

By: Eric Hotson – Cabinet Member for Corporate & Democratic Services
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To: Personnel Committee **Date:** 23 January 2018

Subject: Mandatory Gender Pay Gap Reporting and Statement

Classification: **Unrestricted**

Summary: This paper outlines the organisation's responsibilities under the new Gender Pay Gap Reporting duty in advance of our first publication that is due in March 2018 along with a draft proposed 'statement'.

1. Background

- 1.1 Mandatory gender pay gap reporting applies to organisations with more than 250 employees with a requirement that pay data be published annually. It is the Government's intention to raise the general awareness of the apparent pay inequality and seek to reduce the gender pay difference through transparency and subsequent action.
- 1.2 The Equal Pay Act was introduced in 1970, however, the issue of equal pay and the gender pay gap are often confused. While the former concerns pay differences between individuals or groups performing the same work, the gender pay gap focusses on the differences in average earnings of men and women over a standard time period regardless of their role or seniority. It is therefore a broader measure capturing not simply any equal pay issues within an organisation but also pay inequalities resulting from differences in the sort of jobs performed by men and women. It is therefore possible for an employer that has eliminated unequal pay to have a wide gender pay gap.
- 1.3 According to research by the Institute of Fiscal Studies (IFS), currently, on average women receive around 18% less pay per hour than men although there is variation depending on age group, hours worked and childcare responsibilities.

2. The obligations

- 2.1 There are several minimum requirements for the mandatory report notably;
 - Mean gender pay gap
 - Median gender pay gap
 - Mean bonus gender pay gap
 - Median bonus gender pay gap
 - Proportion of males and females receiving a bonus payment
 - Proportion of males and females in each pay quartile

- 2.2. The calculation must be based on the hourly pay rate for each employee during the pay period that includes 31 March. Bonus payments, for those that receive them, are to be any paid within the 12 months up to 31 March. This has a broad definition and includes payments outside of a traditional bonus scheme but will not include contractual TCP payments.
- 2.3. Employers will be accountable for the data that they produce and a written statement confirming that the information is accurate must accompany the required information. Under the regulations, this statement needs to be signed off by the most senior employee.

3. Publication of the information

- 3.1 The information must be published on the employer's website and be accessible to employees and the public. This needs to be done within twelve months and must be retained on-line for three years. Additionally, employers must upload the information to a government sponsored website. The government encourages employers to provide commentary and will monitor levels of compliance.

4. Current position

- 4.1 The process for capturing this data in the required form has been established and the results of which are set out in the draft statement in Appendix 1.
- 4.2 Our data is from pay at 31 March 2017 and for bonus payments made between April 2016 and March 2017. Having assessed many other employers' statements, most from the private sector, our results compare favourably albeit they do illustrate a gap on both pay and bonus. This does not however indicate that there is an equal pay issue and our established grading structure and its application provide ongoing reassurance in this specific area. Previous Equal Pay audits have confirmed that there is no inherent difference between the pay received by men and women in jobs of equal value.
- 4.3 What our data does indicate is that we do have an imbalance in gender make up in each grade hence the proportionate difference in average pay and average bonus payments.

5. Conclusion

- 5.1 In preparation for the forthcoming Gender Pay Gap Reporting requirements we have developed a draft statement with the appropriate data. We have the ability and propose to extend the narrative in our statement to provide a greater organisational context and explanation of our results. Given the deadline for publication there are likely to be many employers, particularly from the public sector, who publish their results in March 2018. There is an inevitability that this will generate professional and general media interest beyond any from residents. As there is such specific requirement and guidance from Government, comparisons across sectors will be relatively easy although many will differ in the level and magnitude of their supporting narratives.

5.2 Once published we will have until March 2019 to produce our statement based on March 2018 data. This might be something we wish to consider publishing early.

6. Recommendation (s)

Recommendation(s):

Personnel Committee are invited to comment on our responsibilities and approve the required statement.

7. Background Documents

None

8. Contact details

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DRAFT

Kent County Council

Gender Pay Gap Reporting Statement

March 2018

What is Gender Pay Gap Reporting?

From April 2017, all organisations that employ over 250 employees are required to calculate and report annually on their gender pay gap. This shows the difference in average earnings for men and women. For the public sector, the calculation will be based on the hourly pay rate for each employee during the pay period that includes 31 March each year.

