section 78. Subject to the consultation findings and the approval of Parliament, the regulations will come into force on the earliest relevant common commencement date, although employers will not be expected to publish the required information immediately.
- 1.3 Currently there is no legal requirement to report on this information but the Council has been carrying out annual Gender Pay Gap audits over the past couple of years. This report outlines the key findings from the 2015-16 Gender Pay Gap audit.

2.0 Recommendations

- 2.1 The Equalities Committee is asked to note and comment on the findings and proposals outlined in the report.

3.0 Detail

Scope

- 3.1** The Gender Pay Gap audit is only concerned with equal pay for equal work. It does not directly address other aspects of employment equality, such as issues around the representation of women at different levels of the workforce, which are addressed through [Brent Council's Annual Workforce Equalities Report](#).
- 3.2** This report looks at gender pay differences within Brent Council's non-schools workforce. The main focus is on systemic pay inequalities between men and women rather than pay differences between individuals. Pay grade is used as an indicator of work of equal value, as determined by the Greater London Provincial Council (GLPC) or HAY job evaluation scheme
- 3.3** The 2015-16 Gender Pay Gap report looks at gender pay differences for all 2062 Brent Council employees. It is based on the following primary data taken from the HR database on 31 March 2016:
- the number of men and women in each pay grade
 - the median average basic pay for men and women in each pay grade
 - the gender pay gap for all employees and for full-time and part-time employees
 - the gender pay gap within each pay grade for all employees and for full-time and part-time employees
 - the average length of service broken down by gender within each pay grade.

Defining pay gaps

- 3.4** A gender pay gap of less than +/- five percent is considered to be acceptable as defined by the Equality and Human Rights Commission's Equal Pay Toolkit (reflecting the level of variation and statistical error). All gender pay gaps of three percent or more are subject to further analysis to identify the main causes and contributory factors of any pay differences.
- 3.5** A positive pay gap indicates that men are paid more, a negative pay gap indicates that women are paid more.

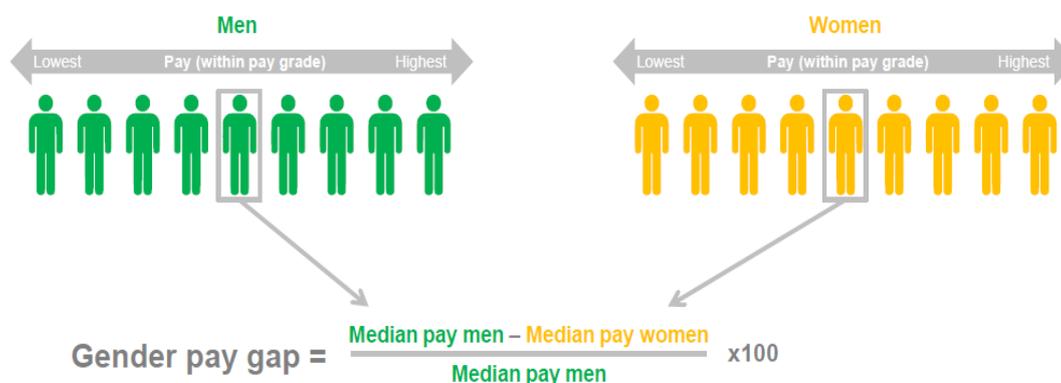


Analysing pay gaps

- 3.6** Significant pay gaps can often be explained by length of service, market factors, pay protection and/or progression.
- 3.7** Large pay gaps identified within small groups of employees must be interpreted with caution because adding or removing one individual can significantly change the pay gap.

Methodology

- 3.8 Currently there is no clearly outlined methodology of how we should report on gender pay gaps, beyond the application of median average as the recommended method of finding the gender pay gap.
- 3.9 To determine if there is a gender pay gap, a comparison is made between the median average basic annual pay (pro rata) of men and women.
- 3.10 The **median** is the numerical value which splits the top 50 per cent of the population from the bottom 50 per cent. It shows the midpoint in all employees' basic annual earnings of pay so half of employees will earn a rate above the midpoint and half will earn a rate below the midpoint.
- 3.11 The **overall gender pay gap** is defined as the difference between the median basic annual earnings of men and women expressed as a percentage of the median basic annual earnings of men.



