

## The Royal Borough of Kensington and Chelsea

### Gender and Ethnicity Pay Gap Report as at 31 March 2019

#### 1. Summary

The Council is required to publish details of its gender pay gap by 30 March 2020 to provide the position of the organisation as at 31 March 2019. Compared to last year's positions, the headline measure of the mean average difference between male and female pay has reduced to 6.6% from 7.9%.

For the first time, the Council will publish an ethnicity pay gap. The mean average difference in pay between White and Black and Minority Ethnic (BAME) employees at 31 March 2019 is 11.8%. This is a reduction on the March 2018 mean of 12.6%. However, ethnicity data was only available on 65% of the workforce compared to 100% for employee gender. For information, this has increased to 75% of the workforce in January 2020.

The higher figure for ethnicity is reflective of the wider position in London as a whole, with the ethnicity pay gap 21.7% (ONS) compared to a gender pay gap of 17.5% (GLA).

#### 2. Background

The Council is required by law to publish data relating to the Gender pay gap, illustrating the pay gap between male and female employees. There is currently no legal requirement to publish an Ethnicity pay gap. However, the Council has chosen to do so in line with the cross-cutting theme of "narrowing the gap" in the Council Plan and the commitment to Diversity and Inclusion as one of the four pillars of Our People strategy. The Council has also committed to be a Race Champion through membership of Business in the Community (BITC) initiative.

The requirements to publish data on gender pay are contained in The Gender Pay Gap Regulations 2017 and specifically for the Public Sector, the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. This is sometimes referred to as being part of the Public Sector Equality Duty.

These regulations apply to all employers with more than 250 employees and it means that employers must publish their pay gap data every year. In the case of public sector organisations this relates to data applicable on the 'snapshot' date of March 31<sup>st</sup> each year and which must be published by March 30<sup>th</sup> of the following year. The data needs to be published on the organisation's website and the GOV UK website. This report relates to the snapshot date of 31 March 2019. In addition to the specified data, organisations may also include a narrative to provide context to the data.

### **3. The Required Data Calculations for Publication**

The Gender Pay Gap Regulations specify the measures that need to be published. They are:

1. average gender pay gap as a mean average
2. average gender pay gap as a median average
3. average bonus gender pay gap as a mean average
4. average bonus gender pay gap as a median average
5. proportion of males receiving a bonus payment and proportion of females receiving a bonus payment
6. proportion of males and females when divided into four groups ordered from lowest to highest pay.

Certain payments made by the Council are treated by the Gender Pay Gap Regulations as bonuses. This includes one-off payments made under the performance related pay scheme, long-service awards and one-off honoraria payments.

The Council will publish the same information for the ethnicity pay gap. The definitions for the above measures are set out below:

**Mean Gender Pay Gap** - The difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees. To calculate the mean (which is an average of all the numbers in a dataset), all the numbers are added up and then divided by the result of how many numbers there are in total.

**Median Gender Pay Gap** - The difference between the median hourly rate of pay of male full-pay relevant employees and that for female full-pay relevant employees. To calculate the median, the numerical value is identified which splits the top 50% and the bottom 50%. To find the median, all the hourly rates for all employees will be listed in numerical order; if there are an odd number of values, the median is the number in the middle. If there is an even number, the median is the mean of the two central numbers.

#### **Mean Bonus Gender Pay Gap**

The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees.

#### **Median Bonus Gender Pay Gap**

The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees.

#### **Bonus Proportions**

The proportions of male and female relevant employees who were paid bonus pay in the relevant period.

#### **Quartile Pay Bands – Four Groups**

The proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands. A quartile is one of the three points that divide the population of data into 4 equal parts. In the context of gender

pay gap reporting, the four quartile pay bands are created by dividing the total number of full-pay relevant employee into four equal parts.

The same methods will be used to calculate the difference between the pay of Black and Minority Ethnic (BAME) employees and White employees.

