

Agenda item 19

PAPER M

Report to: Board of Directors
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Presented by: Neil Savage, Director of HR and Organisation Development

SUBJECT: Gender Pay Gap Reporting 2018

This Report is provided for:

Decision	Endorsement	Assurance	To Note
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EXECUTIVE SUMMARY

Current Gender Pay Gap legislation requires NHS Trusts to publish annually a series of calculations that highlight the gender pay gap across the workforce. The information must be published on the Trust website and Gov.UK by 30 March 2019.

This will be the second year that organisations with 250 or more employees, public and private sector, must publish gender pay gap information on their website and on the Government's website.

Recent HMRC figures suggest that being a woman in Gloucestershire reduces pay income by 26%, meaning that being a woman in the county means that their earnings will be nearly £9,000 less per annum than men. This picture reflects a similar pattern more widely across the South West, with women having an average pre-tax income of £25,000 compared to £33,987 per annum for men. The picture is similar at a national level.

This report contains the statutorily required calculations, presenting the gender pay gap within 2gether NHS Foundation Trust against the six indicators. These are the result of a snapshot of the Trust's workforce on 31st March 2018 as required and are summarised below:

- Mean average gender pay gap – Females earn 22% less than males
- Median average gender pay gap - Females earn 16% less than males
- Mean average bonus gender pay gap – Females are paid 35% less than males
- Median average bonus gender pay gap – Females are paid 0.3% less than males
- 44% of males receive a bonus payment (Consultant Clinical Excellence Awards) compared with 13% of females
- Proportion of males and females when divided into four groups ordered from lowest to highest pay - there are a higher proportion of females in all quartiles although the gap closes with progression toward the upper quartile

Therefore the Trust's gender pay gap reveals that female colleagues earn 22.6% less

than male colleagues, which is higher than in the previous reporting year (20.84%).

This evidences that while colleagues are paid on the basis of equal opportunities compliant pay and terms of conditions, because of key contributors such as working patterns, part-time working, job tenure, Clinical Excellence Award bonus payments and career breaks, females earn significantly less than males in the Trust.

The data also shows that on the 31st of March 2018 the Trust's gender pay gap was the result of a disproportionate number of men in more senior Agenda for Change roles, more men in Executive Director roles with longer NHS and director-level experience, alongside a disparity of Clinical Excellence Awards being applied for and issued to male Consultants compared to females.

RECOMMENDATIONS

The Board is asked to note and debate this report, supporting the proposal that a further short life working group be established to review the detailed data, compare with other NHS employers and advise on any proposed actions to close the gender pay gap.

Corporate Considerations

<i>Quality implications:</i>	The Trust strives to provide equality for all colleagues, leading to increased levels of colleague satisfaction and ultimately improved patient care.
<i>Resource implications:</i>	By failing to recognise and address issues of equality, colleague turnover could increase and also increase the amount of casework by responding to claims of detrimental treatment.
<i>Equalities implications:</i>	The Equalities Act 2010 sets out the duties of the Trust and the Equality and Human Rights Commission give clear guidance which the Trust should endeavour to meet. This report is intended to progress the agenda to meet these duties and guidance and to ensure compliance.
<i>Risk implications:</i>	Failure to provide equality of opportunity may result in claims of discrimination and damage to the reputation to the Trust as a fair employer.

WHICH TRUST STRATEGIC OBJECTIVE(S) DOES THIS PAPER PROGRESS OR CHALLENGE?

Continuously Improving Quality	P
Increasing Engagement	P
Ensuring Sustainability	

WHICH TRUST VALUE(S) DOES THIS PAPER PROGRESS OR CHALLENGE?			
Seeing from a service user perspective			P
Excelling and improving	P	Inclusive open and honest	P
Responsive	P	Can do	P
Valuing and respectful	P	Efficient	P

Reviewed by:		
Neil Savage, Joint Director of HR and Organisation Development	Date	15 March 2019

Where in the Trust has this been discussed before?		
Board of Directors	Date	28 March 2018
Appointment and Terms of Service Committee		20 March 2019

What consultation has there been?		
N/A	Date	

Explanation of acronyms used:	CEA – Clinical Excellence Awards
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1. Context – what is gender pay gap reporting?

