

## **LANCASHIRE COMBINED FIRE AUTHORITY RESOURCES COMMITTEE**

Meeting to be held on 27 March 2019

### **GENDER PAY GAP (Appendix 1 refers)**

Contact for further information:

Bob Warren, Director of People & Development – 01772 866804

#### **Executive Summary**

The Equality Act (2010) (Specific Duties and Public Authorities) Regulations 2017 came into force on 31 March 2017. These regulations impose a legal obligation for employers with 250 or more employees to publish gender pay details each year.(by 30 March for public sector employers) to highlight the difference in gross pay and bonus payments made to female as compared with male employees. The calculation follows government guidance to ensure consistency

This is our second report.

Building on last year's report, the Service has and is making improvements in our gender breakdown difference, with the latest recruitment processes for whole-time recruitment showing clear progress. The Service also has for many years had clear pay structure arrangements (as outlined in the Pay Statement) which provides for equal pay for both men and women across the roles throughout the organisation. Members previously having endorsed the single status approach for "green book" employees utilising the local authority job evaluation methodology and the adoption of the living wage principles. It therefore does not have an equal pay issue within the Service. (Men and women who carry out the same jobs or similar jobs or work of equal value are paid the same).

It is recognised, however, that like all fire and rescue services the Authority has an unbalanced spread of male and female employees in the different occupational staff groups and at different levels and roles. A significant factor is the different construction of Terms & Conditions and remuneration between the "Grey" and "Green" book roles. These factors reflect the diversity and differences in activity and requirements. These are two significant reasons for the gender pay gap outcomes.

In addition the mean gender pay gap is significantly affected by the inclusion of certain groups and the statutory methodology utilised to calculate the position. This produces an anomaly between the mean and the median averages which is explained in this paper.

The Executive Board believes that excluding the RDS and Dual contract staff in the headline figure would provide a more realistic reflection on the position of LFRS but this would conflict with government instructions.

### **Recommendation**

The Resources Committee is requested to note this report and authorise the publication of the Gender Pay Gap Report.

The report shows a Gender Pay Gap of

MEAN - positive of 3.23%      MEDIAN - negative of 16.95%

### **Information**

The gender pay gap shows the difference between the average (mean and median) earnings of men and women. The gender pay gap varies by occupation and working pattern. Employers where women are underrepresented typically produce higher pay gaps.

The causes of the gender pay gap are varied and overlapping. Some causes originate outside the workplace, such as stereotyping and careers advice, whilst within the work place factors include:

- Unsupportive and rigid corporate cultures
- Lack of flexibility in work patterns
- Lack of well-paid part time work
- Fewer women working in some highly paid professions, or in certain specialisms
- Women remaining less likely to progress to senior levels in an organisation
- Constrained individual choice, unconscious bias and discrimination
- Lack of diverse senior female role models, meeting, sponsorship or networking opportunities
- Assumptions that mothers not wanting or being able to accept promotion.

These general causes of a pay gap, although already addressed by LFRS provides 'food for thought' on how LFRS can tackle and reduce the gender pay gap, but this annual requirement provides greater transparency about gender pay differences.

A gender pay gap does not mean that an employee has acted inappropriately or in a discriminatory manner but an explanatory narrative is required.

## Gender Pay Gap Report

Gender pay gap reporting requires employers with more than 250 employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. The method for calculating this information is published on the UK government website [gov.uk](https://gov.uk).

Lancashire Fire and Rescue Service (LFRS) is required to report on the following:

<b>Mean gender pay gap</b>	The difference between the mean hourly rate of pay of male employees and that of female employees as a percentage.
<b>Median gender pay gap</b>	The difference between the median hourly rate of pay of male employees and that of female employees as a percentage.
<b>Mean bonus gap</b>	The difference between the mean bonus pay paid to male employees and that paid to female employees as a percentage.
<b>Median bonus gap</b>	The difference between the median bonus pay paid to male employees and that paid to female employees who were paid a bonus during the relevant period.
<b>Bonus proportions</b>	The proportions of male and female relevant employees who were paid a bonus during the relevant period.
<b>Quartile pay bands</b>	The proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands.

## Background

LFRS are committed to achieving a diverse workforce, irrespective of gender and we are confident that we are paying the same salary to roles of equivalent value to all staff. LFRS's overall approach to determining pay of its employees is to participate in national collective bargaining for all staff. The utilisation of two national collective bargaining machineries does create differences between employment groups.

The UK average Gender Pay Gap using the National Statistics Data shows the average pay gap for all employees is 18.1%. Using this calculation methodology across LFRS, the **mean** gender pay gap is significantly different than the national average at -3.23% (equating to a £0.38 positive difference in hourly pay between males and females), with the **median** gender pay gap equating to 16.95% (equating to a £2.37 difference in hourly rates of pay between males and females). Contained within the overall number are, however, significant variances.

In particular the inclusion of Dual Contract and RDS employees appears to significantly skew the mean pay gap due to the method of calculation and the payment arrangements. The common factor between these two groups is a retained commitment. If these two groups are excluded then the **revised mean** gender pay gap becomes 20.70% (equating to a £3.46 negative difference) with a **median** gender pay gap of 24.65% (equating to a £3.92 negative difference).

