

## READING BOROUGH COUNCIL

### REPORT BY ASSISTANT DIRECTOR FOR HR AND ORGANISATIONAL DEVELOPMENT

<b>TO:</b>	<b>PERSONNEL COMMITTEE</b>		
<b>DATE:</b>	<b>14 JULY 2022</b>		
<b>TITLE:</b>	<b>GENDER AND ETHNICITY PAY GAP REPORTS FOR 2022 AND WORKFORCE PROFILE REPORT FOR 2021/22</b>		
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#### 1. PURPOSE AND SUMMARY OF REPORT

- 1.1 This report presents the Council's Gender and Ethnicity Pay Gap reports for 2022. The mean gender pay gap is 0.13% and the median is 3.06%. Both figures have improved since 2021 when they were 2.06% and 4.91%. The mean ethnicity pay gap for 2022 is 2.68% (i.e. Black, Asian and Minority Ethnic employees are paid 2.68% lower than their white colleagues on average). There is a negative median pay gap of 1.76%, meaning that the median pay of white employees is 1.76% less than for Black, Asian and Minority Ethnic employees. Both figures have improved since 31 March 2021, when the mean pay gap was 4.26% and the median was 5.69%. A further breakdown of ethnicity pay gaps for different ethnic groups is also provided.
- 1.2 The report also presents the Workforce Profile for 2021/22 which provides a summary of equalities monitoring data and trends over time. It covers data on the protected characteristics of the current workforce and job applicants in 2021/22 and compares it to the previous three financial years (2018/19 to 2020/21) where relevant.
- 1.3 Taking positive action on workplace equality can have significant benefits for an organisation's reputation, culture and people. The Ethnicity and Gender Pay Gap reports, along with the Workforce Profile, are a fundamental step on the Council's journey to improving workplace equality. It helps to create a baseline to track current progress and drive continual improvement.
- 1.4 Appendices  
  
Appendix 1: Gender Pay Gap Report for 2022  
Appendix 2: Ethnicity Pay Gap Report for 2022

## **2. RECOMMENDED ACTION**

It is recommended that Personnel Committee note:

- 2.1 The Gender Pay Gap report for 2022 in Appendix 1**
- 2.2 The Ethnicity Pay Gap report for 2022 in Appendix 2**
- 2.3 The Workforce Profile Report for 2021/22 in Appendix 3.**

## **3. GENDER PAY GAP REPORT 2022**

- 3.1** The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings. For example, a 4% gender pay gap shows that women earn 4% less per hour, on average, than men. Conversely, a negative 4% gender pay gap shows that women earn 4% more, on average, than men.
- 3.2** An employer must comply with the regulations for any year where they have a 'headcount' of 250 or more employees on the 'snapshot date'. For local authorities the snapshot date is 31 March each year.
- 3.3** Organisations must publish the following information:
  - Their mean gender pay gap
  - Their median gender pay gap
  - Their mean bonus gender pay gap
  - Their median bonus gender pay gap
  - Their proportion of males and females receiving a bonus payment
  - Their proportion of males and females in each quartile pay band
- 3.4** The information must be published on both the employer's website and on the Government Equalities Office website. An employer should then use that information to help understand any underlying causes for their gender pay gap and take suitable steps to minimise it. Benefits will differ between employers but can include developing a reputation for being a fair and progressive employer, attracting a wider pool of potential recruits for vacancies and the enhanced productivity that can come from a workforce that feels valued and engaged in a culture committed to tackling inequality.
- 3.5** Appendix 1 shows the Council's gender pay gap information for 2022. The mean gender pay gap is 0.13% and the median is 3.06%. This is based on data at the snapshot date of 31 March 2022. It is positive to see that both figures have improved since 2021 when the mean was 2.06% and the median was 4.91%. A mean average is calculated by totaling all the values in a dataset; this total is then divided by the

number of values that make up the dataset. The median of a group of numbers is the number in the middle, when the numbers are in order of magnitude.

- 3.6 The Council is in a good position. Most organisations have a much larger gender pay gap, with a mean for the whole economy of 15.4% for 2021 (up from 14.9% in 2020). This reflects the Council's aspiration to be a fair and inclusive employer, making best use of its talent regardless of gender.