Legislation requires employers with more than 250 employees to publish annually a range of statutory calculations showing how large the pay gap is between their female and male employees. There are two sets of regulations, one mainly for private and voluntary sectors, which became effective from 5th April 2017. The second, mainly for public sector organisations, took effect from March 2017 and was required to be reported by the end of March 2018.

The second round of reporting is required to be published on the Government's website and the Trusts' own website on 30th March 2019 and will be based upon a snapshot of the workforce on 31st March 2018.

These results must be accompanied by a written statement of confirmation from the Chief Executive or another appropriate person. An action plan should also be published outlining how the organisation plans to reduce the gender pay gap.

It should be noted that gender pay reporting is different to equal pay. This is important and a point that is often confused and misunderstood when considering the gender pay gap.

Equal pay deals with the differences in pay between men and women doing the same or similar jobs or jobs of equal value. It is unlawful to pay people unequally because of their gender and has been since the adoption of the UK's Equal Pay Act in 1970 which prohibited any less favourable treatment between men and women in terms of pay and conditions of employment.

The gender pay gap shows the difference in the **average (or mean) pay** between all men and all women in the workforce. If the workforce has a high gender pay gap, this may indicate a number of issues to deal with, and the individual calculations may help to identify what those issues are.

NHS Agenda for Change terms and conditions of service contain the national pay and conditions of service for NHS colleagues other than very senior managers and medics.

The majority of 2gether NHS Foundation Trust colleagues work under the central NHS terms and conditions known as “Agenda for Change”. These arrangements were introduced in 2004 with the express intention of removing and avoiding pay inequalities. Agenda for Change covers more than 1 million people and harmonises their pay scales and career progression arrangements across traditionally separate pay groups. Colleagues are expected to move up the pay bands irrespective of gender. The Agenda for Change (AfC) Job Evaluation process enables jobs to be matched to national job profiles and allows Trusts to evaluate jobs locally to determine in which AfC pay band a post should sit.

Medical and Dental colleagues have different sets of Terms and Conditions, depending on their seniority. However, these too are based on the principles of equal opportunity and are set across a number of pay scales for basic pay, which have varying thresholds within them. Directors are usually appointed on Hay or other equal opportunity job evaluation related methods and regularly benchmarked using national surveys.

2. Gender Pay Gap Indicators

Employers must publish the results of six calculations showing their:

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.

It should be noted that Consultant Medical colleagues are the only employees to receive bonus payments within the Trust in the form of either national or local Clinical Excellence Awards. Directors and Senior Managers do not receive any bonus or performance related pay.

3. Gender Pay Gap Analysis (31st March 2018 Snapshot)

Table 1 - 2gether NHS Foundation Trust headcount as at 31st March 2018 (exc. Staff Bank)

Payband	Female	% make up	Male	% make up
Band 1	43	72%	17	28%
Band 2	82	85%	15	15%
Band 3	355	79%	95	21%
Band 4	178	89%	21	11%
Band 5	268	78%	76	22%
Band 6	374	79%	100	21%
Band 7	163	73%	60	27%
Band 8a	51	65%	28	35%
Band 8b	42	78%	12	22%
Band 8c	11	61%	7	39%
Apprentice		0%	1	100%
Band 8d	4	44%	5	56%
Band 9		0%	2	100%
Board Member	2	33%	4	67%
Medical	53	50%	54	50%
Student	13	76%	4	24%
Grand Total	1639	77%	501	23%

These percentages remain identical to last year's data although there is a minor variation in the headcount numbers.

Table 2 - Together NHS Foundation Trust Staff Bank headcount as at 31st March 2018

Payband	Female	% make up	Male	% make up	Grand Total
Band 1	4	57%	3	43%	7
Band 2	31	84%	6	16%	37
Band 3	148	79%	40	21%	188
Band 4	26	87%	4	13%	30
Band 5	54	86%	9	14%	63
Band 6	52	79%	14	21%	66
Band 7	14	93%	1	7%	15
Band 8a	8	100%		0%	8
Band 8b	2	100%		0%	2
Medical		0%	1	100%	1
Student	7	88%	1	13%	8
Grand Total	346	81%	79	19%	425

These percentages remain similar to last year's data which was 79% and 21% respectively.