### **LFRS Pay and Bonus Gender Pay Gap**

This Gender Pay Gap Report is based on data as at 31 March 2018. LFRS employed 1148 staff with 965 (84.06%) being male and 183 (15.94%) being female.

However within this are 34 personnel who are not included in the calculation as they did not fulfil the required reporting criteria in that they were not in receipt of full pay (for example they were on extended sick leave or maternity leave).

Therefore the relevant numbers for reporting purposes are 1114 staff, 935 male (83.93%) and 179 female (16.07%). A breakdown of employees by gender and staff group is shown below.

If RDS (277) and dual contract (104) are removed from the calculation the figures become 733, 581 (79.26%) male and 152 female (20.74%). It is felt that doing this provides a more balanced picture as their pay arrangements differ significantly to the majority of employees.

<b>Staff Group</b>	<b>Females Employees</b>	<b>% Female Employees</b>	<b>Male Employees</b>	<b>% Male Employees</b>
Wholetime (inc. Fire Control)	26	2.33%	494	44.34%
Corporate	126	11.31%	87	7.81%
RDS	14	1.26%	263	23.61%
Dual Contracted WT & RDS	13	1.17%	91	8.17%
<b>Total</b>	<b>179</b>	<b>16.07%</b>	<b>935</b>	<b>83.93%</b>

The data in this report has been broken down into four different staff groups that the Service employ who each have distinctive terms and conditions:

- a) **Wholetime Operational (including Fire Control):** These are full time firefighters and operational managers. Their terms and conditions are negotiated nationally, and salaries are determined in accordance with the role, with no reference to gender or any other personal characteristic. Firefighters are paid on an incremental competence based pay scale starting as a trainee, progressing to development after the initial training is complete and then competent once the development programme has been successfully completed and verified. Also included in this group are the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer.

- b) **Corporate Staff:** These are largely non-uniformed support staff who are both full and part time. Again, their terms and conditions are negotiated nationally, and salaries are determined in accordance with the role, with no reference to gender or any other personal characteristic. Also included in this group are the Director of Corporate Service and the Director of People and Development
- c) **Retained Operational:** These are RDS firefighters and operational managers whose primary employment is outside the organisation. Again, their terms and conditions are negotiated nationally, and salaries are determined in accordance with the role, with no reference to gender or any other personal characteristic. The Service pays an enhanced rate of retaining fee but pay the standard turnouts, attendances and drills fees as prescribed by the national conditions of service.
- d) **Dual Contracted WT & RDS:** These are employed as **Whole-time Operational** staff in a full time capacity but they supplement this commitment by also providing an element of **RDS** cover.

**Table 2 Mean hourly pay rate by gender**

	<b>Mean Hourly Pay rate</b>	<b>Median Hourly Pay Rate</b>
<b>All Staff</b>	£10.92	£13.67
<b>Female</b>	£12.04	£11.61
<b>Male</b>	£11.66	£13.98
<b>Pay Gap</b>	-3.23%	16.95%

**Table 2.1 Mean Hourly rate by gender and occupational group**

<b>Hourly Rate</b>	<b>Female</b>	<b>Male</b>	<b>Gap</b>	<b>%</b>
Wholetime	£15.78	£17.09	-£1.31	7.68%
Corporate	£12.75	£14.72	-£1.97	13.37%
RDS	£2.01	£1.88	£0.13	+6.72%
Dual Contract	£8.42	£7.53	£0.89	+11.86%

LFRS does not offer a bonus scheme therefore this measure has not been calculated. Additional Responsibility Allowances (ARA's) and Continuous Development (CPD) payments are included in ordinary pay. For clarity, ordinary pay is defined as basic pay, shift premium pay, pay for piecework, pay for leave and allowances.

### **What do the mean and median gender pay gap figures tell us?**

The mean gives an overall indication of the size of the gender pay gap in LFRS. A high mean gender pay gap indicates that a payment system is operated that may disadvantage women. The median gender pay gap gives an indication of what a 'typical' situation is. Measuring both the mean and the median percentages allows LFRS to understand and consider the issue better including establishing what people are paid and also how the outliers affect the overall distribution of pay between males and females (the mean). It should be noted that the presence of a gender pay gap is not an indication that unlawful discrimination exists at LFRS. Within LFRS the difference is related to the structural distribution.

The mean gender pay gap indicates that when comparing the mean average hourly rates, female's earnings are 3.23% more than male's earnings. The median gender pay gap at LFRS demonstrates that based on the median hourly rates, females at LFRS earn 83.05% of the males' earnings. The effect if the RDS and dual contract staff are excluded are enclosed as a separate appendix 1.

### **Quartile Distribution**

The quartile distribution detailed below gives an indication of how males and females are distributed across the Service.

