

# Report to the Board of Directors

**Board Date: 01/03/2018**

Agenda item

**Update 28/03/2018**

<b>Title of Report</b>	<b>Workforce Report: Gender Pay Gap</b>
<b>Prepared By:</b>	Alister McClure, Head of Equality and Inclusion
<b>Lead Director</b>	James Devine, Deputy Chief Executive & Executive Director of HR & OD
<b>Committees or Groups who have considered this report</b>	Executive Team
<b>Executive Summary</b>	This report sets out the gender pay gap calculations and supporting statement for 2017. It is required under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. The gender pay gap for the Trust is a mean of 33.27% and a median of 23.60%. The gender pay gap relates to gender differentials in the progression to senior roles, particularly in medical roles.
<b>Resource Implications</b>	None identified at this stage
<b>Risk and Assurance</b>	Reputation and Contract Compliance Publication of the gender pay gap along with the supporting statement will remove the risk of non-compliance. Development of an implementation plan will enable the Trust to mitigate the reputational risks associated with a gender pay gap.
<b>Legal Implications/Regulatory Requirements</b>	The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires the Trust publishes its gender pay gap.
<b>Improvement Plan Implication</b>	Workforce equality, including being an employer of choice, is a priority programme as part of the Recovery plan and is a key enabler for organisational delivery as part of the plan.
<b>Quality Impact Assessment</b>	Not applicable

# Report to the Board of Directors

<b>Recommendation</b>	To approve the publication of the Trust's Gender Pay Gap and supporting statement (as set out in section 6)								
<b>Purpose &amp; Actions required by the Board :</b>	<table><tr><td><b>Approval</b></td><td><b>Assurance</b></td><td><b>Discussion</b></td><td><b>Noting</b></td></tr><tr><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr></table>	<b>Approval</b>	<b>Assurance</b>	<b>Discussion</b>	<b>Noting</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Approval</b>	<b>Assurance</b>	<b>Discussion</b>	<b>Noting</b>						
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						

# Report to the Board of Directors

## 1 EXECUTIVE SUMMARY

- 1.1 This report sets out the gender pay gap calculations for 2017, together with a supporting statement. The report is required under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017
- 1.2 The gender pay gap for the Trust is a mean of 33.26% and a median of 24.60%. The gender pay gap relates to gender differentials in the progression to senior roles, particularly in medical roles. There is some evidence that this pattern is repeated in many other Trusts across the NHS, and relates to professional career paths.

## 2 BACKGROUND

- 2.1 Following government consultation, it became mandatory on 31 March 2017 for public sector organisations with over 250 employees to report annually on their gender pay gap (GPG). Since the Equality Act 2010 (Specific Duties) Regulations 2011 (SDR) came into force on 10 September 2011, there has been a duty for public bodies with 150 or more employees to publish information on the diversity of their workforce (these are published annually on the Trust website). Although the SDR did not require mandatory GPG reporting, the Government Equalities Office (GEO) and the Equality and Human Rights Commission (EHRC) provided guidance that made it clear that employers should consider including GPG information in the data they already publish. It was evident that not all employers did this, so the government made GPG reporting mandatory by amending the SDR so that all public sector employers with more than 250 employees have to measure and publish their gender pay gaps.
- 2.2 The new requirement to publish GPG reports is set out in the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. The requirements are summarised in section 4 of this report.
- 2.3 The difference between the gender pay gap and equal pay
  - 2.3.1 **Equal pay** deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.
  - 2.3.2 **The gender pay gap** shows the differences in the average pay, across the whole workforce, between men and women. If a workplace has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are. In some cases, the gender pay gap may include unlawful inequality in pay but this is not necessarily the case.

# Report to the Board of Directors

2.4 Although each individual NHS Trust is responsible for its own GPG report, the NHS has a nationwide tool to make the relevant calculations.

## 3 REPORTING REQUIREMENTS

3.1 Employers with 250 employees and over will need to publish the following information annually for all employees who are employed under a contract of employment, a contract of apprenticeship or a contract personally to do work. This includes those under Agenda for Change terms and conditions, medical staff and very senior managers. All calculations must be made relating to the pay period in which the snapshot day falls. For this first year, this will be the pay period including 31 March 2017.