Table 3a – Average and Median Hourly Rates – all eligible staff and pay schemes

Gender	Avg. Hourly Rate	Median Hourly Rate
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Male	£19.65 (£19.23)	£16.21 (£16.54)
Female	£15.29 (£15.22)	£13.59 (13.88)
Difference	£4.36 (£4.01)	£2.61 (£2.67)
Pay Gap %	22.16% (20.84%)	16.13% (16.12%)

(Last year's figures in brackets)

The above figures show a statistically insignificant widening of the gender pay gap as measured by average hourly rate and median hourly rate.

Table 3b – Change in average hourly rate

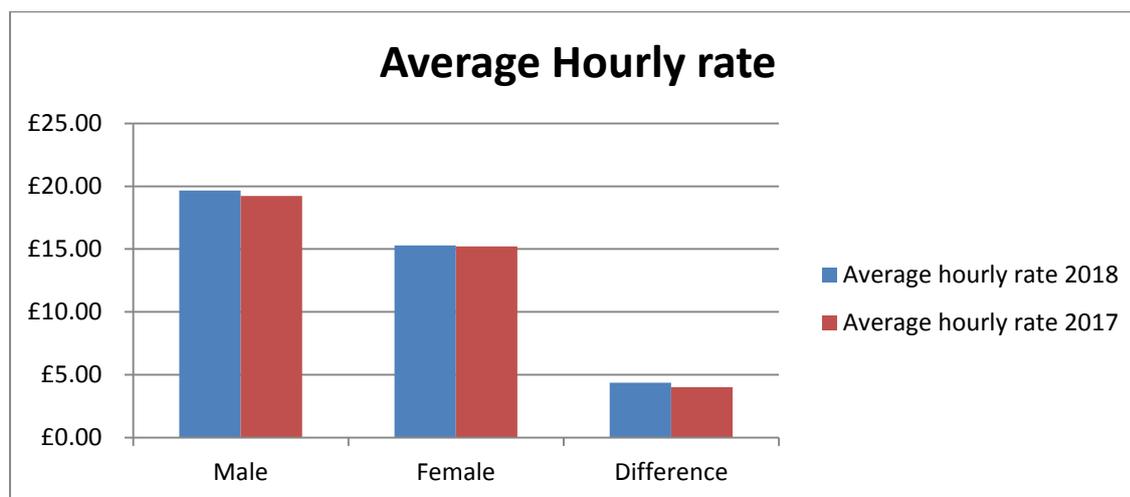


Table 4a – Number of employees – Q1=Low, Q4=High

Quartile	Female	Male	Female %	Male %
1	457.00 (436)	100.00 (93)	82.05 (82.42)	17.95 (17.58)
2	452.00 (467)	106.00 (103)	81.00 (81.93)	19.00 (18.07)
3	434.00 (430)	123.00 (120)	77.92 (78.18)	22.08 (21.82)
4	370.00 (359)	188.00 (190)	66.31 (65.39)	33.69 (34.61)

(Last year's figures in brackets)

The above figures show a static workforce in terms of gender breakdown, and this is shown pictorially in the bar chart below in Table 4b.

