Gender Pay Gap Reporting 2020

2020

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# Introduction and Background

**Introduction and Background**

The council already publishes information and statistics on the equality profile of its population and its staff to show how we meet our obligations under the Public Sector Equality Duty. This information, which details ‘protected characteristics’ - age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage and civil partnership - is updated annually and can be found on the Tower Hamlets website. Since it includes details of the equality profile of the people who use our services as well as those we employ, it enables us to shape our interventions to best meet the needs of local people and effectively target resources.

As of April 2018 the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, specified that we also publish information relating to the differences in pay between men and women – the Gender Pay Gap - on an annual basis. This information must usually be published by 29th March 2020, on both the council’s website and on a dedicated central government site [here](https://www.gov.uk/government/news/view-gender-pay-gap-information).

Although the legal requirement to publish in 2020 has been removed due to the COVID pandemic, Tower Hamlets has decided to go ahead and publish its Gender Pay Gap information. The information in the report is as at 31 March 2019, in line with legislative requirements.

Tower Hamlets is committed to promoting diversity and inclusion and although there is no legal requirement to do so, the Council also publishes similar information to that required for the Gender Pay Gap for other protected characteristics it holds the data for, namely related to race, disability, sexual orientation, age and religion/belief.

Tower Hamlets is also committed to supporting trans and non-binary employees and although the regulations relating to publishing gender pay gap information do not make provision for trans or non-binary employees, an issue that the Council raised in its response to the original consultation on the legislation, as the Council’s monitoring systems evolve to allow better self-identification around gender, this information will be included in future reports.

# Context – Changes to the LBTH workforce

The council’s workforce has reduced (from 4958 at the start of 2016/17 to 4572 at the end of 2018/19) in line with reductions in central government funding.

This reduction has also had the effect of reducing the scale of recruitment activities and so the speed with which we can address perceived disparities in the numbers of staff (by protected characteristic) in the workforce. Nonetheless the council is committed to making improvements in the representation of women, BAME and people with disabilities at senior management levels within the council. The following table show the representation at senior management levels over the past 4 years.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | ***Quarter 3 2016-17*** | ***Quarter 3 2017-18*** | ***Quarter 3 2018-19*** | ***Quarter 3 2019-20*** |
| % of top 5% of council employees who are female | 54.62 | 55.14 | 52.80 | 52.36 |
| % of top 5% of council employees who are BAME | 30.21 | 32.22 | 34.02 | 32.61 |
| % of top 5% of council employees who are disabled | 8.82 | 6.99 | 6.17 | 9.02 |
| % of top 2% of council employees who are female | 50.37 | 53.09 | 46.31 | 51.33 |
| % of top 2% of council employees who are BAME | 20.80 | 21.58 | 23.49 | 24.64 |
| % of top 2% of council employees who are disabled | 4.98 | 3.25 | 5.17 | 8.58 |

Note also that:

* There can be a lag between instituting new policies to address equalities issues and their outcome. Local government workers are, in the main, employed on grades that consist of 3 or 4 spinal column points and salary increases occur annually until the top point for the grade is reached. This means that if, for example, a section consists of 10 people but the 5 men have been employed for 5 years and the 5 women have only recently been employed, there will be a pay gap (reducing over time) despite the fact that all staff are on the same grade.
* Employees identifying their gender in a non-binary way have been excluded from the gender analysis section below. This is because the numbers are sufficiently small that identification of individuals may be possible. There is the expectation that in future years more staff will identify their gender in this way and consequently we will be able provide meaningful analysis.

# Context - Outsourcing

Like most councils, Tower Hamlets has outsourced some services and retained others. For example, during the period this data relates to, refuse collection and street cleaning are outsourced, while most driving, cleaning and school meals posts are retained in house. Waste Management has recently been brought back into the Council and in future reports will therefore be included in the data.

Despite our best efforts, many jobs still attract applicants of a particular sex. Therefore the size of the pay gap is, to a degree, a function of whether externalised services are broadly posts that are occupied mainly by men or occupied mainly by women. This is particularly important because these services tend to be lower graded ‘manual’ occupations. Therefore if a council has kept in-house, for example, refuse collection and street cleaning, they will have a large number of lower paid male staff. If the organisation has retained the homecare and school meals provision, they will have a large number of relatively low paid female staff. Only if such services have been entirely retained or externalised will the pay gap not be skewed.