3.2 Employers must:

- calculate the hourly rate of ordinary pay relating to the pay period in which the snapshot day falls;
- calculate the difference between the mean hourly rate of ordinary pay of male and female employees, and the difference between the median hourly rate of ordinary pay of male and female employees;
- calculate the difference between the mean (and median) bonus pay paid to male and female employees (NB this calculation is not relevant to this Trust, as staff are not paid bonuses. Clinical Excellence Awards, for example, are fully incorporated into pay.);
- calculate the proportions of male and female employees who were paid bonus pay (again, this is not relevant to this Trust);
- calculate the proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands by number of employees rather than rate of pay.

3.3 The Trust is also required to publish a supporting narrative (see section 4 below), which must include an assurance statement, agreed by a senior representative of the Trust, and/or the Executive Group and The Trust Board. The calculations and supporting statement must be published on both the Trust website and a Government portal. Once published, employers are required to implement an action plan to address the gender pay gap.

# Report to the Board of Directors

3.4 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 identify gender as male and female. There is no consideration in the regulations to people to identify as intersex, or gender non-binary. In terms of gender identity (e.g. Transgender status) the advice provided to employers is to ensure that for the purposes of the GPG report, people's gender is recorded according to their HR/Payroll records.

## 4 GENDER PAY GAP CALCULATIONS

4.1 Mean and Median Hourly Rates (All staff groups)

Gender	Average (mean) Hourly Rate	Median Hourly Rate
Male	21.8078	16.4418
Female	14.5524	12.5616
Difference	7.2554	3.8802
Pay Gap %	33.27%	23.60%

4.2 Number of employees per quartile

Quartile	Female	Male	Female %	Male %
1 (lower)	866	156	84.74	15.26
2 (lower middle)	932	160	85.35	14.65
3 (upper middle)	908	151	85.74	14.26
4 (upper)	688	372	64.91	35.09

4.3 As reported in section 3 above, the calculation on bonuses is not relevant to this Trust, as staff are not paid bonuses. Awards that may be perceived as bonuses (Clinical Excellence Award, for example) are fully incorporated into pay, and under the definitions of the regulation are pay not bonuses.

4.4 Mean and Median Hourly Rates, separating medical and dental roles from non-medical roles.

Medical and Dental		
Gender	Average (mean). Hourly Rate	Median Hourly Rate
Male	36.2115	36.4409
Female	30.0725	27.2668
Difference	6.1390	9.1740
Pay Gap %	16.95%	25.18%

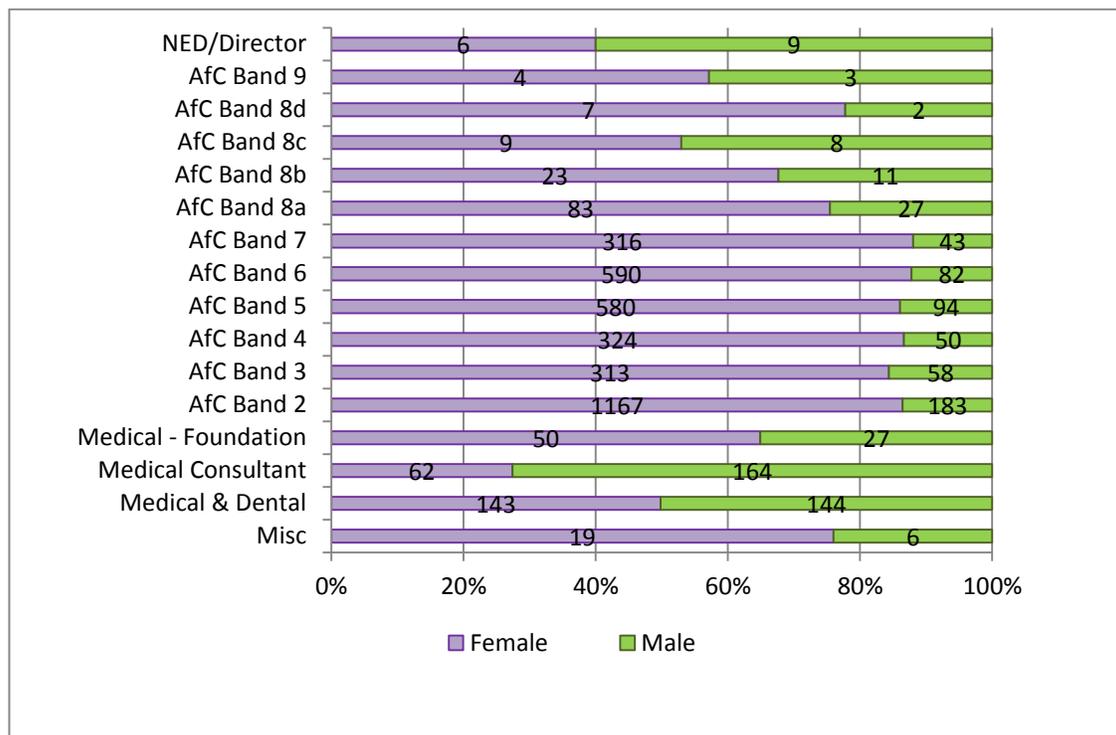
# Report to the Board of Directors

Non-Medical		
Gender	Avg. Hourly Rate	Median Hourly Rate
Male	14.3136	12.0973
Female	13.5470	11.9526
Difference	0.7666	0.1448
Pay Gap %	5.36%	1.20%

