

Newham Council

Gender and Ethnicity Pay Gap Report 2023

**WE ARE
FAIRER.
WE ARE NEWHAM.**



INTRODUCTION

Newham Council's ambition for our workforce is to reflect the customers and communities that we serve. The underlying foundation of Newham Council's core strategies is to build a fairer Newham, with **people at the heart of everything we do.**

We believe that a diverse and inclusive workplace allows colleagues to be themselves and give our residents their very best, in turn helping us contribute to a more equal and fairer society. Part of achieving this ambition depends on careful analysis of our workforce data to understand if, how, where and why there are barriers that we need to challenge.

Pay Gap data is a fundamental part of the overall picture, and by publishing our pay gap data this will also help us to be more open and transparent about our workforce.

For several years now it has been a statutory requirement (for all organisations with 250 or more employees) under the Equality Act 2010 to report annually on their gender pay gap data, and within that publication, it should include the following;

- mean and median gender pay gaps
- mean and median gender gaps in bonus payments
- proportion of men and women who receive bonus payments
- proportions of male and female employees in each pay quartile

Whilst it is not currently a statutory requirement to report on our ethnicity pay data we believe that by voluntarily publishing this information this will set an example that will encourage other organisations to do the same, whilst demonstrating to our workforce our commitment to achieving our ambitions.

This is why we were so pleased to have recently published our first ever ethnicity pay gap report, and also now with the publication of this report looking at both gender and ethnicity pay gap data together, and the intersectionality between these two characteristics. We believe that the continued publication of this combined gender and ethnicity report is the next step forward in the analysis of our pay gap data.

This annual report provides the required information on Newham Council's Gender Pay Gap that satisfies our statutory obligations, for the snapshot period date of 31st March 2022.



WHAT IS A PAY GAP?

The Pay Gap measures the difference between the overall average earnings between two groups of staff within an organisation, regardless of their role or seniority. That difference in the average earnings is the “Pay Gap”.

In the case of a Gender Pay Gap, the gap is the difference between the average earnings of all women and all men within the workforce. In the Ethnicity Pay Gap we look at the difference between the earnings of all White staff and all Ethnically Diverse staff.

A pay gap in itself is not necessarily an indication of a pay equity issue or an imbalance in the Council’s pay structures and policies. Nor is it necessarily an indication of a wider systemic problem within an organisation – it is simply a measurement of how even - or uneven - the distribution of people across the pay scales is. For example, a gender pay gap tells us the extent to which more men, or more women, occupy more of the higher paid roles than the other. This is why pay gap reports also show the distribution of staff within pay quartiles.

Pay Gap data is different to equal pay. Equal pay deals with the pay differences between people who carry out the same jobs, similar jobs or work of equal value, while Pay Gap data looks at the overall averages in pay differences between different groups of staff (regardless of the type of the work they undertake). It is important to reiterate that we don’t pay people differently based on their ethnicity or gender, or indeed any other protected characteristic.

The Council is confident that our workforce, regardless of their diversity characteristics, are paid fairly and equally for doing equivalent roles and work of equal value, which is why this report does not look at matters of equal pay, only the pay gaps that exist.

How are the Pay Gaps Calculated?

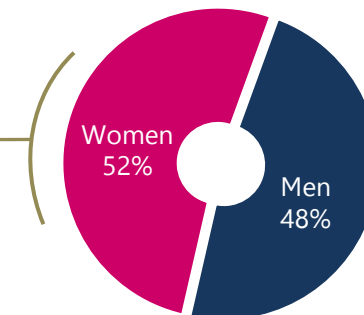
The Pay Gap is calculated by collating the earnings of all employees from our payroll system at a set point in time, i.e., the snapshot date of 31st March each year.

From this we are then able to calculate two different types of average hourly rates of pay – both Mean and Median – to give a more balanced overview of our gender and ethnicity pay gaps. The % mean and median difference in the overall average hourly rates of pay is the “pay gap”.

OUR GENDER PAY GAP

The number of directly employed staff in post on the snapshot date of 31st March 2022 was 4,064.

The gender composition was as follows: 2,112 women (52%) and 1,952 men (48%).



Mean and Median Pay Gap

The average (mean) hourly rate of pay of women is £20.63, and the median point is £19.38. The average (mean) rate of pay of men is £18.62, and the median point is £15.72.