#### **4. The Royal Borough of Kensington and Chelsea Gender Pay Gap Data**

For the purposes of gender pay gap reporting, the definition of an employee is that which is given in the Equality Act 2010. This is an extended definition which includes:

- Employees (those with a contract of employment)
- Workers with a contract to do work or provide services for an organisation
- Some self-employed people who have to personally carry out the work they do for the organisation

The gender pay gap calculation is based on the number of individual employees who received their full pay on the reference date of 31 March 2019, not the full-time equivalent. This means that each part-time employee counts as one employee. The number of full pay relevant employees included for the RBKC gender pay gap report is 2,118.

In respect of the six metrics required in the Gender Pay Gap Regulations, the data for the Royal Borough of Kensington and Chelsea is as outlined below.

##### **The six gender pay gap metrics for RBK&C as at 31 March 2019**

1. The mean gender pay gap is **6.6%**
2. The median gender pay gap is **6.8%**
3. The mean gender bonus gap is **15.3%**
4. The median gender bonus gap is **4.3%**
5. The percentage of male employees receiving a bonus is **35.6%**
6. The percentage of female employees receiving a bonus is **28.4%**

## Gender Pay quartiles percentages 31 March 2019

(number of employees in each band):

Band	Males	Females	Description
A	34.8% (184)	65.2% (345)	Includes all employees whose standard hourly rate places them <b>at or below the lower quartile</b>
B	38.9% (206)	61.1% (324)	Includes all employees whose standard hourly rate places them above the lower quartile but <b>at or below the median</b>
C	41.2% (218)	58.8% (311)	Includes all employees whose standard hourly rate places them <b>above the median but at or below the upper quartile</b>
D	45.5% (241)	54.5% (289)	Includes all employees whose standard rate places them <b>above the upper quartile</b>

**HEADLINE RESULT** - The mean gender pay gap for the Royal Borough of Kensington and Chelsea is **6.6%**.

### 5. The Royal Borough of Kensington and Chelsea Ethnicity Pay Gap Data

The ethnicity pay gap calculation is based on the number of individual employees whose ethnicity is known and who received their full pay on the reference date of 31 March 2019, not the full-time equivalent. This means that each part-time employee counts as one employee. The number of employees included for the RBKC ethnicity pay gap report is 1,384, this is 65% of the relevant employees whose ethnicity was known in March 2019.

In respect of the six metrics used to measure the ethnicity pay gap, the data for the Royal Borough of Kensington and Chelsea is as outlined below.

#### The six ethnicity pay gap metrics for RBK&C as at 31 March 2019

1. The mean ethnicity pay gap is **11.8%**
2. The median ethnicity pay gap is **12.3%**
3. The mean ethnicity bonus gap is **14.4%**
4. The median ethnicity bonus gap is **5.0%**
5. The percentage of White employees receiving a bonus is **46.6%**
6. The percentage of BAME employees receiving a bonus is **30.3%**

## Ethnicity pay quartiles percentages 31 March 2019

(number of employees in each band):

Band	White	BAME	Description
A	52.0% (180)	48.0% (166)	Includes all employees whose ethnicity is known with a standard hourly rate that places them <b>at or below the lower quartile</b>
B	57.2% (198)	42.8% (148)	Includes all employees whose ethnicity is known with a standard hourly rate that places them above the lower quartile but <b>at or below the median</b>
C	67.9% (235)	32.1% (111)	Includes all employees whose ethnicity is known with a standard hourly rate that places them <b>above the median but at or below the upper quartile</b>
D	76.3% (264)	23.7% (82)	Includes all employees whose ethnicity is known with a standard rate that places them <b>above the upper quartile</b>

**HEADLINE RESULT** - The mean ethnicity pay gap for the Royal Borough of Kensington and Chelsea is **11.8%**.

### 6. Benchmarking and comparison to previous year

The Royal Borough of Kensington and Chelsea commissioned the XpertHR Gender Pay Gap Reporting service to support this exercise. This has provided an additional source of information to benchmark the RBKC gender pay gap against other organisations. The same service is not available for ethnicity pay gaps because it is not a statutory requirement and there is a lack of available to use for comparative purposes. The benchmarks derived from participants in the XpertHR Gender Pay Gap Reporting Service are as below.

