

# Brighton & Hove City Council Ethnicity Pay Gap Report 2021-22

## 1. Introduction

1.1. The council is publishing the workforce ethnicity pay gap on a voluntary basis. In the absence of a mandatory framework for ethnicity pay gap reporting, the council have chosen to replicate the regulated measures used in gender pay gap reporting, and to follow the Office of National Statistics (ONS) guidelines for ethnic origin groupings. Therefore, this report includes:

- the mean and median ethnicity pay gaps
- the mean and median ethnicity bonus pay gaps
- the proportions of Black and Minority Ethnic (BME) and White employees\* who received a bonus
- the proportions of BME and White employees in each pay quartile

\*Please see Appendix A for ethnic origin groupings. In line with the ONS ethnicity pay gap reporting, the White binary category includes White British/English/Welsh/Scottish/Northern Irish/White Irish/White-Gypsy/Irish Traveller and Any Other White background groups.

1.2. The ethnic binary categories used by the council for the headline pay gap reporting have changed between reporting years 2020 and 2021. The updated binary categories referenced in this report are White and BME, previously White British and BME were used. This change has been introduced following feedback and consultation with the council's BME workers forum to ensure reported information is meaningful and transparent and builds on an approach developed by the ONS.

1.3. The reporting data includes council employees who have provided their equalities data and were employed on 31 March 2021. Apprentices, seasonal, temporary or casual employees are included if they fall within the reference period created by the snapshot date. Mirroring the gender pay reporting regulations, the data excludes schools-based staff.

1.4. The council's workforce equalities data is provided confidentially and voluntarily by individuals working for the council. The council encourages its workforce to share their equalities data to understand the workforce profile and plan actions to address inequalities. Not all employees choose to share their details. This report is based on 83% of the workforce on the snapshot date who have disclosed their ethnicity data. The remaining 17% either preferred not to say, selected 'not known' or did not provide details.

1.5. The council publishes this information on its website.

1.6. This report relates to the snapshot date of March 31<sup>st</sup> 2021.

## 2. Ethnicity Pay and Equal pay

- 2.1 Pay gap reporting is different to equal pay. Pay gaps measure the difference in average hourly pay between different groups. Unlike equal pay audits, which look at the difference in pay between people with different characteristics doing the same job, pay gap reporting looks at the wider picture across the workforce.
- 2.2 The ethnicity pay gap is a measure of the difference between White and BME employee average ordinary earnings (excluding overtime) across the workforce. It is expressed as a percentage of White employee earnings. Both the mean (average) and median hourly rates are reported.
- 2.3 The Equality Act 2010 makes it unlawful to discriminate (both directly and indirectly) against employees (and people seeking work) because of their race or ethnicity. An employer can be equal pay compliant and still have an ethnicity pay gap. The cause of an ethnicity pay gap may not fall within the direct control of the employer and is likely to be due to other factors that impose a disadvantage on people from ethnic minorities without being explicitly discriminatory.
- 2.4 The council supports the fair treatment and reward of all staff irrespective of race or other characteristics. This report sets out the council's ethnicity pay gap including analysis by ethnic origins and links to the council's Fair & Inclusive Action Plan which includes a comprehensive range of outputs to support the recruitment, retention and progression of BME staff.

## 3. Ethnicity Pay Gap Reporting

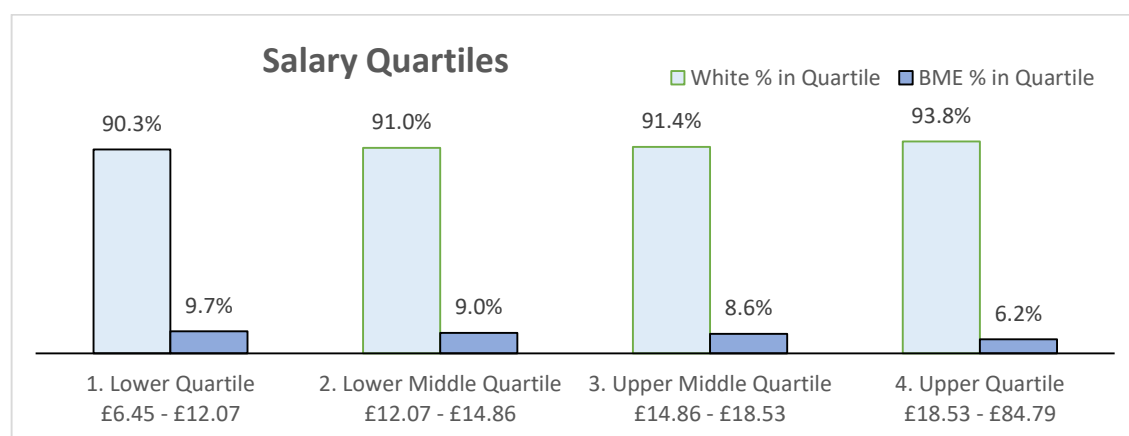
- 3.1 Mean and Median Pay Gap Reporting: Brighton & Hove City Council has a positive pay gap for both the mean and median gross hourly rates. This means the average earnings of White employees is more than BME employees.
- 3.2 The **Mean** (average) ethnicity pay gap in hourly pay is **7%**.
- 3.3 The **Median** (middle) ethnicity pay gap in hourly pay is **5%\***.