Calculating the overall gender pay gap for 2015-16

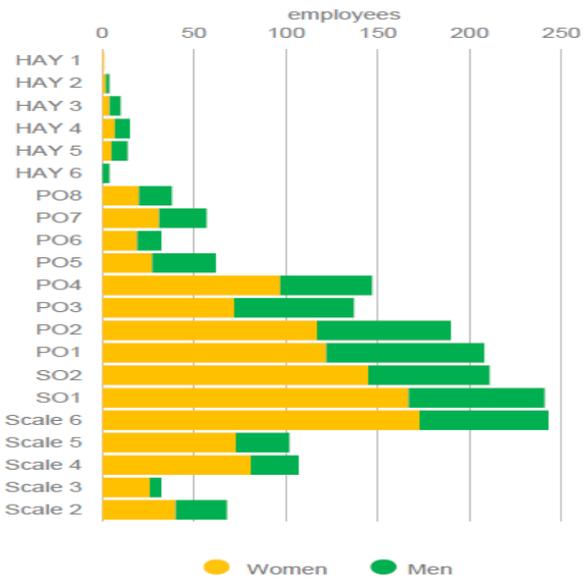
- 3.12 The overall gender pay gap is a high-level unweighted indicator of women's and men's relative earning power and is significantly higher than the in-grade pay gaps because of the occupational segregation and the fact that women are disproportionately represented in lower paid jobs.
- 3.13 The 2015-16 Gender Pay Gap audit identified that the Council's overall gender pay gap was 6.8 per cent meaning that on average women in the organisation earned 6.8 per cent less than men. The gender pay gap remained unchanged since 2014-15 when the overall gender pay gap was also 6.8 per cent.
- 3.14 In 2015, the UK's gender pay gap for all employees was 19.2 per cent. This is the official figure used by the Office for National Statistics (ONS), meaning that on average women earned around 19.2 per cent less than men. Based on the ONS Annual Survey of Hours and Earnings (2015), the national public sector gender pay gap is 11.4 per cent.
- 3.15 While Brent Council's gender pay gap is significantly lower than the national and sector specific gender pay gaps, it is a little higher than the Equality and Human Rights Commission Gender Pay Gap indicative figure of +/- five per cent (reflecting the level of variation and statistical error).

3.16 The majority of the Local Authorities have not reported consistently on their overall gender pay gaps and are waiting for Section 78 of the Equality Act 2010 to be enacted. Until then employers who choose to proactively publish their gender pay gap are free to present this data in any form they wish.

Calculating the overall proportional pay gap for 2015-16

3.17 The proportional gender pay gap is where the median of basic pay for men and women has been weighted to account for the different number of male and female employees at different grades. More weight is given to those grades with greater numbers of employees. This methodology was used in the 2014-15 Gender Pay Gap audit and for comparison purposes we have used the same methodology this year.

Table 1 below illustrates the workforce distribution across the grades by gender:



3.18 The proportional pay gap is calculated by combining the **pay gap for each grade**, weighted according to the **proportion of women in the organisation** who work at that grade.

For each grade we calculate the overall proportional pay gap in the following way:

$$\text{Proportional pay gap} = \frac{\text{Women at this grade}}{\text{Women in organisation}} \times \text{pay gap at this grade}$$

Then we add together all proportional pay gaps to find the **overall proportional pay gap**.

3.19 We use this method of calculating the proportional pay gap because, as illustrated above, the number of employees at different grades varies and therefore more weight is given to those with greater numbers of employees.

3.20 When the weighting is applied, the overall proportional gender pay gap is **-0.42** per cent, which means the median pay for women is slightly higher than the median for men. This falls well within the range of acceptability as defined by the Equality and Human Rights Commission. In comparison, the 2014-15 Gender Pay Gap audit identified a pay gap of 0.08 percent following the same methodology.

Limitations of the single figure pay gap reporting

3.21 The single figure pay gap is the difference between the remuneration of men and women across a whole organisation and allows a comparison between different employers. However, as a standalone figure it does not provide sufficient insight into the underlying causes of the gender pay gap. Employers are therefore encouraged to use a range of methodologies to calculate the gender pay gap – it can be shown in different ways, and each version tells us something different about the reasons for the overall gender gap in an organisation.

3.22 Even though it is the simplest figure to calculate, it is not sufficiently informative when used in isolation from other information and data:

- It makes it harder for employers to expose where pay inequalities lie, put the data into context and communicate a relevant narrative;
- It oversimplifies gender inequality within organisations, since it combines multiple causal factors, which are individually complex;
- It can fluctuate more sharply, for example as a result of big restructures or significant changes in service delivery.

3.23 A more granular pay gap figure for each pay grade is therefore essential to drive actions that tackle disparity in remuneration. This enables employers to identify gaps between women and men doing work at the same level in an organisational hierarchy, thereby mitigating the risk of any potential unlawful pay inequality.