- Whole sample - all organisations
- Sector - organisations in the same broad industry sector
- Industry - organisations in the same industry

Additionally, results have been benchmarked against data from the Office for National Statistics Annual Survey of Hours and Earnings 2018-19 for employees in:

- All organisations (UK average)
- Public Administration and Defence Sector

## How does the Royal Borough of Kensington and Chelsea Compare?

### Mean Gender Pay Gap

The mean gender pay gap for RBKC is **6.6%**. This figure must be published in the Council's gender pay gap report. The monetary amounts behind this figure are:

- A mean male hourly rate of £23.09
- A mean female hourly rate of £21.56
- Or an absolute difference of £1.53 per hour

### How does this compare?

Source	Group	Mean gender pay gap (%)
RBKC	RBKC	6.6
All 2018-19 reports XpertHR	Whole sample	13.1
All 2018-19 reports XpertHR	Sector: Public services	11.7
All 2018-19 reports XpertHR	Industry: Local government	7.3
National Statistics	All employees	16.2
National Statistics	Public admin and defence	10.2

### Summary

At 6.6%, the mean gender pay gap for RBKC is significantly below the whole sample figure. It is significantly below the figure for organisations in the same sector and below the figure for organisations in the same industry.

Compared to last year the mean gender pay gap for RBKC has decreased by 1.3 percentage points (2018: 7.9%).

## Trend

Year	RBKC, mean gender pay gap (%)	Change from previous year
2019	6.6	-1.3
2018	7.9	-2.2
2017	10.1	--

## Median Gender Pay Gap

The median gender pay gap for RBKC is **6.8%**. This figure must be published in the Council's gender pay gap report. The monetary amounts behind this figure are:

- A median male hourly rate of £21.17
- A median female hourly rate of £19.73
- Or an absolute difference of £1.44 per hour

## How does this compare?

Source	Group	Median gender pay gap (%)
Your organisation	RBKC	6.8
All 2018-19 reports XpertHR	Whole sample	9.5
All 2018-19 reports XpertHR	Sector: Public services	9.9
All 2018-19 reports XpertHR	Industry: Local government	6.4
National Statistics	All employees	17.3
National Statistics	Public admin and defence	14.8

## Summary

At 6.8%, the median gender pay gap for RBKC is significantly below the whole sample figure. It is significantly below the figure for organisations in the same sector and broadly in line with the figure for organisations in the same industry.

Compared to last year the median gender pay gap for RBKC has decreased by 0.8% percentage points (2018: 7.6%).

## Trend

Year	RBKC, median gender pay gap (%)	Change from previous year
2019	6.8	-0.8
2018	7.6	-3.2
2017	10.8	--

## Mean Gender Bonus Gap

The mean gender bonus gap for RBKC is **15.8%**. This figure must be published in the Council's gender pay gap report. The monetary amounts behind this figure are:

- A mean annual male bonus of £2585.25
- A mean annual female bonus of £2177.71
- Or an absolute difference of £407.54

## How does this compare?

Group	Mean gender bonus gap (%)	Mean gender bonus gap (£)
Your organisation	RBKC	15.8
All 2018-19 reports XpertHR	Whole sample	35.1
All 2018-19 reports XpertHR	Sector: Public services	20.9
All 2018-19 reports XpertHR	Industry: Local government	11.3
National Statistics	All employees	67.9
National Statistics	Public admin and defence	27.7

## Summary

At 15.8%, the mean gender annual bonus gap for RBKC is significantly below the whole sample figure and the figure for organisations in the public sector. However, it is significantly above the figure for other local government organisations.

Compared to last year the mean gender bonus gap for RBKC has decreased by 3.4 percentage points (2018: 19.2%).