\*NB the council's previous year's reporting represented the White British mean pay gap (7%) and median (3.1%) pay gap, comparable figures for this year's reporting are 7% for mean, and 3.4% for median, a 0.3% increase.

- 3.4 **Salary quartile reporting** is calculated by sorting employees by their hourly rate earnings from the lowest to the highest, then splitting them into four equal quartiles to show the proportions of White and BME employees in each group. Definitions of the salary quartile information are shown in Appendix B.

Quartile & Hourly rate range table		% White in Quartile	% BME in Quartile
1. Lower Quartile	£6.45 - £12.07	90.3	9.7
2. Lower Middle Quartile	£12.07 - £14.86	91.0	9.0
3. Upper Middle Quartile	£14.86 - £18.53	91.4	8.6

### Quartile & Hourly rate range Graph



3.5 Bonus pay reporting. The council does not pay bonuses, as such no figures are reportable.

### 4. Supporting Narrative & further analysis

4.1 The council's overall workforce ethnicity profile based on this reporting data is 91.7% White and 8.3% BME.

4.2 3,887 employees are included in the reporting data. These employees held 3,997 job roles in the pay period comprising of 3,755 contracted roles and 242 casual roles. As per applied reporting methodology employees on less than full pay have been excluded.

4.3 **Pay & Grading** – The council's annual pay policy statement provides details of the council's pay and grading arrangements and can be found here on the link at Appendix C.

4.4 The mean hourly earnings for White employees were £16.64. The mean hourly earnings for BME employees were £15.48, this results in the reported 7% difference.

4.5 The median hourly earnings for White employees were £14.86. The median hourly earnings for BME employees were £14.11, this results in the reported 5% difference.

4.6 **White British** - headline ethnicity pay gap figures comparing mean and median earnings for White British with White Irish, White Gypsy/Traveller & BME Binary categories.

Reporting the White ethnic categories individually highlights that on average for both the mean and median measure, White Irish employees earn more than White British, White Other and BME employees. The median pay gap for BME employees is 5.2% when comparing earnings to White British employees, this is 0.2% higher than reporting represented for the White binary category at 3.4.

The below table also sets out the mean pay gaps for the same groupings.

Ethnicity	Mean (Average) Hourly Rate £	Pay Gap	Median Hourly Rate £	Pay Gap	Headcount (Contracts)
White British	16.75		14.89		3270
White Irish	17.56	-4.8%	16.71	-12.2%	89
White Other, White Gypsy/Traveller	15.12	9.7%	14.18	4.8%	303
BME	15.48	7.6%	14.11	5.2%	335

4.7 **White British Pay Gap - (18 categories)** mean and median hourly earnings and percentage difference with White British employees. Reporting the pay gaps for all ethnic origin categories provides greater detail, however, it is important to note that the group headcounts are small in size for some ethnic groups which results in volatility of some figures. Due to small sample sizes, figures for White and Black African, Black Other, and White - Gypsy / Irish Traveller, Pakistani and Arab ethnic groups should be treated with caution.

The below data is sorted by the median pay gap, from negative pay gaps, where the median hourly earnings of employees in individual ethnic origin categories are higher than White British employees, down to positive pay gaps, where the earnings of White British employees are higher than employees in the individual ethnic origin category.

