

<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">FINANCE AND DELIVERY POLICY & ACCOUNTABILITY COMMITTEE</p> <p align="center">8th November 2017</p>		
PAY RELATED TO GENDER REPORTING		
Report of the interim Director of Human Resources and Organisational Development – Mark Grimley		
Open Report		
Classification: For review and comment Key Decision: No		
Consultation: None		
Wards Affected: None		
Accountable Director: Mark Grimley, interim Director of Human Resources and Organisational Development		
Report Author: Mark Grimley	Contact Details: mark.grimley@lbhf.gov.uk	

1. EXECUTIVE SUMMARY

- 1.1. In advance of the statutory publication of the Council's gender pay gap under the revised Regulations for equal pay and gender reporting the Finance and Delivery PAC has requested information to help inform their lines of enquiry into the Council's current position for gender pay parity and future activities to improve where required.
- 1.2. The Council publishes its Pay Policy Statement each year in April, following approval by Full Council. The statement is required to provide transparency on pay practises.
- 1.3. The data used in this report covers only basic pay. The full gender pay reporting is required to look at bonuses and additional payments.

2. RECOMMENDATIONS

- 2.1. That the Committee note the current position of the differences in pay between male and female employees and make any observations for any key lines of enquiry for the future Gender Pay Gap report.
- 2.2. That the Committee receive and consider the draft Gender Pay Report and the Council's Pay Policy Statement on the 16th January 2018 in advance of Full Council.

3. REPORT

- 3.1 Excluding agency, contractors and casual workers the Council has 1,816 employees. 57.2 per cent of our employees are female, with 42.8 per cent male. (Excludes school employees)
- 3.2 The Council has a legal obligation under successive legislation and Regulations to ensure that they promote and continually review equal pay across genders and other factors affecting equal treatment of employees. Additional Regulations for public sector bodies came into effect in March 2017 which now require the Council to publish the gender pay gap and to use this data to inform actions to reduce and eradicate gender pay disparity where it exists.
- 3.3 The most recent national data indicates that nationally the United Kingdom has an unadjusted pay gap of 21 per cent – this means women earn on average 21 per cent less than men. (source: Eurostat, March 2017 – date from 2015 pay and earnings survey). The European average is 16 per cent.
- 3.4 The Council recognises the benefit of having transparent, fair and equal pay as a means of attracting and retaining a high-quality workforce and it is an essential aspect of our future talent strategy. We have a number of policies and statements stating our commitment to equality of opportunity and fair and equal treatment for all employees irrespective of any protected characteristics or personal circumstances.
- 3.5 The Council has a number of pay schemes across the organisation, reflecting the complex structure and work across a range of functions. The Council has adopted the Greater London Provincial Council (GLPC) job evaluation scheme to evaluate all roles and ensure that like-for-like duties are reflected with the same grades. We have the national pay scales (NJC for Local Government) and a defined scheme for senior managers creating 15 grades throughout the organisation. These schemes cover 63.7 per cent of the organisation. Other schemes reflect the arrangements of staff on other national terms and conditions (for example transferred health staff, employees transferred from other employers, those on spot-point salaries).

- 3.6 The Council also has in place a number of bonus schemes in operation covering some, but not all, of the workforce. At the same time, a number of variable wage elements (for example, overtime, weekend working, unsociable hours) also affect the total take-home pay between workers. This report only focuses on basic pay determined by the main NJC pay scales at this point.
- 3.7 Table 1, demonstrates the distribution of employees by gender across the Council. Table 2 illustrates that significantly more female employees as a percentage also undertake part-time work.

Table One: Distribution of gender across Council service areas

Service Area	Female Percentage	Male Percentage
Bi-Borough Environment, Leisure and Resident Services	39.3	60.7
Bi-Borough Human Resources	78.9	21.1
Bi-Borough Transport and Technical Services	33.4	66.6
Delivery and Value	45.7	54.3
Finance and Corporate Services	60.8	39.2
Housing and Regeneration	56.3	43.8
Tri-Borough ASC and NHS Integrated Commissioning Department	68.0	32.0
Tri-Borough Children's Services	82.3	17.7
Tri-Borough Corporate Services	45.3	54.7
Tri-borough Libraries and Archives	64.0	36.0
Tri-Borough Public Health	50.0	50.0
Council average percentages	57.2	42.8

Please note, where there are bi-borough and tri-borough service areas, we have only included information relating to employees of LB Hammersmith and Fulham.

Table Two: Full-time equivalent (full time and part time employees by gender)

FTE = Full time equivalent. A full-time employee undertakes 36 hours per week. Hours worked less than this is a part of an FTE, e.g. 18 hours is 0.5 FTE.