	Women	Men	PAY GAP
AVERAGE (MEAN) HOURLY RATE	£20.63	£18.62	-10.7%
AVERAGE (MEDIAN) HOURLY RATE	£19.38	£15.72	-23.3%

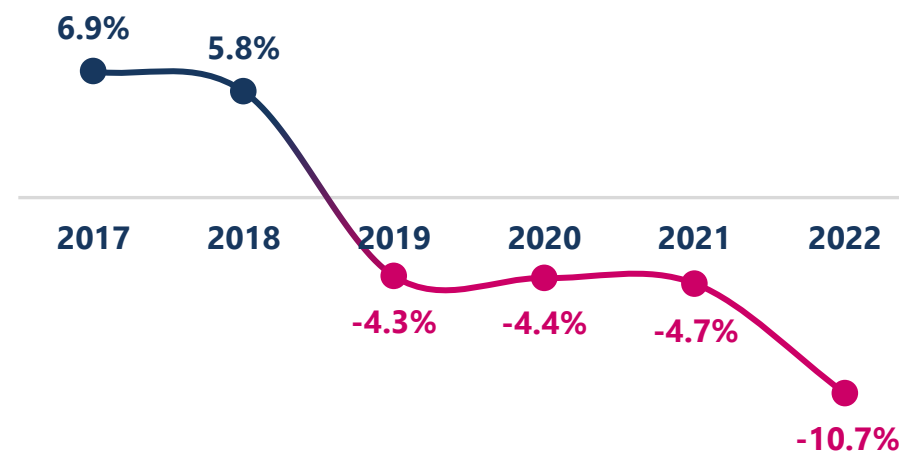
We have a mean Gender Pay Gap of Minus 10.7%, and a median pay gap of Minus 23.3%.

This means when comparing mean (average) hourly pay, women's mean hourly pay is 10.7% higher than men's. Or to put this another way, women earn nearly £1.11 for every £1 that men earn when comparing mean hourly pay, or women earn £1.23 for every £1 that men earn when comparing median hourly pay.

This does not mean that women earn more for doing the same job, or work of a similar value, but that women occupy more of the higher paid positions compared to men.

Previous Pay Gaps

The gender pay gap has shifted quite significantly over the last six years, as illustrated below. In 2017 and 2018 the gender pay gap favoured men, with the mean pay gap being +6.9% and +5.8% respectively, and since 2019 the gender pay gap has favoured women, at minus 4.3%, increasing year on year on since.



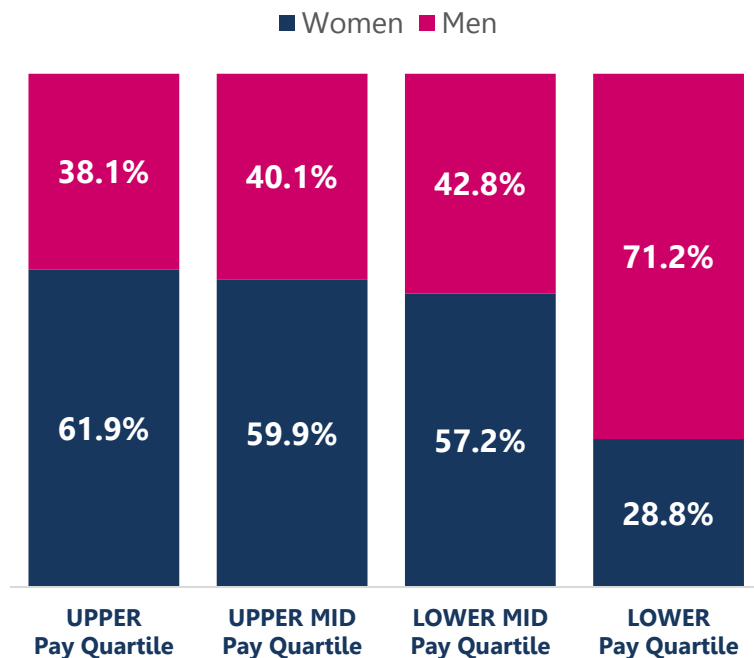
The shift between 2018 and 2019 was due to the externalisation of the Council's Catering and Cleaning service (NCCS) in 2018, which resulted in the transfer of over 900 cleaners and catering assistants who were paid on the lowest pay scale (Scale 1), with over 88% of whom were women.