3.24 Pay grade gaps tend to be smaller than the overall pay gap, because the effects of vertical occupational segregation – that is, women and men concentrated at different ends of the hierarchy – are removed. This enables employers to build a more sophisticated narrative about the gender pay gap and focus their efforts on structural changes.

In-grade pay gaps

3.25 A comparison of pay between men and women within GLPC pay grades (where equal value has been established through the GLPC job evaluation scheme) shows that in-grade gender pay differences are rare and fall within a range of acceptability.

3.26 A comparison of pay between men and women within HAY pay grades shows that in-grade gender pay differences occur more frequently, but these can partly be attributed to differences in average length of service for men and women within the pay grade. Large pay gaps at higher grades are also significantly affected by the small numbers of individuals at those grades.

3.27 There is no gender pay gap within 15 of 21 pay grades. Where pay gaps do occur, these are analysed in the body of the report and are mostly likely to occur due to discrepancies in length of service.

Table 2 is a snapshot of the in-grade pay gaps for 2015-16 and 2014-15:

Grade	Women		Men		Gap (£)	Gap (%)	2014-15 Gap (%)	Proportion of organisation's women at grade	Proportional pay gap	2014-15 Proportional pay gap
	Count	Salary	Count	Salary						
HAY 1	1	£193,071	-	-	-	-	-	0.1%	0.00%	-
HAY 2	2	£146,485	2	£146,485	£0	0%	-	0.2%	0.00%	-
HAY 3	4	£108,456	6	£117,956	£9,500	8%	0%	0.3%	0.03%	0.00
HAY 4	7	£76,702	8	£80,884	£4,182	5%	10%	0.6%	0.03%	0.03
HAY 5	5	£69,310	9	£69,310	£0	0%	-4%	0.4%	0.00%	-0.03
HAY 6	-	-	4	£59,131	-	-	4%	0.0%	0.00%	0.01
PO8	20	£54,893	18	£55,383	£490	1%	3%	1.6%	0.01%	0.03
PO7	31	£50,451	26	£50,451	£0	0%	0%	2.5%	0.00%	0.00
PO6	19	£48,477	13	£48,477	£0	0%	2%	1.5%	0.00%	0.05
PO5	27	£44,766	35	£45,690	£924	2%	0%	2.2%	0.04%	0.00
PO4	97	£42,951	50	£42,951	£0	0%	0%	7.9%	0.00%	0.00
PO3	72	£39,297	65	£39,297	£0	0%	0%	5.9%	0.00%	0.00
PO2	117	£36,558	73	£36,558	£0	0%	0%	9.5%	0.00%	0.00
PO1	122	£33,660	86	£33,660	£0	0%	0%	9.9%	0.00%	0.00
SO2	145	£31,368	66	£31,368	£0	0%	0%	11.8%	0.00%	0.00
SO1	167	£28,935	74	£28,935	£0	0%	0%	13.6%	0.00%	0.00
Scale 6	173	£26,277	70	£26,277	£0	0%	0%	14.1%	0.00%	0.00
Scale 5	73	£23,334	29	£22,659	£675	-3%	0%	5.9%	-0.18%	0.00
Scale 4	81	£21,552	26	£21,552	£0	0%	0%	6.6%	0.00%	0.00
Scale 3	26	£19,182	6	£19,182	£0	0%	0%	2.1%	0.00%	0.00
Scale 2	40	£17,748	28	£16,000	£1,748	-11%	0%	3.3%	-0.36%	0.00

This year
Last year
overall pay gap = **-0.42%** **0.08%**

3.28 There are six grades at which pay gaps (positive or negative) occur, as follows:

- **Scales 2 and 5** – negative pay gaps (-11 per cent and -3 per cent, respectively), i.e. women earn more than men.
- **PO5 and PO8** – positive pay gaps (2 per cent and 1 per cent, respectively), i.e. men earn more than women.
- **HAY 4 and HAY 3** – positive pay gaps (5 per cent and 8 per cent, respectively), i.e. men earn more than women.