Table 4b – Percentage of staff in each quartile

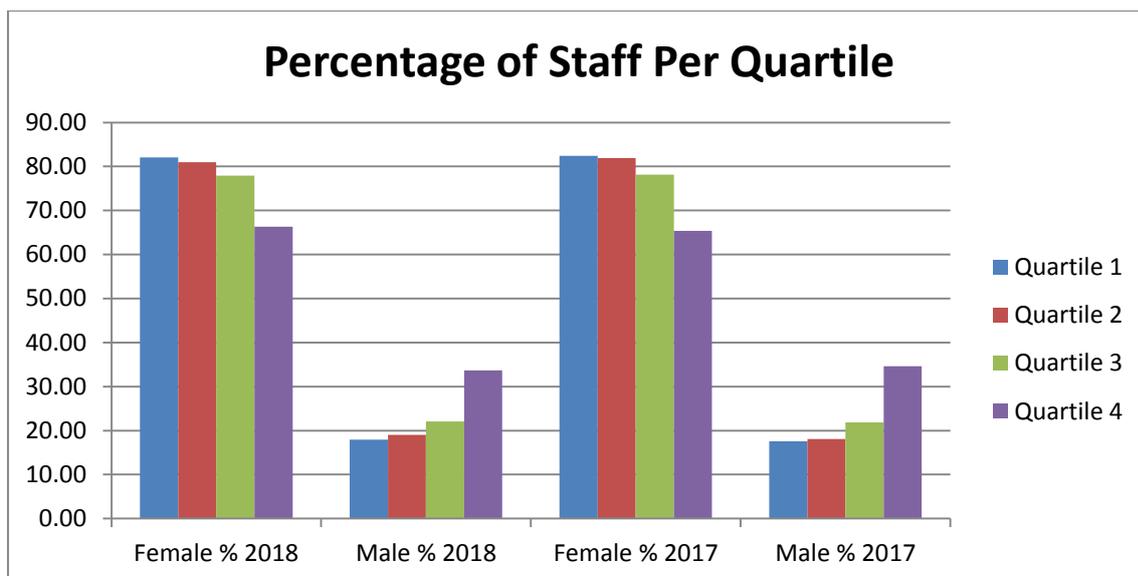


Table 5a – Average Bonus* Gender Pay Gap

Gender	Avg. Pay	Median Pay
Male	£11,808.54 (£14,824.13)	£7,810.23 (£10,445.60)
Female	£7,704.98 (£11,900.12)	£7,786.35 (£5,967.20)
Difference	£4,103.57 (£2,924.01)	£23.88 (£4,478.4)
Pay Gap %	34.75 (19.72)	0.31 (42.87)

The above figures show an increase in the gender pay gap, and this is also displayed pictorially in the bar chart below in Table 5b.