## Trend

Year	RBKC, mean gender bonus gap (%)	Change from previous year
2019	15.8	-3.4
2018	19.2	2.0
2017	17.2	--

## Median Gender Bonus Gap

The median gender bonus gap for RBKC is **4.3%**. This figure must be published in the Council's gender pay gap report. The monetary amounts behind this figure are:

- A median annual male bonus of £2162.50
- A median annual female bonus of £2070.00
- Or an absolute difference of £92.50

## How does this compare?

Source	Group	Median gender bonus gap (%)
Your organisation	RBKC	4.3
All 2018-19 reports XpertHR	Whole sample	19.0
All 2018-19 reports XpertHR	Sector: Public services	9.7
All 2018-19 reports XpertHR	Industry: Local government	0.0
National Statistics	All employees	40.3
National Statistics	Public admin and defence	7.8

## Summary

At 4.3%, the median gender annual bonus gap for RBKC is significantly below the whole sample figure. It is significantly below the figure for organisations in the same sector and [not available] the figure for organisations in the same industry.

Compared to last year the median gender bonus gap for RBKC has decreased by 3.9 percentage points (2018: 8.2%).

## Trend

Year	RBKC, median gender bonus gap (%)	Change from previous year
2019	4.3	-3.9
2018	8.2	1.7
2017	6.5	--

## Proportion of Men and Women Receiving a Bonus

The proportion of male employees in RBKC receiving a bonus is **38.0%**

The proportion of female employees in RBKC receiving a bonus is **29.8%**

These are the figures must be published in the Council's gender pay gap report.

The overall proportion of the workforce receiving a bonus in 2018/19 was **33.1%**

## How does this compare?

Group	Males with bonus (%)	Females with bonus (%)
RBKC	38.0	29.8
Whole sample XpertHR	20.0	18.4
Sector: Public services	0.0	0.0
Industry: Local government	0.0	0.0

## Summary

The proportion of men and women receiving a bonus are both significantly above the whole sample figure supplied from XpertHR. However, there are no corresponding benchmarks for public services and local government.

Compared to last year the proportion of men in RBKC receiving a bonus has increased by 0.4 percentage points (2018: 37.6%) and the proportion of females receiving a bonus has increased by 2.6 percentage points (2018: 27.2%).

Since the first gender pay data was reported for March 2017, the latest data for March 2019 shows the percentage of males receiving a bonus has reduced from 43.7% to 38.0% and women from 32.5% to 29.8%