The other significant change in the gender pay gap, from minus 4.7% in 2021 to minus 10.7% in 2022, was due to the transfer of Public

Realm services back into the Council. This resulted in some 300 refuse operatives and drivers re-joining Council who were predominately men, and occupying the greater part of all our lowest paid positions currently.

Pay Quartiles

Pay Quartiles are where the workforce is broken down into four quartiles based on pay – the top 25% of earners make up the Upper Pay Quartile, and the lowest 25% of earners make up the Lower Pay Quartile. This is a useful tool in providing further context to the pay gap.



It is clearly evident from this that women make up a greater proportion of the highest paid positions (upper pay quartile), while men make up a significantly greater proportion of the lowest paid positions (lower pay quartile).

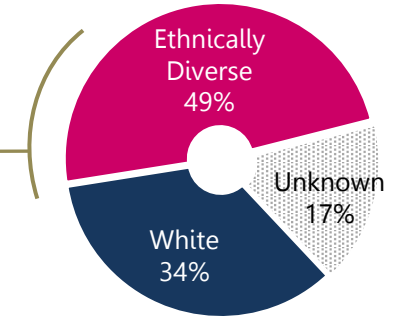
Bonus Payments

Non-consolidated bonus payments are payments that are made in addition to the basic salary that an employee receives that specifically relate only to profit sharing, commission, productivity or performance.

Newham Council does not pay these types of bonus payments.

OUR ETHNICITY PAY GAP

The number of directly employed staff in post on the snapshot date of 31st March 2022 was 4,064. The ethnicity composition was as follows: 1,973 ethnically diverse employees (49%), 1,402 white employees (34%), and 690 for whom their ethnicity is unknown at this time (17%).



Mean and Median Pay Gap

The average (mean) hourly rate of pay of white employees is £20.89, and the median point is £18.54. The average (mean) rate of pay of ethnically diverse employees is £19.35, and the median point is £18.54.

	White	Ethnically Diverse	PAY GAP
AVERAGE (MEAN) HOURLY RATE	£20.89	£19.35	7.4%
AVERAGE (MEDIAN) HOURLY RATE	£18.54	£18.54	0.0%

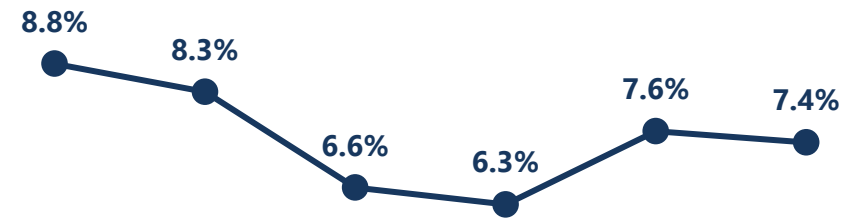
We have a mean Ethnicity Pay Gap of 7.4%, and a median pay gap of Minus 0.0%.

This means when comparing mean (average) hourly pay, the mean hourly pay of white employees is 7.4% higher than ethnically diverse employees. Or to put this another way, white employees earn £1.07 for every £1 that ethnically diverse employees earn when comparing mean hourly pay, while the median pay point is exactly the same for both white and ethnically diverse employees.

This does not mean that white employees earn more for doing the same job, or work of a similar value, but that they occupy more of the higher paid positions compared to ethnically diverse employees.

Previous Pay Gaps

Compared to the gender pay gap, the ethnicity pay gap has seen relatively smaller changes over the last six years, as illustrated below.



2017 2018 2019 2020 2021 2022

In 2017 the ethnicity pay gap was 8.8% and in the three subsequent years we saw the pay gap narrow, from 8.8% to 6.3%. In 2021 the gap widened for the first time to 7.6%, before narrowing again in 2022 to the current pay gap of 7.4%.