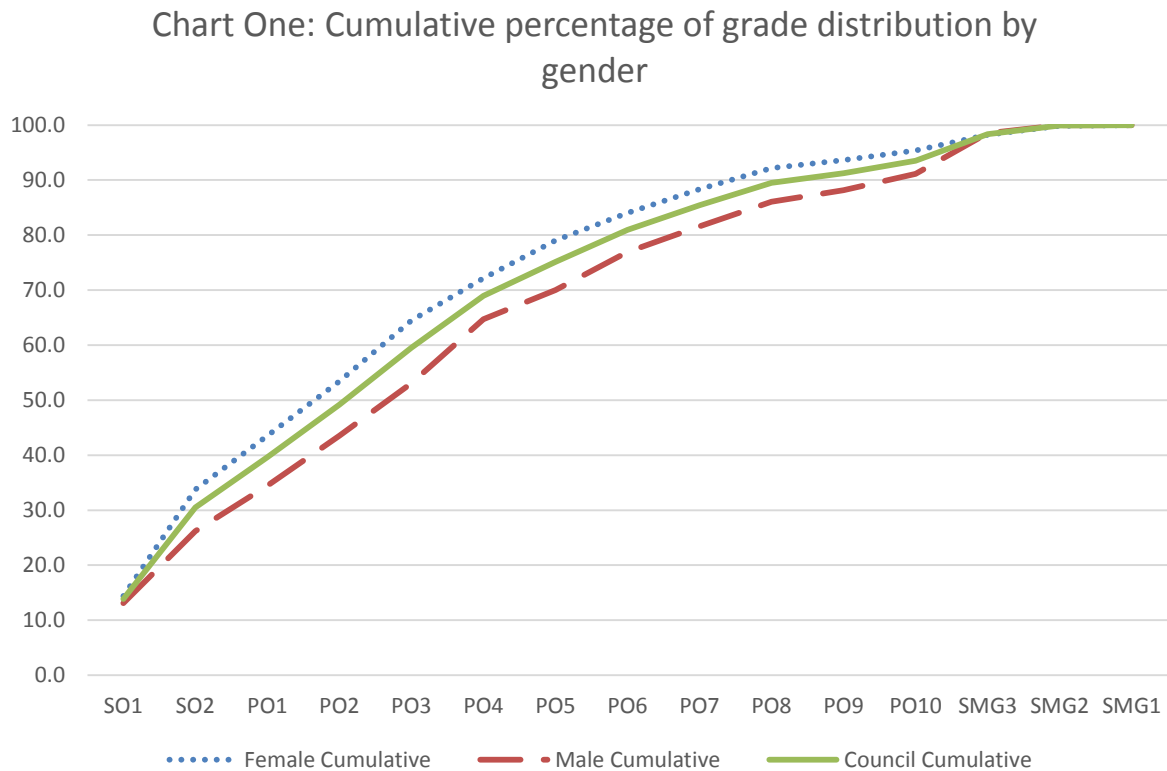
FTE	Female Percentage	Male Percentage
0 - 0.5 FTE	77.5	22.5
0.5 - 0.9 FTE	80.6	19.4
1.0 FTE	53.6	46.4
All	57.2	42.8

- 3.8 The simplest form of illustrating any pay gaps is through an analysis of the grades and gender distribution. Table 3 shows the percentage representation at each grade by gender and the percentage of female pay to male pay. The summary of this data is that the average basic salary for females is £34,589 compared to an average salary for males of £37,200. The mean salary for all employees is £35,501. A variation of £2,611 or females earning 93% of the average male salary.
- 3.9 The variation across the whole-council is demonstrated by the cumulative percentages (Chart One) where there are more females at lower grades than males, creating a lower average basic wage. However, the in-grade variation requires further explanation.

Table Three: Gender distribution by grade with in-grade variance on pay levels

	Percentage Female	Percentage Male	Female percentage of earnings compared to males	Value of difference (negative is females are lower than males) £ 's
SO1	59.2	40.8	94.2	(1,723)
SO2	66.1	33.9	93.7	(2,111)
PO1	61.0	39.0	96.3	(1,280)
PO2	59.0	41.0	96.1	(1,396)
PO3	60.5	39.5	97.8	(853)
PO4	46.6	53.4	98.8	(499)
PO5	63.2	36.8	96.9	(1,351)
PO6	48.4	51.6	100.0	(14)
PO7	54.2	45.8	92.1	(3,844)
PO8	54.3	45.7	97.6	(1,238)
PO9	47.4	52.6	95.6	(2,412)
PO10	44.0	56.0	94.1	(3,354)
SMG3	34.0	66.0	103.4	2,303
SMG2	58.8	41.2	97.2	(3,060)
SMG1	100.0	0.0	100.0	
Mean Figures, Whole Council			-7 %	(1,723)

Chart One: Cumulative representation of female and males in the workforce by increasing grade /salary.



