

## **The Gender Pay Gap in Local Government**

### **Purpose of report**

For direction.

### **Summary**

This paper presents a summary analysis of the data on the gender pay gap recently made available by the Government Equalities Office based on mandatory reporting for medium-sized and larger organisations.

Despite data limitations, Local Government as a whole comes out of the exercise reasonably well. There is an opportunity to present a good message on progress and also highlight the type of support and advice that the LGA is able to give to Councils to help them continue to address any gender pay gap issues.

### **Recommendation**

That Members of the Resources Board indicate whether or not the idea of a “member champion” on diversity issues should be identified

### **Action**

Officers will continue work in support of councils dealing with gender pay issues and proceed according to member direction on the idea of a member champion.

**Contact officer:** Naomi Cooke  
**Position:** Head of Workforce  
**Phone no:** 0207 664 3299  
**Email:** naomi.cooke@local.gov.uk

## **The Gender Pay Gap in Local Government**

### **Background**

1. The Government introduced a mandatory requirement for all organisations with 250 or more employees to submit certain data on their gender pay gap with a commitment to make the data available publicly. The data were published by the Government Equalities Office (GEO). The first reporting deadline passed recently and as a result there has been considerable media comment about the state of play in key organisations and sectors. The emerging media narrative for some sectors is one of widespread institutional sexism and this appears to be driving calls for firm action, though it should be noted that the data set has considerable limitations.
2. Relevant organisations were required to publish the following data:
  - 2.1 the difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees;
  - 2.2 the difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees;
  - 2.3 the difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees;
  - 2.4 the difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees;
  - 2.5 the proportions of male and female relevant employees who were paid bonus pay; and
  - 2.6 the proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands.
3. The most obvious weakness in the requirements is that the mean and median relate to the whole workforce rather than comparable groups with similar jobs in the same pay bands; much detail has been sacrificed in favour of simple headline figures but that can be acceptable if the outcome drives organisational change.
4. A further practical weakness in the public presentation of the data set is that there has been no attempt to classify organisations in a useful agreed way and extracting data on councils or any other group is a cumbersome process. We have been able to obtain data on 318 English Councils and a summary of the key findings from our analysis follows. The full analysis has now been published on the LGA website and is available as an annex for information.

## Data summary

### 5. Mean gender pay gap

5.1 On average, women were paid 6.8 per cent less than men.

5.2 The values varied between -14.1 per cent (women were paid more than men) and 31.7 per cent.

5.3 Women were, on average, paid less than men in 264 authorities; in 55 the reverse was true.

### 6. Median gender pay gap

6.1 On average, women were paid 5.0 per cent less than men.

6.2 The values varied between -50.3 per cent (women were paid more than men) and 34.0 per cent.

6.3 Women were, on average, paid less than men in 211 authorities, in 25 the pay gap was zero, and in 83 women were paid more than men.

7. In national guidance, ACAS explains that mean averages are useful because they place the same value on every number they use, giving a good overall indication of the gender pay gap, but very large or small pay rates or bonuses can 'dominate' and distort the answer. For example, mean averages can be useful where most employees in an organisation receive a bonus but could be less useful in an organisation where the vast majority of bonus pay is received by a small number of board members.

8. Median averages are useful to indicate what the 'typical' situation is i.e. in the middle of an organisation and are not distorted by very large or small pay rates or bonuses. However, this means that not all gender pay gap issues will be picked up. For example, a median average might show a better indication of the 'middle of the road' pay gap in a sports club with a mean average distorted by very highly paid players and board members, but it could also fail to pick up as effectively where the pay gap issues are most pronounced in the lowest paid or highest paid employees

9. We have not produced a public analysis of the figures relating to bonus payments; so few councils actually pay bonuses that the figures are not terribly meaningful.

10. We have been checking the reported figures in other sectors and the median pay gap across the civil service is - 12.7 per cent. There are some notable differences between departments however:

10.1 DHSC: - 13.3 per cent

10.2 MHCLG: - 9.8 per cent

10.3 MoJ: - 10.6 per cent

10.4 Home Office: - 15.1 per cent

10.5 Homes England: - 19.6 per cent

10.6 The DWP has a median gap of 0 per cent and two-thirds of its top quartile staff are women.

11. It is worth noting that our own Earnings Survey, last conducted in 2015/16 has tracked the local government pay gap for a while. Our last available figures showed an effective pay gap of zero based on median full-time equivalent hourly earnings. There is no necessary contradiction between the two data sets because our figure is based on a population of actual individual jobs across a large sample of councils whereas the averages from the GEO data set are based on reported pay gaps at organisational level. The GEO figures therefore give equal weighting to councils with small workforces where the pay of senior staff has more of an effect on the figures.

### **Issues**

12. Although as we have seen the GEO figures lack a degree of accuracy, we cannot ignore the fact that they point to certain continuing problems. What our own earnings survey reflects is the specific success of equal pay reviews based on job evaluation which took place via our NJC agreement from 2004 onwards. At an estimated cost of £5 billion to date, the sector eliminated obvious job-by-job pay inequality with no Government funding. The achievement through the national agreement involved a considerable cost saving of at least 30 per cent over the compensation figures that could have been expected if cases had gone to Employment Tribunals. Making the necessary changes by agreement and compromise also had an industrial relations benefit. We have not monitored the situation for a while but last time we did, only a handful of councils had ongoing equal pay problems, though some were significant.

13. The GEO work may perhaps have identified some councils where there are on-going straightforward equal pay issues. However, the more fundamental issue may be that of occupational segregation where women have tended to focus on certain occupations and there are simply more men at senior levels and in higher-skilled full-time roles; this will require different organisational responses.

14. Whilst occupational segregation is a wider economic and societal problem and solutions probably begin in early education, there are many steps that are already being taken to improve career development and the working environment. Our own current and proposed "returners" programmes are designed to support returners from career breaks and we also collaborate with Timewise to encourage employers to build flexibility into their basic approach to business. The team will take look to identify good practice in

councils with zero or negative pay gaps. We are also updating our offer around job evaluation and this will be of assistance in dealing with traditional equal pay issues. We should use this opportunity therefore of giving a considered view of the new pay gap data for the sector and provide a refreshed approach to our offer.

15. The workforce team will continue to develop an offer to help councils with gender pay issues. We are keen to hear members' views on the idea of identifying a "member champion" on diversity issues including gender as well as race and disability. The member champion would provide the necessary public profile for this work and represent the LGA in political level discussions. If Resources Board members approve of the idea, it will be recommended to the Leadership Board for action.

### **Implications for Wales**

16. The regulations do not straightforwardly apply in Wales but the situation is a little complex. The public sector regulations apply to public bodies in England, and non-devolved public bodies in Scotland and Wales. However, devolved Scottish and Welsh public authorities that are listed in Schedule 19 to the Equality Act 2010 are subject to their own devolved regulations, which already include gender pay gap reporting. If a devolved authority isn't listed in Schedule 19 however, it will be covered by the private and voluntary sector regulations which are GB-wide. Our analysis is for England only because of the way the data are reported.

16.1. Although national pay negotiations are a non-devolved issue, the WLGA does of course have its own programme covering workforce development issues in Wales.

### **Financial Implications**

17. It is assumed that any projects that develop from the strategy will be staffed and funded from grant funding agreed under the Memorandum of Understanding with MHCLG.