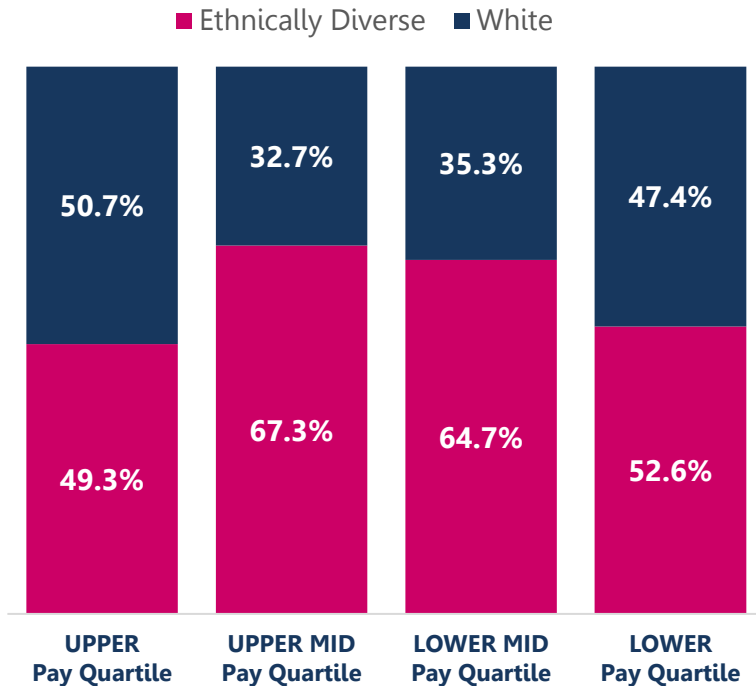
Pay Quartiles

Pay Quartiles are where the workforce is broken down into four quartiles based on pay – the top 25% of earners make up the Upper Pay Quartile, and the lowest 25% of earners make up the Lower Pay Quartile. This is a useful tool in providing further context to the pay gap.

Bonus Payments

Non-consolidated bonus payments are payments that are made in addition to the basic salary that an employee receives that specifically relate only to profit sharing, commission, productivity or performance.

Newham Council does not pay these types of bonus payments.



While white employees make up just over half of the highest 25% of earners (upper pay quartile) – which is disproportionately higher than the overall proportion of white employees in the workforce – this is in contrast to the next two pay quartiles (upper mid and lower mid) where a higher proportion are ethnically diverse employees (67% and 65% respectively). The lowest pay quartile has a slightly higher disproportionate share of white employees, at 47%.

GENDER & ETHNICITY INTERSECTIONALITY

What is Intersectionality?

Intersectionality is the idea that everyone has their own unique and interconnected set of circumstances or characteristics that can impact their life experiences. A person's advantages or disadvantages in work or in life cannot always be explained with reference only to, for example, just their ethnicity, or just their gender, but by the totality of all factors.

While reporting on a gender pay gap or an ethnicity pay gap in isolation still provides critical insights into the pay gaps within those characteristics, it's only when you look at how different characteristics combined can you better understand the degree to which some people may experience more disadvantage than others.

It is evident that not all Men or all White people are equally privileged, or that all Women or people from Black, Asian and other ethnically diverse communities are equally disadvantaged, particularly also when other characteristics are taken into consideration, i.e., disability, sexual orientation, age, religion, social-economic background, etc., any of which may cause an individual to experience workplace discrimination.

Average (Mean) Hourly Rates of Pay – Gender & Ethnicity



Intersectional Pay Gaps

The table below illustrates the % pay gap (mean hourly rate of pay) between the gender and ethnicity intersections.

	White Women	Ethnically Diverse Women	White Men	Ethnically Diverse Men
White Women	N/A	11.0%	11.2%	17.0%
Ethnically Diverse Women	-12.4%	N/A	0.2%	6.7%
White Men	-12.6%	-0.2%	N/A	6.5%
Ethnically Diverse Men	-20.5%	-7.2%	-7.0%	N/A

Given that it has already been established that on average women earn more than men, and that white employees earn more than ethnically diverse employees, it is not unexpected that white women have the highest average hourly rate of pay, and that ethnically diverse men have the lowest average (mean) hourly rate of pay.

Both white women and ethnically diverse women both have an average hourly rate of pay greater than their male counterparts, with the pay gap between white women and men at 11.2%, and the pay gap between ethnically diverse women and men at 6.7%. Equally, both white women and white men have an average hourly rate of pay greater than their ethnically diverse colleagues (pay gaps of 11.0% and 6.5% respectively).

It therefore follows that the greatest pay gap in the intersection of gender and ethnicity is that between ethnically diverse men and white women - currently with a minus 20.5% pay gap between these two groups of staff.

