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To: Personnel Committee **Date:** 30 January 2020

Subject: Gender Pay Gap Reporting

Classification: Unrestricted

Summary: KCC is legally required to publish an annual Gender Pay Gap Report (GPGR). This was done for the first time in March 2018 based on data from March 2017. This paper provides the third report, which is based on data from March 2019, prior to publication for consideration by the Personnel Committee.

1. **BACKGROUND**

- 1.1 Since April 2017, all organisations that employ over 250 employees have been 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 is based on the hourly pay rate for each employee during the pay period that includes 31 March.
- 1.2 There are ‘set’ calculations that are intended to illustrate 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 are also required to show the proportions of men and women receiving a bonus and the gender proportions in each quarter of the pay structure.
- 1.3 The data generated for the Gender Pay Gap Report and its results are not the same as for equal pay. Equal pay concentrates on the difference between males and females undertaking roles of equal value, i.e. on the same grade.

2. **RESULTS**

2.1 To aid comparison the results are tabulated below:

Measure	2016/17	2017/18	2018/19
Mean Gender Pay Gap (%)	12.6	11.1	12.0
Median Gender Pay Gap (%)	18.2	11.7	13.0
Mean Bonus Pay Gap (%)	25.1	31.7	16.3
Underlying Mean Bonus Pay Gap (%)	-	6.3	5.6
Median Bonus Pay Gap (%)	14.3	16.7	0
Proportion of male employees receiving a bonus (%)	3.1	4.1	3.3
Proportion of female employees receiving a bonus	2.9	2.5	2.3

Pay Quartiles by Gender

Band - Male	2016/17	2017/18	2018/19
Lower Quartile (%)	20	20	19
Lower Middle (%)	17	18	16
Upper Middle (%)	25	23	20
Upper Quartile (%)	30	30	29

Band - Female	2016/17	2017/18	2018/19
Lower Quartile (%)	80	80	81
Lower Middle (%)	83	82	84
Upper Middle (%)	75	77	80
Upper Quartile (%)	70	70	71

3. **ASSESSMENT**

- 3.1 Mean and median gender pay gap figures fall between the two previous reported values.
- 3.2 The mean and median bonus figure is significantly lower and therefore has moved in the right direction. Given the definition used to calculate 'bonus' this only applies to a low number of people meaning any small change can appear to have a large effect. For example, by removing the payments above £500 lowers the gap to 5.6%. This highlights the need to be cautious when interpreting the results and drawing conclusions.
- 3.3 There are a greater proportion of women in the pay quartiles above median.
- 3.4 If we assess the gender pay gap on an individual grade basis, weighting the figure according to the number of women who work in that grade then adding the proportional pay gaps together, an overall proportional pay gap of 2.68% emerges. This calculation is not an official government required statistic and has been done to enhance the statutory requirements and look in more detail at the underlying data.
- 3.5 It is important to ensure that the narrative explaining the results is sufficiently clear and robust to mitigate the risk of a misinterpretation of what the data is indicating.
- 3.6 There are many factors impacting the Gender Pay Gap figures such as salaries on appointment, progression awards, job segregation (jobs 'preferred' by men or women). All these need to be designed and operated without bias to help reduce the gender pay gap.
- 3.7 Last year we implemented changes to the managing performance / Total Contribution Pay cycle to ensure as many people as possible receive an appraisal rating resulting in a pay increase from 1 April. Previously there was a 9-month aggregate rule which deferred an assessment. Although payments were backdated appropriately, removing this rule helps ensure that people receive pay increases in a consistent and timely way. This is expected to have

a positive contribution in reducing the gap but will be both proportionate and over an extended period.

- 3.8 Opportunities are taken, including through KMail, KNet, ELearning, Guidance, to engage with managers and remind them about their responsibilities to deliver fairness and equality in the round. This is intended to help treat everyone in an unbiased way and reduce the Gender Pay Gap figure over time.

4. CONCLUSION

- 4.1 There are numerous factors which influence the gender pay gap figure. KCC continually reviews policies, procedures and processes to ensure they are gender neutral in their design and operation.
- 4.2 As a result of the way it is calculated the Gender Pay Gap will require time to address and correct. Our progress to date is positive with scope for further improvement.
- 4.3 Attached is the proposed report and narrative that will be published both on kent.gov.uk and the relevant Government website in March 2020.

5. RECOMMENDATIONS

- 5.1 Personnel Committee is asked to consider the report and endorse the proposed statement.

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Background Documents:

Personnel Committee – Mandatory Gender Pay Gap Reporting and Statement – 24 January 2019.

Kent County Council
Gender Pay Gap Reporting Statement

2019

What is Gender Pay Gap Reporting?

This is the third Gender Pay Gap Report. For the public sector, the calculation is 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. Figures from the Office of National Statistics (ONS) indicate that the average pay gap in the UK is currently 17.3%.

What we need to calculate

The legislation sets calculations to show the difference in hourly pay and other payments between men and women across the whole of the organisation. 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. In line with legislative reporting requirements, 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 2019.

- The mean gender pay gap for KCC is 12.0% and the median is 13.0%.
- The mean gender bonus pay for KCC is 16.3% and the median is 0%.
- The proportion of male employees in KCC receiving a bonus is 3.3% and the proportion of female employees receiving a bonus is 2.3%.

Pay quartiles by gender

Band	Males	Females
Lower quartile	19%	81%
Lower middle quartile	16%	84%
Upper middle quartile	20%	80%
Upper quartile	29%	71%

What the figures indicate

- **Pay** – The gender pay gap for KCC is significantly below the national average, which is positive - 12.0% v 17.3% respectively. The difference is explained by the

higher proportion of men in the upper middle and upper pay quartiles, although there is a higher proportion of women in all 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, only a small proportion of the workforce received these payments and the data needs to be interpreted carefully because of this. For example, by excluding payments above £500 the mean bonus pay gap reduces to 5.6%. This highlights the need to be cautious when interpreting the results and drawing conclusions as the numbers of people receiving a bonus is low. Comparing the figures with 2018 shows that there is a decrease in the number of both males and females receiving a bonus.
- **Gender distribution** – The proportion of women to men across KCC is c77% v 23% respectively. Within the lower half 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 significantly greater proportion of women in each of the pay quartiles. This may help explain why the KCC mean gender pay gap is lower than the national average.

The wider KCC context

KCC is very clear that gender should not limit or define choices in or outside of the workplace. Reduction in the gender pay gap is dependent on many factors including societal expectations and norms. Aspects which are in our control involve the whole employment cycle such as recruitment, career progression, maternity / return to work, leadership development, apprenticeships, learning culture, self-empowerment and the use of Flexible working arrangements. We seek to identify and address barriers as a way of making practical and positive changes in the context of a supportive management culture.

KCC has a deep and 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: -

- 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 dependant 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.

The Black and Minority Ethnic Forum supports 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. The principles and focus of our 'managing performance' expectation 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.

David Cockburn
Head of Paid Service