**Table 3 Quartile distribution by male and female**

	<b>Hourly Rate Range</b>	<b>Female</b>	<b>% Female</b>	<b>Male</b>	<b>% Male</b>	<b>Total</b>
<b>Lower</b>	£0.61 - £4.08	14	5.1%	263	94.9%	277
<b>Lower Middle</b>	£4.12 - £13.66	103	36.92%	176	63.08%	279
<b>Upper Middle</b>	£13.67 - £16.71	34	12.23%	244	87.77%	278
<b>Upper</b>	£16.71 - £71.93	27	9.68%	252	90.32%	279

### **Commentary:**

The formula used to calculate the gender gap divides the remuneration received by individuals by the hours of duty, when this is applied to an individual working a retained duty system the hours of cover provided on call significantly reduces the hourly rate of pay received. This corresponds with the government calculation methodology. The result is the overall figure is distorted. In gender pay gap terms this would not be an issue if the gender balance was similar but the RDS numbers are 14 females v 263 males. This in effect means that the 263 RDS and the 91 male dual contract individuals, as opposed to 14 RDS and 13 dual contract females, reduces the male hourly rate appreciably in the original calculation.

There is a high proportion of male employees employed on the National Joint Council (NJC) for Local Authority Fire and Rescue Service terms and conditions (known commonly as the 'Grey Book'), which attract additional allowances that are not available to staff conditioned to the NJC for Local Government Service ('Green Book') support staff, the majority of which are female. These additional allowances increases Grey Book average earnings and moves this staff group up to the lower middle quartile.

An example being that whilst basic salary across the support and uniformed staff is broadly comparable, uniformed staff receive recompense for their shift weekend working and unsocial hours in their basic pay regardless of requirement, whereas the same does not apply to individuals conditioned to a green book role. i.e. a firefighter is paid the same salary whether on a day shift or 2,2,4.

The majority of female part time staff are also found in the lower-middle quartile. This is reflective of the family friendly nature of LFRS policies, whereby staff are afforded benefits such as flexible working and part time working to fit around family commitments. In addition, many of the roles are filled by younger employees who have just commenced their careers.

The proportion of females in the upper middle and upper quartile is reasonably reflective of the overall proportion of females within LFRS. The upper-middle quartile is predominantly male, but this is where the majority of staff undertaking the role of Firefighter can be found. A high proportion of males undertake the role of Firefighter so it is therefore unsurprising that this quartile is male dominated.

It is recognised that women are significantly underrepresented in the operational workforce and consequently LFRS is committed to increasing the number of female firefighters. This forms an important part of LFRS's approach to equality, diversity and inclusion within the Service. The recruitment freeze has limited opportunities to address this imbalance. LFRS is now undertaking positive action initiatives aimed at encouraging people from underrepresented groups to apply for positions in the organisation. Recruitment activity is locally monitored (including the levels of attraction and appointment) to identify problem areas to inform process improvements. The last recruitment campaign resulted in 23% of the successful applicants being female.

### **Financial Implications**

None identified.

### **Sustainability or Environmental Impact**

Not applicable.

### **Equality and Diversity Implications**

The Gender Pay Gap report provides information to inform and guide Equality, Diversity and Inclusion initiatives with the information being utilised to taking suitable steps to address any issues.

## Human Resource Implications

The report informs both workforce planning and equality, diversity and inclusion initiatives and provides an indication if 'talent' is not being effectively utilised.

## Business Risk Implications

Failure to report against these regulations will lead to reputational damage to the Authority. Last year it was thought the detail reported may lead to adverse comment and/or reputational damage. The Authority had a choice between reporting utilising the Government's methodology (to enable comparisons to be made) or reporting capturing the spirit of the requirement. This factor was more relevant last year when the figures were first requested and it was believed the service might be criticised for its positive indication. Following discussion the Authority decided to report in accordance with the Government's instructions. No adverse comment was received.

## Local Government (Access to Information) Act 1985

### List of Background Papers

Paper	Date	Contact Bob Warren
Reason for inclusion in Part II, if appropriate:		



**Appendix of Revised tables if RDS & Dual Contract staff removed from main calculation**

**Table 2 Mean hourly pay rate by gender**

	<b>Mean Hourly Pay rate</b>	<b>Median Hourly Pay Rate</b>
<b>All Staff</b>	£16.02	£15.15
<b>Female</b>	£13.27	£11.98
<b>Male</b>	£16.73	£15.90
<b>Pay Gap</b>	20.70%	24.65%

**Table 2.1 Mean Hourly rate by gender and occupational group**

<b>Hourly Rate</b>	<b>Female</b>	<b>Male</b>	<b>Gap</b>	<b>%</b>
Whole-time	£15.78	£17.09	-£1.31	7.68%
Corporate	£12.75	£14.72	-£1.97	13.37%

**Table 3 Quartile distribution by male and female**

	<b>Hourly Rate Range</b>	<b>Female</b>	<b>% Female</b>	<b>Male</b>	<b>% Male</b>	<b>Total</b>
<b>Lower</b>	£7.99 - £13.67	97	51.91%	94	48.09%	191
<b>Lower Middle</b>	£13.69 - £15.14	20	10.38%	171	89.62%	191
<b>Upper Middle</b>	£15.15 - £18.35	24	11.96%	167	88.04%	191
<b>Upper</b>	£18.35 - £71.93	16	8.74%	174	91.26%	190