#### 4. ETHNICITY PAY GAP REPORT 2022

- 4.1 Unlike the gender pay gap, large organisations are not yet legally required to publish their ethnicity pay gap, but the Council has chosen to voluntarily publish its data for the third year.
- 4.2 The ethnicity pay gap is the percentage difference in the average hourly rate of pay of white employees and Black, Asian and Minority Ethnic employees. We publish the same six calculations as for the gender pay gap (see 3.3), plus the proportion of the workforce in each ethnic group and the proportion who have disclosed their ethnicity (94.2%). This is in line with guidance issued by the Chartered Institute of Personnel and Development (CIPD)<sup>1</sup> who recommend that employers publish a uniform set of eight statistics comparing pay for Black, Asian and Minority Ethnic employees with white employees. In addition, we have broken this down further using the ONS Census' five ethnicity categories so that we can identify any differences in more detail.
- 4.3 The Council's Ethnicity Pay Gap report is attached at Appendix 2. It is based on data at the snapshot date of 31 March 2022. The mean pay gap for Black, Asian and Minority Ethnic employees of 2.68%. There is a negative median pay gap of 1.76%, meaning that the median pay of white employees is 1.76% less than for Black, Asian and Minority Ethnic employees. Both figures have improved since 31 March 2021, when the mean pay gap was 4.26% and the median was 5.69%. In 2020, the mean pay gap was 6.88% and the median was 0.28%.
- 4.4 The detailed breakdown by ethnic groups shows some differences which the overall figures mask. Employees from Asian backgrounds and those in Other Ethnic groups have higher average pay than white colleagues. The mean pay gap is largest for employees who identify as Black or Black British, whose pay is 13% lower on average than their white colleagues, followed by employees from Mixed Ethnic backgrounds who are paid 7.4% less than white employees on average.
- 4.4 Nationally, in 2019 (the latest data available<sup>2</sup>), the median hourly pay for those in white ethnic groups was £12.40 per hour compared with those in ethnic minority groups at £12.11 per hour - a pay gap of 2.3%, its narrowest level since 2012. The median pay gap was at its largest in 2014, at 8.4%.
- 4.5 Long service awards are the only payments made at the Council which qualify as bonus pay. Twenty employees received long services awards in 2022, 17 of whom were white employees, and in all cases, this was a one-off award of £1,000. There

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<sup>1</sup> [Ethnicity Pay Reporting - a guide for employers - CIPD September 2021](#)

<sup>2</sup> Source: Office for National Statistics - Annual Population Survey 2019

is no bonus pay gap for any group except for employees from Other Ethnic Groups as no one in this group received a long service award. It should be born in mind that all employees are eligible for this payment once they have reached the necessary service related requirements.

- 4.6 The majority of full-pay relevant employees<sup>3</sup> at the Council (83.4%) are white. This has slightly reduced since 2021 when it was 84.8%. There are more white employees in every quartile and the proportion increases as pay increases up to 87% in the upper quartile, which is still broadly in line with the overall proportion of white employees.
- 4.7 The report also provides a more detailed breakdown of employees by ethnic group by pay grade. At the highest paid end of the pay structure, there are employees from every ethnic group paid on Reading Senior Manager grades or above, which is an improvement since 2021 when there were no Asian or Asian British employees or employees from Other Ethnic Groups. However, whilst this improvement is welcome, the highest paid employees are still predominantly white (84%).

## 5. WORKFORCE PROFILE REPORT FOR 2021/22

- 5.1 Public authorities have specific duties under the Equality Act 2010 to help them comply with the public sector equality duty. They must:
  - publish equality information at least once a year to show how they have complied with the equality duty
  - prepare and publish equality objectives at least every 4 years
- 5.2 The Workforce Profile in Appendix 3 is a key component of meeting the duty, and the Council's own Equal Opportunity in Employment Policy. It covers data on the protected characteristics of the current workforce and job applicants in 2020/21 and compares it to the previous three financial years (2018/19 to 2020/21) where relevant. The data is also intended to provide an equalities context and focus for ongoing discussions with internal and external stakeholders. The Workforce Profile will be published on the Council's website on the [Equality, Diversity and Inclusion Policies](#) page.
- 5.3 All job applicants are asked to provide data on their protected characteristics, or they can select a 'prefer not to say' option. From August 2019, the Council agreed to accept CV applications, however, candidates must complete a short application form prior to submitting a CV which includes equalities monitoring data.
- 5.4 The Workforce Profile includes data on:
  - Vacancies, applicants, starters, leavers and maternity leave
  - Demographic characteristics of the workforce by gender, ethnicity, age disability, full and part time working, length of service and pay grade
  - Staff engagement and employment procedures
- 5.5 The audit does not include data for sexual orientation or religion or belief. This data is available but approximately 50% of job applicants and current employees select

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<sup>3</sup> See the [Gov.uk website](#) for a definition and examples of full-pay relevant employees (FPREs)

the 'prefer not to say' option for these protected characteristics so there is concern about the validity and reliability of the data.