# London Living Wage

To alleviate the impact of poverty, particularly as it impacts on women employees, Tower Hamlets is an accredited London Living Wage Employer and pays staff above the London Living Wage, which was (as at 1st April 2020) £10.75 per hour. For purposes of comparison, most private organisations providing these types of services pay wages at or just above the statutory minimum wage of (as at 1st April 2020) £8.21 per hour for workers aged 25 and above and less for younger workers.

# Actions to reduce inequality

In addition to implementing the London Living Wage for all workers, the council undertakes many other actions to alleviate inequality. With regard to its staff, for example, the council offers enhanced maternity and shared parental leave and a number of flexible working options including ‘term-time-only’ and home-working.

Further information is available as part of the council’s Public Sector Equalities Duty information which is available on the council’s website.

# Understanding the numbers

At the end of this report you will find guidance on gender pay gap reporting which includes a general introduction to the government’s requirements and advice on interpreting the figures provided.

The information below uses ‘mean’, median’ and ‘quartile’ measurements. The mean is the common average (e.g. add up all the hourly pay rates and divide by the number of people), the median is the middle figure when placed in order (e.g. placing all the hourly pay rates highest to lowest then taking the middle one) and quartiles are the 4 groups produced when the data is put into order and divided into 4 equal parts.

# Gender Pay Gap - Details

In line with the Equalities Act 2010, the figures below show the gender pay gap as at 31st March 2019.

Women earn 91.96% of the average (mean) pay of men and 95.93% of men’s earnings (median difference). These figures include ‘Contract Services’ – the service area which is responsible for producing and serving school meals and cleaning. 90% of the staff within Contract Services are women. Additionally, the council has also provided figures for the gender pay gap excluding Contract Services and this identifies that the gender pay gap significantly reduces to 1.41% (mean difference).

The analysis below provides commentary on the council workforce, but also, where appropriate, the council’s workforce excluding contract services.

**Key findings are:**

Female Workforce

Women represent 63% of the workforce

* 58% of employees in the top quartile of earnings for the council are women
* 58% of employees in the 2nd quartile of earnings for the council are women
* 65% of employees in the third quartile of earnings for the council are women
* 71% of employees in the lowest quartile of earnings for the council are women

Average earnings

* Women earn 91.96% of men’s earnings (mean difference) and 95.93% of men’s earnings (median difference).
* Women earn £1.68 per hour less than men (mean difference) and £0.80 per hour less than men (median difference).
* Therefore women earn 8.04% less than men (mean difference) and 4.07% less than men (median difference).

Bonuses

* With regards to bonuses, women’s bonuses are higher than those received by male employees: Women receive 136.21% of men’s bonuses (mean) and exactly the same (median).
* This equates to women’s bonuses being 36.21% higher than men’s bonuses.
* 6.01% of women employees receive a bonus compared to 4.17% of men. Note, however, that the council does not pay bonuses in the usual sense of the word. The very specific definition of ‘bonus’ given in the Equalities Act is mainly accounted for by recruitment and retention payments for difficult-to-recruit posts, for example social workers.

Further details are as follows:



# Comparison with Gender Pay Gap Publication 2019 and 2018

The Council published the first Gender Pay Gap report on 31st March 2018 and its second on 31st March 2019. Analysis shows the gender pay gap (mean difference) has reduced compared to previous years to 8.04% from 8.43% in the past 2 years. In terms of the difference in the median hourly rate, this has reduced by a further £0.44 since the £0.06 reduction last year, which has resulted in the gender pay gap (median difference) reducing to 4.07% from 6.46% last year. These figures include Contract Services.







# Bonus Comparison

Women’s bonuses are now 36.21% higher than men’s, up from 7.45% higher in 2019 and 1.36% higher in 2018. There is once again no change to the median bonus.







# Contract Services

If Contract Services is excluded the results are as follows:

Female Workforce

Women represent 58.94% of the workforce.

* 56.68% of employees in the top quartile of earnings for the council are women
* 58.91% of employees in the 2nd quartile of earnings for the council are women
* 63.29% of employees in the third quartile of earnings for the council are women
* 56.88% of employees in the lowest quartile of earnings for the council are women

Average earnings

* Women earn 98.59% of men’s earnings (mean difference) and 99.75% of men’s earnings (median difference).
* Women earn £0.30 per hour less than men (mean difference) and £0.05 per hour less than men (median difference).
* Therefore women earn 1.41% less than men (mean difference) and 0.25% less than men (median difference)

Bonuses

* 7.29% of women employees receive a bonus compared to 4.29% of men.
* Women’s bonuses are higher than those received by male employees: Women receive 136.21% of men’s bonuses (mean) and exactly the same (median).
* This equates to women’s bonuses being 36.21% higher than men’s bonuses.