## Trend

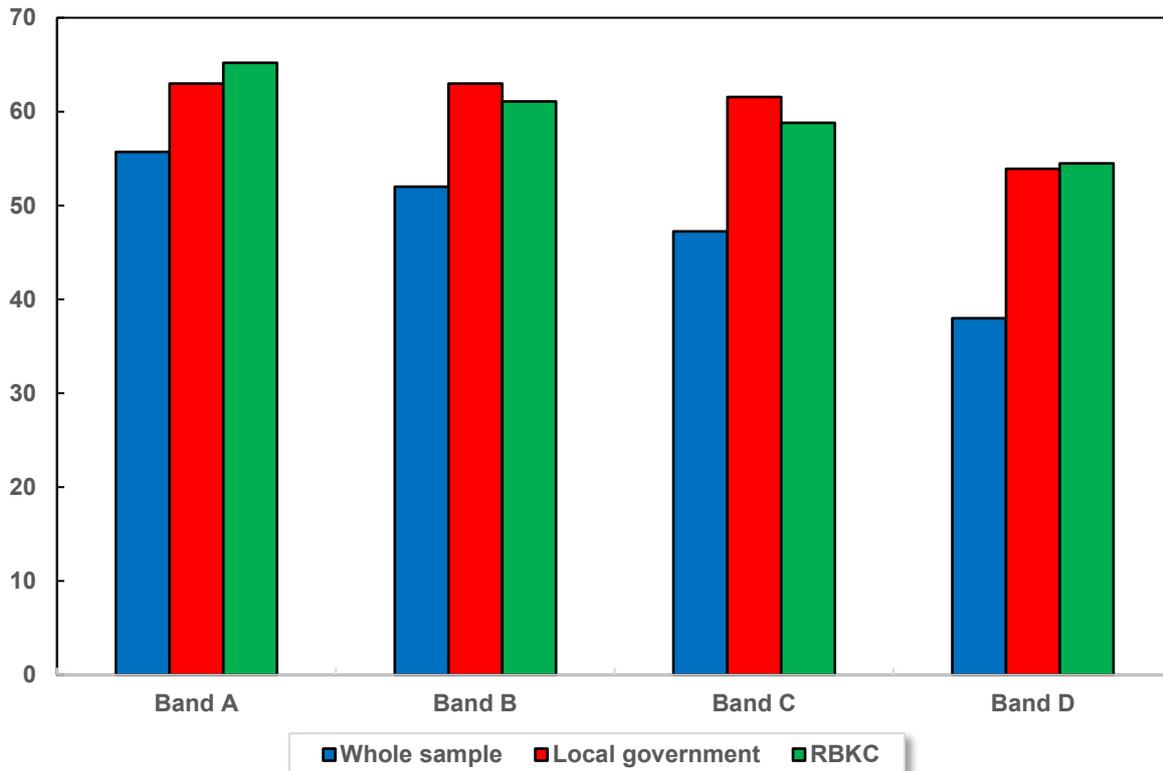
Year	Males with bonus (%)	Change from previous year	Females with bonus (%)	Change from previous year
2019	38.0	0.4	29.8	2.6
2018	37.6	-6.1	27.2	-5.3
2017	43.7	--	32.5	--

## Gender Pay Quartiles

RBKC pay quartiles, percentage in each band (number of employees in each band)

Band	Description	Males	Females
A	Includes all employees whose standard hourly rate places them <b>at or below the lower quartile</b>	34.8% (184)	65.2% (345)
B	Includes all employees whose standard hourly rate places them <b>above the lower quartile but at or below the median</b>	38.9% (206)	61.1% (324)
C	Includes all employees whose standard hourly rate places them <b>above the median but at or below the upper quartile</b>	41.2% (218)	58.8% (311)
D	Includes all employees whose standard rate places them <b>above the upper quartile</b>	45.5% (241)	54.5% (289)
All Bands	All employees	40.1% (849)	59.9% (1269)

## Proportion of females by quartile band



### Summary

Between March 2018 and March 2019, the proportion of women in the highest paid quartile (Band D) has increased from 52.6% to 54.4%. It has increased by 5.2% points from 49.2% since the first data was published for March 2019.

The proportion of women in the lowest two quartiles (Bands A and B) have reduced from 67.0% to 65.1% and 64.2% to 61.2% respectively between March 2017 and March 2019. These trends contribute to the reduction in both the mean and median hourly pay gaps recorded between men and women over this period.

## 7. Causes of the Gender Pay Gap

It is against the law to pay men and women differently for doing the same or similar jobs so while unequal pay rates can cause a gender pay gap, this is a relatively rare explanation for the gap. The Royal Borough of Kensington and Chelsea utilises job evaluation for setting pay grades which ensures that the Council pays its staff in accordance with equal pay for work of equal value. This supports equal pay which is different to a gender pay gap.

The most important difference between equal pay and the gender pay gap is that equal pay requires scrutiny of information at the level of the individual employee (to satisfy that there is equal pay for equal value work). Gender pay gap reporting involves the examination of aggregate data.

A gender pay gap is much more frequently the result of structural issues - about where men and women are most often found within an organisation. Due to the use of job evaluation at RBKC the gender pay gap does not stem from paying male and female employees differently for the same or equivalent work. Rather the gender pay gap is the result of the roles in which male and females work within the council and the salaries that these roles attract and although further analysis is required it is highly likely that the Council's gender pay gap is the result of the majority of its workforce being female with more employed in the lower quartile pay bands than male employees.