## 5 SUPPORTING STATEMENT

- 5.1 The headline calculations for this Trust are a Mean gender pay gap of 33.27% and a Median gender pay gap of 23.60%. However, it is evident that the proportion of men in the workforce increases in the upper quartile, compared to quartiles 1 to 3.
- 5.2 When calculating the pay gap separately for medical and dental, and non-medical staff, the mean reduces for both groups, and the median reduces for non-medical staff. Indeed, the mean pay gap for non-medical staff (chiefly AfC pay bands) there is very little variation in the mean, at 5.36%, and the median is 1.2%.
- 5.3 The gender pay gap issue for the Trust comes when we combine medical and non-medical grades, as the number of men in the medical workforce, particularly consultants, is significantly higher than the number of women. The graph below illustrates, from the Trust's workforce demographics report 2017, that amongst medical consultants, men comprise over 75% of the workforce. In Agenda for Change (AfC) pay bands, women form over 80% of the workforce. This means that, compared to women, a greater proportion of men are in higher paid roles. Another potential matter to consider is the fact that the Trust has not outsourced some services, such as catering and housekeeping, which have a higher proportion of women in lower pay bands.

# Report to the Board of Directors



- 5.4 Discussions with neighbouring trusts and with NHS Employers have revealed that there is a similar pattern across Acute Trusts in England. On the one hand, there is reasonable confidence that, owing to Agenda for Change and medical pay reviews, the NHS is providing equal pay (men and women paid equally to carry out the same jobs, similar jobs or work of equal value). However, it is evident that in medical roles there are significantly more men progressing to the most senior levels resulting in a gender pay gap.
- 5.5 Further work is needed to understand the reasons for the differences in progression for men and women, especially in medical and dental roles. There is also little that the Trust can do in the short term to remove the gender pay gap, precisely because the issue affects professions that have long term career pathways.
- 5.6 The important issue with gender pay gap analysis is not only to know the data and understand the reasons for the gaps, but to be able to develop plans to address the gap. Reliable benchmarking with other organisations has not yet been possible, as this is the first year for gender pay gap reports. Noting that the gender pay gap issue is common to many other acute trusts across the NHS, it will be important to explore with partners across the NHS what practical changes can be made. Ideas currently under consideration include:

# Report to the Board of Directors

- Continuing to keep pay structures under proper review, to ensure that equal pay is maintained;
- Improving the professional pathways for women in medical roles to encourage more female medics into consultant and other senior roles;
- Working with Medical Schools/Universities to explore how medical graduates choose the direction of their careers;
- Reviewing the international dimension of medical recruitment, recognising the pattern of male dominance in medical roles across the world. This must include practical steps to encourage more women medics from international recruitment;
- Reviewing how well the Trust manages women's progression after career gaps/maternity;
- Reviewing how well the Trust is managing the progression into senior medical roles for women who work part-time;
- Active promotion of current policies on flexible and family-friendly working, workforce planning and career development opportunities and career pathways for all staff.

5.7 **Assurance statement.** The gender pay gap for Medway Foundation Trust has been prepared using the NHS Electronic Staff Record (ESR) gender pay gap calculator. The Trust has also used the ACAS guidance to calculate and verify the result.

## 6 PUBLICATION

6.1 Subject to approval by the Trust Board at its meeting in March 2018, the gender pay gap and supporting statement will be published on the Trust website and the Government portal before 31 March 2018. The next steps (set out in 4.5 above) will be developed into an implementation plan.

6.2 It is recommended:

6.2.1 that the gender pay gap (section 4 of this report) together with the supporting statement (section 5), be approved for publication.

6.2.2 that the Trust works with partners across the NHS to develop the next steps (5.5 above) into a detailed implementation plan.

6.2.3 that benchmarking be undertaken with other NHS trusts and with UK employers whose gender pay gap will be published on the Government portal.

-End