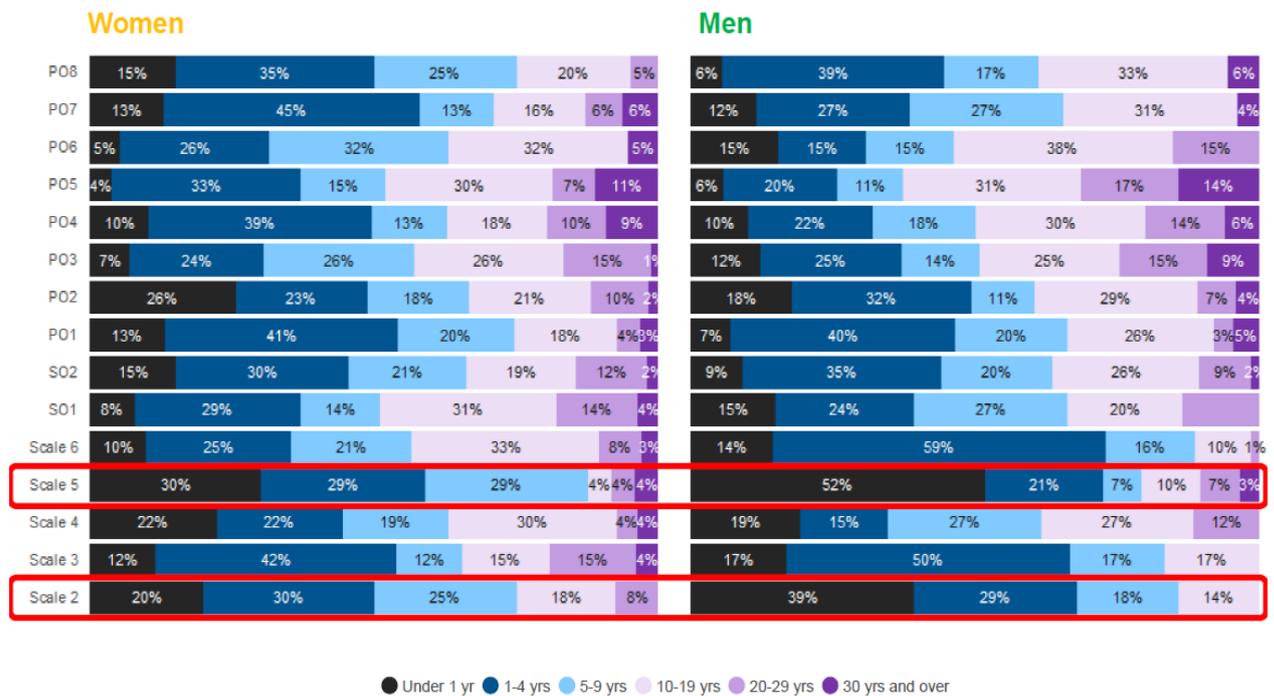
Table 3 provides detailed breakdowns of the in-grade pay gaps:

Grade	Women		Men		Gap (£)	Gap (%)	
	Count	Salary	Count	Salary			
HAY 1	1	£193,071	-	-	-	-	
HAY 2	2	£146,485	2	£146,485	£0	0%	
HAY 3	4	£108,456	6	£117,956	£9,500	8%	} Significant gaps at Hay 3 and Hay 4
HAY 4	7	£76,702	8	£80,884	£4,182	5%	
HAY 5	5	£69,310	9	£69,310	£0	0%	
HAY 6	-	-	4	£59,131	-	-	
PO8	20	£54,893	18	£55,383	£490	1%	} Small gaps at PO5 and PO8
PO7	31	£50,451	26	£50,451	£0	0%	
PO6	19	£48,477	13	£48,477	£0	0%	
PO5	27	£44,766	35	£45,690	£924	2%	
PO4	97	£42,951	50	£42,951	£0	0%	
PO3	72	£39,297	65	£39,297	£0	0%	
PO2	117	£36,558	73	£36,558	£0	0%	
PO1	122	£33,660	86	£33,660	£0	0%	
SO2	145	£31,368	66	£31,368	£0	0%	
SO1	167	£28,935	74	£28,935	£0	0%	
Scale 6	173	£26,277	70	£26,277	£0	0%	
Scale 5	73	£23,334	29	£22,659	£675	-3%	} Negative pay gaps (women paid more than men) at Scales 2 and 5
Scale 4	81	£21,552	26	£21,552	£0	0%	
Scale 3	26	£19,182	6	£19,182	£0	0%	
Scale 2	40	£17,748	28	£16,000	£1,748	-11%	

Analysis of in-grade pay gaps

3.29 Some of the identified pay gaps can partly be attributed to the length of service, as seen in the below table.

Table 4 illustrates the length of service by grade by gender:



Scales 2 and 5

3.30 Looking at the patterns of length of service across the different grades, it is apparent that this may be what is influencing the pay gaps at **Scales 2 and 5** where:

- There are high proportions of men who have worked at Brent for less than a year and are therefore likely to be paid at the bottom of the scale, i.e. on lower pay than their longer-serving colleagues
- It is also notable that Scale 2 has a high proportion of women who have worked at Brent for many years and are therefore likely to be paid at the top of the scale.