Across the whole UK economy:

- Men are more likely than women to be in senior roles - especially very senior roles at the top of the organisation.
- Women are more likely than men to be found in front-line roles at the lower end of some organisations, particularly those in retail or the care sector.
- Men are more likely than women to be found in technical and particularly IT-related roles which attract higher rates of pay than other roles at similar levels of seniority.
- Women are more likely than men to work part time, or to have had breaks that affect their career progression and long term earnings
- Women are more likely to be carers in the home based environment.

Although the gender pay gap calculations required under the current Regulations attempt to adjust for the number of hours worked by calculating the gap based on an hourly rate, it remains a fact that part-time jobs are more likely to be lower paid than full-time jobs.

Despite the fact that the Royal Borough of Kensington and Chelsea has a mean gender pay gap of 6.6% it should be noted that this is lower than the national average and lower than the average for the (Public) sector.

A number of factors which we believe have supported the reduction in the gender pay gap in our workforce this year include, but are not limited to:

- The promotion and support of flexible, family friendly policies for all employees within the organisation, irrespective of gender. These include job share, part time working, flexible retirement and home working where appropriate.
- The launch of Our People strategy which includes diversity and inclusion and wellbeing as our priorities which helps promote equal opportunities

and diversity policies supporting all our employees in feeling they are being treated fairly and equally.

- Continued use of nationally recognised job evaluation schemes to ensure that all jobs are evaluated to ensure equal pay for equal work across the entire authority (to be reviewed as part of the pay and reward framework due this year).
- Increasing the use of apprenticeships as a route for developing our workforce, offering qualifications up to level 7. 52% of the 27 people we recruited on to apprenticeships in 2019 were women. In addition, 63% of the 19 existing members of staff that started an apprenticeship were women.
- Introduced a new on-line exit questionnaire process which allows employees to request an exit interview with an appropriate manager, not just their own line manager. The first quarter of responses are currently being collated.
- Run a successful pilot of hiring for attitude with Parking Services which had a broader focus on candidate's values and behaviours as well their qualifications and experience.
- Launched Career Zone to provide employees with access to a wide range of support to help them develop and progress their careers.
- Facilitated and organised recruitment fairs. For example, for the local hospitality industry and, in partnership with TFL, hosted a Construction and Transport careers event to launch National Apprenticeship Week.
- Piloted and implemented local resident training and involvement in recruitment panels, initially with Housing Management. This is part of a broader focus on involving service users in recruitment which also in place in Learning Disabilities and Youth Service.
- Signposting new jobs to the local community through the Opportunities Network which comprises approx. 200 local community and employability groups, including local voluntary organisations.

## **8. Causes of ethnicity pay gaps**

The Equality Act does not extend the equal pay provision for men and women to other protected characteristics such as ethnicity. However, paying a white and BAME employee differently for doing the same or similar jobs could potentially be an act of direct or indirect discrimination if the differences cannot be objectively justified. The Council uses nationally recognised job evaluation schemes to ensure the reason for any differences in pay are accounted for by the nature of the duties an employee undertakes.

Monitoring and taking action to reduce an ethnicity pay gap also demonstrates the Council is having "due regard" to the requirements of the Public Sector Equality Duty to eliminate discrimination and advance equality of opportunities.

There is less comparative data available for ethnicity pay gaps because. This is because there is currently no statutory requirement to publish data. The Equality and Human Rights Commission (EHRC) have found that only 3% of employers measure their ethnicity pay gap. This may change in the future, the Government concluded a consultation in January 2019 on the introduction of a statutory

requirement for organisations to publish their ethnicity pay gap. The Government has not yet published a response to the consultation to indicate whether it will be introduced.

Some of the main causes of an ethnicity pay gap will be similar to the gap in gender pay. In particular the underrepresentation of BAME employees in senior roles and the occupations or nature of work they undertake. However, the reasons for this are different and can be complex, particularly across different ethnic groups. Men and women from the same ethnic groups can also be receiving differing levels of pay.