Further details are as follows:



# Comparison with Gender Pay Gap Publications 2019 and 2018 – Excluding Contract Services

The Council published the first Gender Pay Gap report on 31st March 2018 and then the second on 31st March 2019 and these also provided details of the pay gap excluding Contract Services.

Comparison of the three sets of data shows that the difference in the mean hourly rate in the 2020 report is £0.27 higher than in 2018 and the gender pay gap has therefore increased to 1.41% (mean difference). In terms of the difference in the median hourly rate this has reduced by £0.44 compared to 2018, which has resulted in the gender pay gap (median difference) reducing to 0.25%.







# Bonus Comparison – Excluding Contract Services

Analysis shows that the number of men and women receiving bonuses increased, but in respect of the mean difference, women’s bonuses were 36.21% higher than men’s bonuses. This is an increase from 2019 when women’s bonuses were 3.59% higher and 2018 when they were 1.36% higher. There was no change to the median bonus.







# Comparison with London Boroughs

London Councils usually collate and analyse the gender pay gap information published by each of the 32 London Boroughs but as there has been no requirement to publish this year, this has not been possible. If comparison information is published at any point this year, this section of the report will be updated.

# Pay Gap for Black and Minority Employees

There is no statutory requirement under The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 for the council to provide information in relation to the pay gap for other protected characteristics. However in the interests of transparency the council has decided to provide information in respect of the following protected characteristics:

* Black and minority ethnic (BAME) staff
* Staff with disabilities.
* LGBT Staff

Key findings for BAME employees as at 31st March 2019 are as follows:

Workforce

BAME employees represent 60.31% of the workforce.

* 50.20% of employees in the top quartile of earnings for the council are BAME employees
* 57.34% of employees in the 2nd quartile of earnings for the council are BAME employees
* 64.92% of employees in the third quartile of earnings for the council are BAME employees
* 68.54% of employees in the lowest quartile of earnings for the council are BAME employees

Average Earnings

* BAME employees earn 88.61% of white employee’s earnings (mean difference) and 91.21% of white employee’s earnings (median difference).
* BAME employees earn £2.32 per hour less than white employees (mean difference) and £1.73 per hour less than white employees (median difference).
* Therefore BAME employees earn 11.39% less than white employees (mean difference) and 8.79% less (median difference).

Bonuses

* With regard to bonuses, BAME employees’ bonuses are 58.32% of those received by white employees (mean), and no difference (median).
* This equates to BAME employees’ bonuses being 41.68% lower than those received by white employees.
* 5.31% of BAME employees received a bonus compared to 5.23% of white staff. Note, however, that the council does not pay bonuses in the usual sense of the word. The very specific definition of ‘bonus’ given in the Equalities Act is mainly accounted for by recruitment and retention payments for difficult-to-recruit posts, for example social workers.

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Further details are as follows:



# Comparison with BAME Pay Gap Publication 2019 and 2018

The Council published the first BAME Pay Gap report on 31st March 2018 and the next on 31st March 2019. Analysis shows the BAME pay gap (mean difference) has reduced to 11.39 between 2018 to 2020. In terms of the difference in the median hourly rate, this has increased from zero to £1.73 which has resulted in the BAME pay gap (median difference) increasing to 8.79% between 2018 and 2020.







# Pay Gap for Disabled Employees

Key findings for Disabled employees as at 31st March 2019 are as follows:

Workforce

Disabled employees represent 6.41% of the workforce.

* 6.06% of employees in the top quartile of earnings for the council are disabled employees
* 6.78% of employees in the 2nd quartile of earnings for the council are disabled employees
* 8.44% of employees in the third quartile of earnings for the council are disabled employees
* 4.22% of employees in the lowest quartile of earnings for the council are disabled employees

Average Earnings

* Disabled employees earn 100.30% of non-disabled employee’s earnings (mean difference) and 100% of non-disabled employee’s earnings (median difference).
* Disabled employees earn £0.06 per hour more than non-disabled employees (mean difference). There is no difference in median earnings.
* Therefore disabled employees earn 0.30% more than non-disabled employees (mean difference). There is no difference in median earnings.