Table 5b – Average Bonus Gender Pay Gap

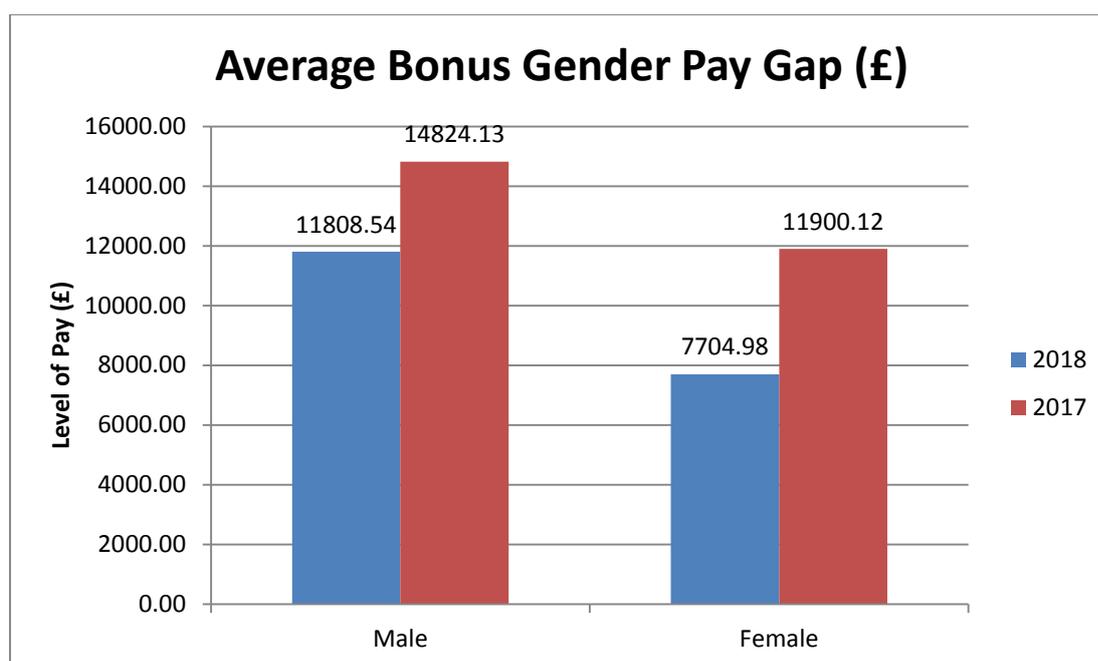


Table 6 – Proportion of males and females receiving a bonus* against the total

Total Medical Staff	Gender		% of total		Number of staff receiving bonus		% of staff receiving a bonus	
	Males	Females	Males	Females	Male	Female	Male	Female
107 (2018)	54	53	50%	50%	24	7	44%	13%
95 (2017)	49	45	52%	47%	21	6	43%	13%

*Clinical Excellence Awards – medical staff only

The above data shows there has been a statistically insignificant increase in the number of male consultants receiving a Clinical Excellence Award and no percentage change in the number of female consultants receiving an award.

4. Conclusions

The headline figure based on all eligible Trust employees and pay schemes indicates that women are paid 22.16% less on average than men. This shows an increase in the gender pay gap from 20.84% in the first year of reporting. Table 3 shows that whilst both men and women are both receiving a higher hourly average rate, the male average hourly rate has increased by 42p whilst the average rate for women has increased by only 7p per hour. Table 3b highlights the difference graphically.

The gap for median (middle point) earnings is much closer, standing at 16.13% less for women.

The data shows that 77% of the Trust's substantive (i.e. Non-Bank) workforce are women, and, ideally, an analysis would show this broadly reflected in each Agenda for Change pay band, Medical and Dental pay and Executive Board level pay. However, as with the previous year, this is not the case with the percentage of women reducing at the senior end of the pay scale. This can be seen in tables 4a and 4b. With less posts typically available at senior level, there are clearly less opportunities for promotion and therefore less opportunities to progress to the highest levels of pay. Even allowing for the availability of promotional opportunities, the pay gap will only close gradually due to incremental progression and the time taken to rise through the pay bands. Changes in working patterns and choices about career breaks will also factor into this.

Gender pay gap reporting has to include all earnings including bonus payments. As the only payments that fall into this category are Clinical Excellence Awards (CEA) that can be applied for and awarded to Medical Consultants. Although there was an even divide in the numbers of male and female consultants, considerably more men apply for these and are awarded these payments than women, thereby being a significant contributing factor to the Trust's overall mean gender pay gap. This is a pattern repeated across the NHS, particularly in Acute, Acute Specialist and Mental Health Trusts, and one which typically does not factor in Community Trusts in view of the low numbers of medics. However, both male and female colleagues were in receipt of lower CEAs during the reporting period and the median bonus pay gap is almost equal between male and female Consultants.

The gender pay gap is also significant at Executive Director level with the average hourly rate 34% lower for females than males. Five of seven post holders were men and the four NHS-typical highest paying Executive roles all had men within them. This snapshot was taken when Marie Croft was in post as Director of Quality and will widen further for the third report to follow later this year in view of the further increased number of male appointments made as part of the Shadow Board appointments.

It should be noted that of the organisations that had uploaded their second year gap report by January 2019, circa half of them have shown improvement¹ and around 1 in 7 had reported no change. The Personnel Today article also points out that the departure of a single senior female in certain companies could lead to a 5% increase in their gender pay gap in view of the small numbers of colleagues working at a senior level.

The Trust has regularly stated its full commitment to equality of opportunity across the whole organisation and should recognise from the most recent data that there remains much work to do to close the gender pay gap. Progress is unlikely to be

¹ Jo Faragher, Personnel Today 16th January 2019

achieved quickly or exclusively by internal organisational actions, requiring a wider societal shift in attitudes and behaviours.

The Trust can make a difference and narrow the gap by taking some short and medium term actions. As an example, given the success in increasing the BAME representation at Board level for both Executive and Non-Executive Director since 2017, a similar approach should be adopted to highlight that for senior vacancies, while we welcome all applicants, we are currently under-represented by women. We can also apply the similar “all other things being equal” approach taken to the recent Non-Executive Director appointments, to senior appointments, allowing positive action to be taken. Positive action is lawful under the Equality Act.