## Key findings

5.6 The Workforce Profile in Appendix 3 includes data for all Council employees. It excludes schools' staff, agency and casual workers. The overall number of employees included in the report is greater than for the gender and ethnicity pay reports where only full-pay relevant employees (FPREs) are included. FPREs exclude employees who are not in receipt of full pay, like those on maternity pay, unpaid leave etc. See the [Gov.uk website](#) for a definition and examples of full-pay relevant employees (FPREs)

## 5.7 Ethnicity

5.7.1 The proportion of job applicants from minority ethnic backgrounds increased again in 2022/21 to 37.1%, up from 32.6% in 2020/21 and 30.9% in 2019/20. The proportion of White British applicants has again reduced slightly in 2022/21 compared to the last two years, to 49.4%. 27.3% of new starters were from non-white British ethnicities, compared to the percentage of non-white British ethnicities in the general workforce (15.9%). The number of job applicants who 'prefer not to say' or who have not declared their ethnic origin has decreased to 5.1% compared to 6.4% in 2020/21.

5.7.2 The percentage of the workforce in minority ethnic groups has gradually increased over the last few years and is now 15.9%, up from 14.6% in 2020/21. There has been an increase in every ethnic group except White British which has reduced and Other Ethnic Groups which has remained the same. The proportion of staff who 'prefer not to say' or who have not declared their ethnicity has decreased to 5.3% in 2021/22, from 5.7% in 2020/21.

5.7.3 There is a higher proportion of staff within the lower pay grades 1-6 for Black/Black British employees and those from Mixed and Other Ethnic Groups compared to White British staff. The exception is for Asian or Asian British staff where there is a lower proportion in Grades 1-6 and a higher proportion in Grade 7-10 compared to White British staff. For the highest pay grades (Reading Senior Manager grades and above), 10% prefer not to say or have not declared their ethnicity.

## 5.8 Gender

5.8.1 The Council employs more women overall - 59.8% of employees are women and 40.2% are men. The proportion for job applicants is similar at 56.7% women and 41.1% men. A slightly higher proportion of new starters (61%) are women compared to the current workforce. A slightly lower proportion (56.3%) of leavers in 2021/22 were women.

5.8.2 A much greater percentage of women work part-time than men (86.3% compared to 13.7%). There is a higher proportion of women in all pay grade categories which largely reflect the proportion of women in the existing workforce, except for Reading Senior Manager grades where the percentage of women reduces to 54%.

## 5.9 Disability

- 5.9.1 In 2021/22, 4.1% of the workforce declared a disability, up from 3.8% in 2020/21. Due to the small number of staff that identify as having a disability it is not possible to carry out any meaningful analysis of disability related to pay grades.
- 5.9.2 A lower percentage of job applicants' state that they have a disability (0.8%) than the existing workforce (4.1%). Applications from employees with a disability are positively encouraged through the Disability Confident scheme, which guarantees an interview for applicants who declare a disability if they meet the minimum criteria for the job they are applying for. The percentage of applicants who prefer not to say or who have not declared if they have a disability has increased significantly in the last two years to 85.7%, up from 80.9% in 2020/21.
- 5.9.3 The actual proportion of staff and job applicants who meet the legal definition of disabled within the Equality Act 2010 (i.e. a physical or mental impairment that has a substantial and long-term negative effect on a person's ability to do normal daily activities) is likely to be far higher than the number who have declared a disability.
- 5.10 One of the actions for the year ahead is to address the increasing numbers of staff and job applicants who 'prefer not to say' or who decline to respond in relation to the equalities monitoring data that we collect. Low equalities monitoring disclosure rates are a problem for many employers, but the information is vital to help address issues accurately and for producing effective action plans. We will therefore seek to encourage greater disclosure by explaining how we use intend to use this data.

## 6. CONTRIBUTION TO STRATEGIC AIMS

- 6.1 Advancing equality, diversity and inclusion within the Council's workforce enables moving to a position where our workforce represents the community it serves and ensuring a Council that is fit for the future.

## 7. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 7.1 None.

## 8. COMMUNITY ENGAGEMENT AND INFORMATION

- 8.1 We will continue to use the [Equality, Diversity and Inclusion page](#) on the Council's website to set out our approach and enable access to key information about our workforce, including the Workforce Profile report for 2021/22, the Gender and Ethnicity Pay Gap Reports for 2022, and the People Strategy.
- 8.2 The following steps will be taken to publish the Council's Gender and Ethnicity Pay Gap Reports:
- Published on the Council's website
  - Published on the Government Equalities Office website (Gender Pay only)
  - An item will be included in the staff newsletter to highlight the gender and ethnicity pay gap information in a proactive way to staff

- A press statement will be issued to bring the report to the attention of local media, residents and businesses.

## **9. EQUALITY IMPACT ASSESSMENT**

9.1 An Equality Impact Assessment is not required for the issues covered by this report.

## **10. LEGAL IMPLICATIONS**

10.1 Under the Equality Act 2010, a public authority must, in the exercise of its functions, have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Council has a duty to publish workforce and employment information to demonstrate compliance with this duty. This report supports the Council to fulfil this duty.

## **11. FINANCIAL IMPLICATIONS**

11.1 None.

## **12. BACKGROUND PAPERS**

None.