During 2019, the Office for National Statistics (ONS) published its first analysis of ethnicity pay gaps in Great Britain using earnings data from the Annual Population Survey conducted in 2018. It included the following findings:

- The percentage difference in median hourly pay between people of a White ethnicity and all those who belong to an ethnic minority group is largest in London at 21.7%.
- The existing pay gap between White British and other ethnic groups is generally smaller for younger employees than it is for older employees.
- The ethnicity pay gap between White British employees and most other ethnic groups narrows once other characteristics such as education and occupation are taken into account, however, some significant gaps still remain, particularly for those born outside of the UK.
- This new analysis shows that employees of Chinese, Indian and Mixed or Multiple ethnicity all had higher median hourly pay than White British employees in 2018; while employees in the Pakistani and Bangladeshi ethnic groups had lowest median hourly pay
- When looking at males and females separately, the difference in hourly pay between men and women differs among ethnic groups. For example, women in the Bangladeshi ethnic group earned more per hour on average than their male counterparts, showing a gender pay gap of negative 10.5%. Black African, Caribbean or Black British men and women also have similar median hourly earnings, with men earning 3.3% more on average. However, it must be noted that the Bangladeshi ethnic group has a smaller sample size and so these estimates are more susceptible to volatility and inaccuracy than some of the other ethnic groups.

The RBKC median ethnicity pay gap of 12.3% is significantly less than the ONS figure of 21.7% in London.

The findings of the ONS report suggest that by analysing the earnings of our female employees from different ethnic groups, the Council can reduce both gender and ethnicity pay gaps. This data was part of the recent BITC audit which will be used to develop an action plan to increase levels of equality and inclusion.

In addition to completing the BITC audit and becoming a Race Champion, a number of actions have been taken in the last year which should support the reduction in the ethnicity pay gap in our workforce this year include, but are not limited to:

- Increasing the use of apprenticeships as a route for developing our workforce, offering qualifications up to level 7. 56% of the 27 people we recruited on to apprenticeships in 2019 were BAME. In addition, 67% of the 19 existing members of staff that started an apprenticeship were BAME.
- The BITC BAME mentoring circles have been launched in the Council with 10 BAME employees being mentored by external mentor for 6 months.
- We have trained 24 diversity champions to create a safe space for staff to raise concerns and actively promote an inclusive workplace. They also act as ambassadors for diversity and inclusion.
- A number of the actions noted above under gender pay will also impact on reducing the ethnicity pay gap. For example, the requirement for recruiting managers to undergo training on unconscious bias prior to recruitment.

## **9. Recommendations**

The Council is committed to reducing both gender and ethnicity pay gaps over the next year. These are some of the actions we will take:

1. Implementing a new Equality and Diversity Strategy, including specific objectives for our workforce as well as the services provided to the community.
2. Undertaking a full review of the Council's current pay, grading and PRP schemes including identifying actions required to help eliminate pay gaps and ensure equal pay. This will also address the current impact of more men than women and more white than BAME employees currently receiving performance related payments.
3. Introducing mandatory training on cultural sensitivity for all new starters and refresher courses for equality and diversity training for existing staff.
4. Recruiting and training a further cohort of Diversity Champions during the spring and summer 2020.
5. Launching the Inclusive Mentoring with the Executive Management Team becoming mentees to staff who represent any of the 9 different protected characteristics. The aim is to increase the understanding the top team have of the challenges facing our diverse workforce.
6. Introducing the monitoring of starting salaries on appointment to ensure there is equity for women and BAME staff at the start of the careers with the Council.
7. Encouraging the 25% of workforce who have not yet disclosed their ethnicity to record it on their personal record held securely on the HR system (SAP).
8. Continuing to work in partnership with the Timewise Foundation to support the use of flexible and agile working for employees and job applicants.

## **Next Steps**

Following approval of this report by EMT, the required information will be added to the government website with a link to this report which will be published on the Council's website.

**Debbie Morris**  
**Director for HR&OD**