Bonuses

* With regard to bonuses, disabled employees’ bonuses are 55.97% of non-disabled employees’ bonuses (mean) and 100% (median).
* This equates to disabled employees’ bonuses being 44.03% lower than those received by non-disabled employees.
* 6.41% of disabled employees receive a bonus compared to 5.21% of non-disabled employees. Note, however, that the council does not pay bonuses in the usual sense of the word. The very specific definition of ‘bonus’ given in the Equalities Act is mainly accounted for by recruitment and retention payments for difficult-to-recruit posts, for example social workers.

Further details are as follows:



# Comparison with Disability Pay Gap Publication 2019 and 2018

The Council published the first Disability Pay Gap report on 31st March 2018 and then on 31st March 2019. Analysis shows the Disability pay gap (mean difference) has reduced from -2.56% in 2018 to -0.46% in 2019 and again to -0.30% in 2020, meaning staff with a disability earn 0.30% more than non-disabled staff. There is no change to the median difference which remains at zero.







# Pay Gap for LGBT Employees

Key findings for LGBT employees as at 31st March 2019 are as follows

Workforce

LGBT employees represent 4.40% of the workforce. The figures below exclude those who declined to state their sexuality.

* 5.90% of employees in the top quartile of earnings for the council are LGBT
* 4.24% of employees in the 2nd quartile of earnings for the council are LGBT
* 3.98% of employees in the third quartile of earnings for the council are LGBT
* 3.48% of employees in the lowest quartile of earnings for the council are LGBT

Average Earnings

* LGBT employees earn 107.28% of non-LGBT employees’ earnings (mean difference) and 104.24% of non-LGBT employees’ earnings (median difference).
* LGBT employees earn £1.44 per hour more than non-LGBT employees (mean difference) and £0.80 more than non-LGBT employees (median difference).
* Therefore LGBT employees earn 7.28% more than non-LGBT employees (mean difference) and 4.24% more than non-LGBT employees (median difference).

Bonuses

* The number of employees who received bonuses and who have identified as LGBT is sufficiently small that identification of individuals may be possible. For that reason we are not able to publish details of the LGBT bonus pay gap.

Further details are as follows:



# Comparison with LGBT Pay Gap Publication 2019 and 2018

The Council published the first LGBT Pay Gap report on 31st March 2018 and then on 31st March 2019. Analysis shows the LGBT pay gap (mean difference) has reduced from -12.75% in 2018 to -10.84% in 2019 and -7.28% in 2020, meaning LGBT staff now earn 7.28% more than non LGBT staff. In terms of the difference in the median hourly rate, this has reduced from £2.35 in 2018 to £1.80 in 2019 and £0.80 in 2020, which has resulted in the LGBT pay gap (median difference) decreasing to -4.24% meaning that LGBT staff earn 4.24% more than non LGBT staff.







# Pay Information by Religion and by Age

As previously noted, there is no statutory requirement under The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 for the council to provide information in relation to the pay gap for protected characteristics other than gender. However for purposes of transparency information is here provided on pay rates in respect of the religion of employees as well as pay rates in respect of the age of employees.

Note, however, that the information cannot be provided in the same format as above. This is because (for example) gender compares women’s pay against men’s to establish the gender pay gap and disability compares disabled staff with non-disabled staff to establish a ‘disability pay gap’. For both age and religion there is no obvious base on which to make the comparison. It would make no sense to establish a religion pay gap with reference to (say) ‘no religion’ or Christians or to establish an age pay gap with reference to (say) 45 – 54 year-olds.

In addition, the number of categories (7 for age and 9 for religion), coupled with the relatively small number of staff receiving bonuses means that analysis of this could be both misleading (for example if only one person of a particular faith received a bonus) and provide groups which are so small that individuals could be identified, in contravention of data protection legislation. The same is true for quartile data. Accordingly no information is supplied regarding bonuses or numbers of staff in each salary quartile.

No analysis is provided since the tables provide the information in what is a clear format.

# Pay Gap - Religion



# Pay Gap - Age



# Understanding Gender Pay Gap Reporting

**What is gender pay gap reporting and what is being published?**

All companies in Great Britain (but not Northern Ireland) with more than 250 employees are required to [report their gender pay gap](https://gender-pay-gap.service.gov.uk/Viewing/search-results) to the Government Equalities Office (GEO). Tower Hamlets Council also publishes the information on its website.

All public bodies were first required to report by 31 March 2018 and all companies by 4 April 2018. Companies will also publish details of the proportion of men and women in the company who receive bonuses and the breakdown of men and women in different pay quartiles.