Grades PO5 and PO8

3.31 In terms of the small pay gaps of less than three percent at **PO5 and PO8** grades (1 per cent and 2 per cent, respectively):

- There are high proportions of men who have worked at Brent for many years and are therefore likely to be paid at the top of the scale.
- It should also be noted that the staff numbers in these grades are quite small (62 and 38) so these pay differences should be interpreted with caution.

HAY Grades

3.32 The overall pay gap just for the HAY grades, calculated using the methodology outlined earlier in this report is **0.06 per cent** (same as last year).

Table 5 shows the gender pay gaps in HAY grades:

Grade	Women	Salary	Men	Salary	Gap (£)	Gap (%)
HAY 1	1	£193,071			N/A	N/A
HAY 2	2	£146,485	2	£146,485	£0	0%
HAY 3	4	£108,456	6	£117,956	£9,500	8%
HAY 4	7	£76,702	8	£80,884	£4,182	5%
HAY 5	5	£69,310	9	£69,310	£0	0%
HAY 6			4	£59,131	N/A	N/A

} Gaps at Hay 3 and Hay 4

Note: Comparison is not possible at grades where all individuals are of the same gender (i.e. HAY 1 and HAY 6).

3.33 There are significant pay gaps at **HAY 4 and HAY 3** (as defined by the EHRC Equal Pay guidance), but these should be treated with caution because of the small numbers of people at these grades. If we experimentally remove one man from HAY 3, for example, this will change the pay gap to 2 per cent.

Full time / part-time status and gender

3.34 When carrying out the audit, we also looked at full-time and part-time status as we are aware that women are more likely to work part-time than men. Currently, 241 women work part-time compared to 45 men.

3.35 As see below, the **overall gender pay gaps for full-time and part-time employees**, calculated using the same methodology outlined in this report, are **not significant**.

full-time gender pay gap = +0.35%

part-time gender pay gap = -0.33%

3.36 When part-time and full-time workers are separated, however, gender pay gaps are apparent at more grades. None of these represent a significant gap but it is notable that positive gaps (men paid more than women) occur within PO grades while negative gaps (women paid more than men) all occur within lower grades.

Table 6 illustrates the full-time and part-time gender pay gaps by grade:

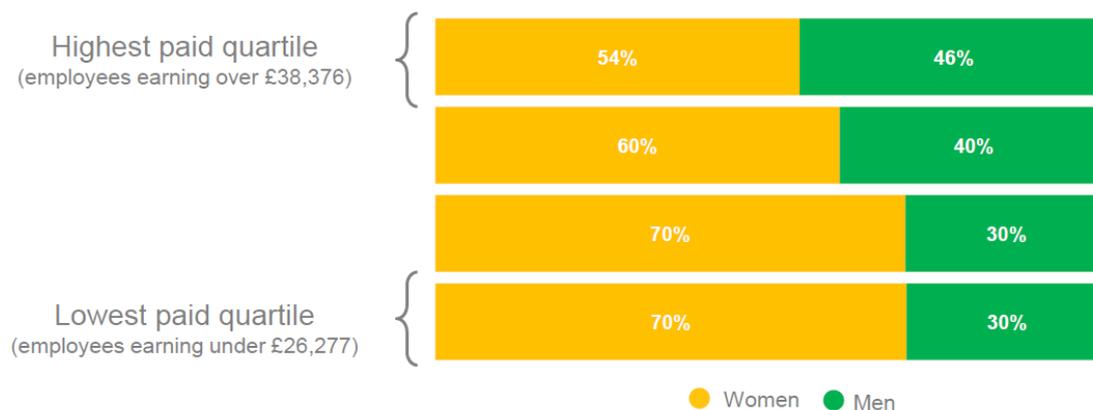
Grade	Female count	Female salary	Male count	Male salary	Gap (£)	Gap (%)	Grade	Female count	Female salary	Male count	Male salary	Gap (£)	Gap (%)
PO8	17	£54,402	18	£55,383	£981	+2%	PO8	3	£55,383			N/A	N/A
PO7	29	£50,451	26	£50,451	£0	0%	PO7	2	£51,441			N/A	N/A
PO6	19	£48,477	13	£48,477	£0	0%	PO6					N/A	N/A
PO5	23	£44,766	35	£45,690	£924	+2%	PO5	4	£45,228			N/A	N/A
PO4	88	£42,951	45	£42,951	£0	0%	PO4	9	£42,030	5	£42,030	£0	0%
PO3	63	£39,297	63	£39,297	£0	0%	PO3	9	£39,297	2	£39,297	£0	0%
PO2	103	£35,655	71	£36,558	£903	+2%	PO2	14	£36,558	2	£36,558	£0	0%
PO1	106	£32,784	84	£33,660	£876	+3%	PO1	16	£33,660	2	£33,660	£0	0%
SO2	127	£31,368	65	£31,368	£0	0%	SO2	18	£31,368	1	£31,368	£0	0%
SO1	136	£28,935	71	£28,935	£0	0%	SO1	31	£28,935	3	£28,935	£0	0%
Scale 6	136	£26,277	65	£26,277	£0	0%	Scale 6	37	£26,277	5	£26,277	£0	0%
Scale 5	49	£23,334	26	£22,361	£973	+4%	Scale 5	24	£24,027	3	£23,252	£775	-3%
Scale 4	42	£21,552	18	£21,204	£348	+2%	Scale 4	39	£21,552	8	£21,552	£0	0%
Scale 3	16	£18,983	2	£19,182	£199	+1%	Scale 3	10	£19,182	4	£19,182	£0	0%
Scale 2	15	£16,000	18	£16,000	£0	0%	Scale 2	25	£17,748	10	£17,748	£0	0%