The gender pay gap is not the same as equal pay. Most organisations that pay men and women the same rate for work at the same level will still have a gender pay gap. This is because of the different proportions of men and women working across the whole organisational structure. If there are proportionately more men at higher levels within organisations this is what the gender pay gap figures highlight. By undertaking this calculation, it helps organisations understand their own position and to consider ways to reduce the difference.

According to research by the Institute of Fiscal Studies (IFS), currently, on average, women receive around 18% less pay per hour than men although there is variation depending on age group, hours worked and childcare responsibilities

What we need to calculate

Through legislation, there are set calculations to show the difference in hourly pay and other payments between men and women. The mean percentage shows the difference in the average pay and the median is the middle value for all the payments when put in a list. We also need to show the proportions of men and women receiving an amount outside of the hourly pay calculation, this is referred to as a bonus in terms of the regulations, and the gender proportions in each quarter of the pay structure.

Our data

This is Kent County Council's (KCC) annual gender pay gap report for the snapshot date of 31 March 2017.

- The mean gender pay gap for KCC is 12.6% and the median is 18.2%.
- The mean gender bonus pay gap for KCC is 25.1% and the median is 14.3%.

- The proportion of male employees in KCC receiving a bonus is 3.1% and the proportion of female employees receiving a bonus is 2.9%.

Pay quartiles by gender

Band	Males	Females
Lower quartile	20%	80%
Lower middle quartile	17%	83%
Upper middle quartile	25%	75%
Upper quartile	30%	70%

What our data indicates

- **Pay** – The gender pay gap for KCC is significantly below the national average which is very positive, 12% v 18% respectively. The difference is explained by the higher proportion of men in the upper middle and upper pay quartiles.
- **Bonus** – This has a broad definition within the scope of gender pay gap reporting requirements and KCC does not operate a traditional bonus scheme. As can be seen from the figures, less than 1 in 25 people are affected by this with an average payment of £418. Although the figure is slightly higher for women receiving payments than men, there is not a large difference. The mean figure does show a difference which is again explained by the higher proportion of men in the upper middle and upper pay quartiles and the proportionality of payments that have been made. This is reflected in the median figure too.
- **Gender distribution** – The proportion of women to men across KCC is c. 77% v 23% respectively. Within the first two quartiles of the organisation the balance is further in favour of women, however the proportion changes by around 10% within the upper quartile. There is therefore still a significant female representation in each of the pay quartiles. This explains why the KCC mean salary difference is lower than the national average.

The wider KCC context

KCC has a longstanding commitment to the promotion of equality and fairness in the workplace. We know from undertaking equal pay audits previously that we pay men and women in a consistent way for work of equal value. This is underpinned by a grading structure and job evaluation system which considers roles rather than gender differences. It is, however, important not to be complacent. There are many touch points where both equality and diversity are promoted. These include: -

- The Council has a broad and established approach to developing and managing its workforce. Aspects such as Workforce Planning, Succession Planning and the identification of critical roles help ensure that the organisation has the skills and capabilities it requires to deliver services over the short, medium and long term.
- A simple and robust approach to job evaluation is intended to ensure people are paid in a fair and consistent way for the roles which they undertake across the authority.
- Inclusive and accessible training – much training is now eLearning based which enables greater access and availability and is not dependent on where and when people work
- Enhancing conversation and dialogue within our approach to managing performance will help individuals discuss their aspiration and identify the appropriate development and support to achieve these.
- Diversity training is promoted to all which increases knowledge and awareness of all aspects of equality and inclusion for protected characteristics.
- Staff groups are forums set up to support the equality and diversity agenda.

There are four:

Aspire for employees under 30 which supports and develops younger people to realise their potential.

Level Playing Field promotes best practice and broadens the knowledge around disability issues within KCC.

UNITE supports Black and Minority Ethnic (BME) staff in all directorates and helps the council to develop and review council policies that affect both staff and the wider community to ensure that they are inclusive.

Rainbow supports members of the Lesbian, Gay, Bisexual and Transgender (LGBT) staff community and gives advice on the services that KCC provides to ensure that all aspects of the organisation's work are accessible and appropriate to all Kent's residents, regardless of sexual orientation.

- Flexible working arrangements are used to help both men and women balance domestic and work/career commitments in a way which works for them and the organisation.

As we move forward, KCC will continue to find opportunities to promote and enhance pay parity. A major focus in our new approach to managing performance is to promote dialogue and inclusion. This is a key aspect for identifying aspirations, development opportunities and the support required to help people progress and ensure that any actual or perceived barriers are removed.

I confirm that the data reported is accurate.

SIGNED BY THE HEAD OF PAID SERVICE