This brief guide to GPGR includes information about gender pay gap reporting throughout the whole of the country, rather than just about this council.

**What is the gender pay gap?**

The gender pay gap is the difference between the average hourly earnings of men and women. About 9,000 companies and public bodies were required to report the difference in both mean and median hourly earnings and bonus payments. The figure is expressed as a proportion of men’s earnings.

According to the ONS (Office for National Statistics) , the gap between what UK male and female workers earn – based on median hourly earnings for full-time workers – fell to 9.1% in April 2017, from 9.4% a year earlier. It was 17.4% in 1997 when the ONS first collected the data.

The mean gender pay gap is 14.1%, and has been stuck at the same level for three years. When all workers, full and part-time, are included, the gap increases to 17.4% for median earnings and 18.4% for mean earnings. Part-time workers are included in the reporting of the gender pay gap – so this is national equivalent figure.

**What’s the difference between the mean and the median figures?**

The mean, commonly known as the average, is calculated when you add the wages of all employees and divide the figure by the number of employees.

The mean gender pay gap is the difference between mean male pay and mean female pay. For example, if the hourly gender pay gap at a company is 32%, then for every £100 earned by a man a woman would earn £68.

The median is the figure that falls in the middle of a range when everyone’s wages are lined up from smallest to largest. The median gap is the difference between the employee in the middle of the range of male wages and the middle employee in the range of female wages.

The median is typically a more representative figure as the mean can be skewed by a handful of highly paid employees. A large difference between the mean and the median can be indicative of inequality at either end of the pay spectrum. However, usually the inequality is most marked at the top end of the pay scale.

**Does the method of calculation affect the figures?**

Yes, the way the gender pay gap is calculated does affect how the gap is represented. As the gender pay gap is reported as a proportion of men’s earnings it can appear to minimise the gap from a female employee’s perspective.

For example, where the pay gap is 50% this means that men’s pay is double that of their female co-workers.

**Is the data reliable?**

The figures are reported to the GEO but it is up to the individual companies and public bodies to calculate their own gender pay gaps. Tower Hamlets has taken great care to ensure that the calculations are accurate and in line with the legislative requirements.

**Does it mean women are being paid less than men in the same roles?**

In general terms they may be, but the data gathered by the GEO does not tell us this. The data gathered is a relatively blunt tool and only tells us the overall gender gap, as well as the bonus pay gap and the proportion of men and women in each quartile of the pay structure of the company. Tower Hamlets uses a job evaluation system whereby all posts have a detailed job description, with the grade of the post formally evaluated by a joint panel of Human Resources and the council’s recognised trade unions. This process means that equivalent work is paid at an equivalent rate regardless of gender.

**Isn’t it illegal to pay women less than men?**

Yes, and it has been for 49 years. Under the Equal Pay Act 1970, and more recently, the Equality Act 2010, it is against the law to pay people performing the same role or “work of equivalent value” differently because of their gender. This applies to all employers regardless of size.

**What will happen if companies don’t report?**

The Equality and Human Rights Commission (EHRC) is responsible for ensuring employers publish their gender pay gap. The [EHRC](https://www.equalityhumanrights.com/en/our-work/news/gender-pay-gap-reporting-enforcement-plan-revealed) says it will approach employers informally at first if they have not published by the deadline of 4 April, but businesses could ultimately face “unlimited fines and convictions”.

**Will companies be forced to close the gender pay gap?**

There are no plans to punish companies that have a wide gender pay gap, but the government has stated that it will publish sector-specific league tables, highlighting companies failing to address pay differences between men and women. Greater pressure may come from companies’ own employees and scrutiny from competitors and in the media.

The council has an equalities action plan and the analysis of the data in this report will be used to inform the plan.

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The Understanding Gender Pay Gap Reporting section of this document is based upon a Guardian Newspaper article published on 28th February 2018

The information supplied is in line with the reporting requirements detailed by ACAS in their guidance to GDGR, available [here](http://www.acas.org.uk/index.aspx?articleid=5768).

Schools are not included in local authority gender pay reporting. Those with more than 250 staff are required to provide information separately.

In line with the legislation, the information relates to March 2018 and must be published on the council’s website and on a dedicated ‘.gov’ governmental website by the end of March 2019

To allow comparison, a number of London councils have adopted the similar layout for providing information on the gender pay gap, and have also provided, in addition to the legal requirements, information on the ethnic minority (‘BAME’) and disabled people pay gaps.

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