*Not enough data for comparison at HAY Grades

Pay quartiles and gender

3.37 We also looked at pay gaps using quartiles as gender quartiles are likely to be introduced in the new regulations. Each employee's salary was listed from lowest to highest, then divided into four equal groups.

3.38 The figure below illustrates how Brent's workforce is distributed across the four pay quartiles, by gender:



3.39 The above illustration suggests that while the Council pays people equally for equal work, there are still issues with the lower paid end of our workforce being disproportionately comprised of women.

4.0 Conclusion

4.1 Brent Council's overall gender pay gap of 6.8 per cent is significantly lower than the national gender pay gap of 19.2 per cent and sector specific gender pay gap of 11.4 per cent. However, the Council's overall gender pay gap is a little higher than the Equality and Human Rights Commission Gender Pay Gap indicative figure of +/- five per cent (reflecting the level of variation and statistical error). When looking at the pay gap between men and women at each grade, however, the proportional gender pay gap decreases to -0.42 per cent.

4.2 Overall, the findings of the 2015-16 Gender Pay Gap audit are fairly positive, bearing in mind the significant transformation changes that have taken place over the past couple of years, and suggest that the Council's pay policies and procedures are effective in ensuring that men and women receive equal pay for equal work.

4.3 While job evaluation schemes, if applied inconsistently can be a factor contributing to the gender pay gap, the Council has been applying the GLPC and Hay schemes consistently to ensure that women and men receive equal pay for equal work. Where in-grade pay differences occur, these are often attributed to the length of service and/or due to the small staff numbers in those grades.

4.4 The analysis also illustrates, however, that the main contributors for the overall gender pay gap are occupational segregation and the disproportionate over-representation of women at the lower paid quartiles. While these trends cannot be changed overnight, the following proposals are put forward to help reduce the overall gender pay gap:

- Hold a Task and Finish working group to explore the root causes contributing to the gender pay gap and actions required to reduce the gap
- Implement consistent monitoring of internal promotions and progressions by gender
- Implement consistent monitoring of new joiners' start salary for grades PO5 and above by gender
- Better utilise the existing / new staff development and talent management opportunities (e.g. through Aspire, appraisals and apprenticeships) to make structural changes and reduce pay gaps at PO5 and above
- Continue monitoring the impact of restructures on staff with protected characteristics such as gender
- Continue to conduct comprehensive annual audits as part of the Council's ongoing commitment to data transparency.

4.5 The above listed proposals may also be applied to other protected characteristics such as age, disability and ethnicity.

5.0 Financial Implications

5.1 There are no financial implications arising from this report.

6.0 Legal Implications

6.1 There are no legal implications arising from this report, other than those already mentioned in the body of the report.

7.0 Diversity Implications

7.1 There are no diversity implications arising from this report, other than those already mentioned in the body of the report.

8.0 Staffing Implications

8.1 There are no staffing implications arising from this report, other than those already mentioned in the body of the report.

Background papers

None

Contact Officer

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