- 3.10 The cumulative representation within the workforce has 80% per cent of the female population at grade PO5 and below (£42,661 to £42,651) whereas the male population reaches this point at PO7 (£47,291 to £50,115). The Council average is PO6 (£44,497 to £47,291). This suggests that progression and representation in higher paid roles is a challenge for the Council to address some of the average pay disparity.
- 3.11 The in-grade disparity is not explained by the in-grade progression opportunities. The lower grades (S01, S02 and PO1 to PO5) have the widest percentage progression opportunities through the grade with between 5.2 per cent and 8.0 per cent, however, the lower progression opportunities are at the SO1 and SO2 levels where there is greater representation of females. Across all grades there is fairly consistent percentage grade progression until the most senior roles (SMG1, SMG2 and SMG3) where there is a wider band for progression – and coincidentally greater pay parity.
- 3.12 This suggests that fundamentally the Council’s main pay and grading system is fit for purpose. The key issue appears to be representation of females in higher paid roles.
- 3.13 The in-grade disparity raises the hypothesis, to be tested prior to the Gender Pay Reporting, that females have a shorter tenure within the grades and therefore start on the bottom spine point and are yet to progress to the higher points, whereas the higher percentage of males are already on the higher spine points. The variances in Table three are consistent with this hypothesis.

4. OTHER VARIABLE FACTORS IN PAY

- 4.1 The Council have a number of schemes and terms of employment that vary take-home pay that the full Gender Pay Report should consider.
- 4.2 At senior pay levels, the Audit, Pensions and Standards Committee are providing oversight of the performance-related pay scheme (PRP). The PRP scheme is based on two factors – performance against targets resulting in a consolidated pay award and a non-consolidated pay award based on the Council's behaviour framework. With lower representation of females to males within the senior management bands covered by this arrangement, this will need to be examined in detail as those not covered by these arrangements will be subject to in-grade incremental progression (around 6 per cent over 4 years) and the national pay award (currently 1 per cent) compared to up to 5 per cent annual consolidated awards.
- 4.3 Other areas have specific performance-related schemes related to income generation/collection and targets for the service area. Further work will need to be undertaken to understand whether these schemes are equitable or whether there is a skew of representation, in particular schemes related to:
- Commercial waste
 - Civil enforcement
 - Corporate anti-fraud
 - Development management (planning)
 - Pest control
 - Rental income
 - Strategic Commissioners and adult services service managers
 - Commercial Director.
- 4.4 Additional allowances (overtime, weekend working), unsocial hours work and career progression grades are all areas of take-home that also affect the current and future projections of gender pay.
- 4.5 Market-factor supplements for hard-to-recruit roles will also be investigated and reviewed as part of the gender pay analysis to assure the Council that there is no bias linked to particular professions or the application of additional pay.

5. EQUALITY IMPLICATIONS

- 5.1 The conduct of gender pay reviews are a requirement of the Equality Act 2010. The Council is subject to the Public Sector Equality Duty.

6. LEGAL IMPLICATIONS

- 6.1. The council has a legal obligation to ensure equal pay and to prepare for the Gender Pay Reporting requirements. Where there are areas of pay disparity,

or identified bias and inequality the Council will address these through Equality Impact Assessments and an Equality Action Plan.

6.2. The Council is responsible for the adoption and publication of the Pay Policy Statement including our pay practices. Consideration should be given at the time of adoption to the equalities impact assessment of the Pay Policy Statement.

6.3. *Implications verified by: Rhian Davies, Monitoring Officer*

7. FINANCIAL IMPLICATIONS

7.1. The Council's financial management and medium-term financial strategy includes staffing cost projections linked to our current pay and grading structures.

7.2. *Implications verified/completed by Hitesh Jolapara, Strategic Director of Finance*

8. IMPLICATIONS FOR BUSINESS

8.1. None.

9. COMMERCIAL IMPLICATIONS

9.1. The commercial success of the Council depends upon our having transparent, fair and equal pay, both as a means of attracting and retaining a high-quality workforce and to ensure equality of opportunity and fair and equal treatment for all employees irrespective of any protected characteristics or personal circumstances.

9.2. *Implications verified/completed by Michael Hainge, Commercial Director*

10. IT IMPLICATIONS

10.1. None.

10.2. *Implications verified/completed by Veronica Barella, acting Chief Information Officer.*

11. OTHER IMPLICATION PARAGRAPHS

- 11.1. Workforce risks and liabilities are recorded through the Council's Risk Register. The risk for equal pay implications is low as the Council has an established, objective pay and grading structure comparable to other local authorities.

- 11.2. *Implications verified/completed by Mark Grimley, Director of Human Resources and Organisational Development.*

12. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name and contact details of responsible officer	Department/ Location
1	Pay Policy Statement 2017/18	Mark Grimley Mark.grimley@lbhf.gov.uk	Human Resources and Organisational Development

LIST OF APPENDICES

None