An action plan is required to work toward closing the gap, accepting that there is no ‘quick fix’.

5. Recommended Actions

The following actions have been considered and supported by the Appointment and Terms of Service Committee and are recommended for the Board’s consideration and support:-

Indicator(s)	Result(s)	Action(s)	Timeframe & Lead
Average bonus gender pay gap as a mean average	Female CEA awards are less than male CEA awards	1. Review the Trust’s CEA Scheme against equalities requirements and recommend actions for implementation prior to the next round planned for Q3/Q4 2019/20.	End Q2 2019/20 – Alison Wilmott-Miller, Interim Deputy Director of HR, supported by Tracey Harper, Senior HR Manager
Average bonus gender pay gap as a median average, and, proportion of men receiving a bonus payment and proportion of women receiving a bonus payment	Female CEA awards are less than male CEA awards, and, Significantly higher percentages of men are awarded CEA awards than women.	2. Annual joint letter to all female consultants to encourage applications for CEA and offer bespoke support with application submissions. 3. Annual CEA presentation and workshop to be provided to all consultant colleagues with focussed encouragement for women to attend.	End Q2 2019/20 – Neil Savage, Director of Organisational Development, and Amjad Uppal, Medical Director.

<p>Average gender pay gap as a mean and median average, and, proportion of men and women when divided into four groups ordered from lowest to highest pay.</p>	<p>Women Directors receive less pay than male colleagues.</p>	<p>4.The Appointment and Terms of Service Committee (ATOS) to proactively take into account Gender Pay Gap data and considerations in all future Executive Director appointments, pay or wider VSM pay decisions</p>	<p>Immediate and on-going. Joint Chair and Director of HR and Organisation Development.</p>
<p>Average gender pay gap as a mean and median average, and, proportion of men and women when divided into four groups ordered from lowest to highest pay.</p>	<p>Women receive less pay than male colleagues.</p>	<p>5.Executive Directors proactively take into account Gender Pay Gap data and considerations in all future senior management appointments or pay considerations.</p> <p>6.Executive Directors and VSM to work with HR colleagues to proactively signpost female colleagues to the Trust's Women's Leadership Network and to discretionary training, development and secondment opportunities. New Leadership strategy to clearly state approach to ensuring equality of opportunity and positive action. This will require talent management and succession planning to be undertaken with a positive action approach.</p> <p>7.HR and Managers to ensure that recruitment processes have diverse representation.</p> <p>8.Review our "unconscious bias"</p>	<p>Immediate and on-going. Director of HR and Organisation Development supported by Interim Deputy Director of HR,</p>

		<p>training content currently provided with Values Based Recruitment training.</p> <p>9.HR to work with Communication to ensure all Managers and colleagues are aware of career break, paternity and adoption leave options.</p> <p>10. Board Members to be supported, and where necessary trained, in offering targeted mentoring, coaching and reverse mentoring and coaching to female colleagues and those with protected characteristics.</p>	
<p>Average gender pay gap as a mean and median average, and, proportion of males and females when divided into four groups ordered from lowest to highest pay</p>	<p>Women earn less than men as a mean and median average although the gap is less for Agenda for Change colleagues</p> <p>There are a higher proportion of women in all quartiles although the gap reduces in each quartile. The gap closes significantly in the upper quartile.</p>	<p>11.Joint GCS and 2G working group to further investigate findings and advise on possible actions that may enable the gap to be closed.</p>	<p>End Q2 2019 / 20 – Neil Savage, Director of Organisational Development, supported by Nick Grubb and Sue Heafield.</p>

Furthermore, an initial review of the Trust’s Staff Survey results (and Staff Friends and Family Test results) do not present clear patterns or indicators that easily inform potential action, however, this will be further explored in Q1 2019/20 and also discussed by the Director of HR and Organisation Development with regional and national bodies.

Finally, the Board is asked to note that the Director of HR and Organisation Development will work with Communications colleagues to ensure the requisite gender pay gap information is published on the Government and Trust websites.