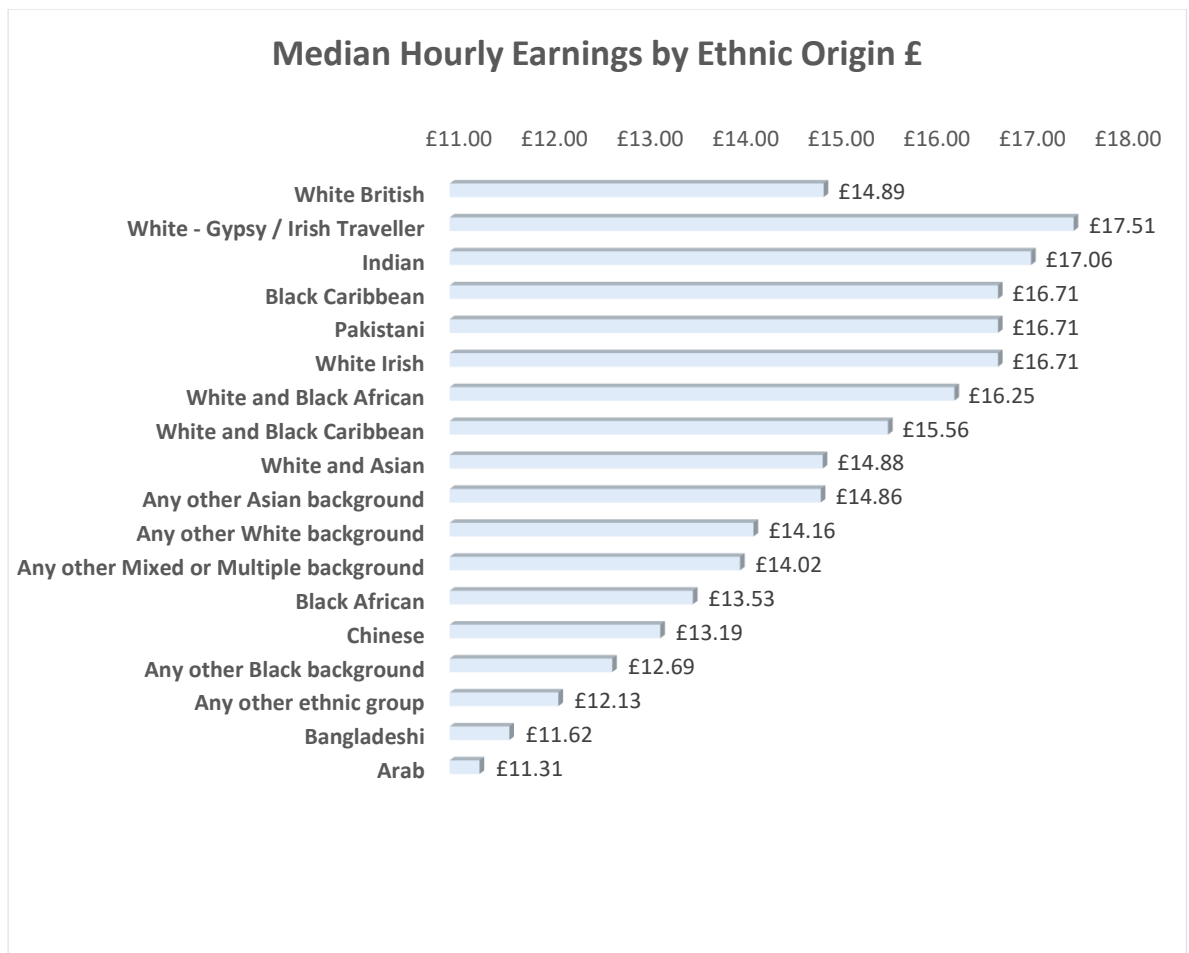
Ethnic Origin	Mean Hourly Rate £	2021 Pay Gap	Median Hourly Rate £	2021 Pay Gap	Headcount	Headcount % of data set
White British	16.75		<b>14.89</b>		3270	81.8%

White - Gypsy / Irish Traveller	15.96	4.7%	<b>17.51</b>	<b>-17.6%</b>	3	0.1%
Indian	20.13	-20.1%	<b>17.06</b>	<b>-14.6%</b>	27	0.7%
Black Caribbean	16.22	3.2%	<b>16.71</b>	<b>-12.3%</b>	32	0.8%
Pakistani	14.68	12.4%	<b>16.71</b>	<b>-12.3%</b>	5	0.1%
White Irish	17.56	-4.8%	<b>16.71</b>	<b>-12.3%</b>	89	2.2%
White and Black African	16.96	-1.2%	<b>16.25</b>	<b>-9.2%</b>	7	0.2%
White and Black Caribbean	15.51	7.5%	<b>15.56</b>	<b>-4.5%</b>	19	0.5%
White and Asian	16.85	-0.5%	<b>14.88</b>	<b>0.0%</b>	35	0.9%
Any other Asian background	15.06	10.1%	<b>14.86</b>	<b>0.2%</b>	19	0.5%
Any other White background	15.11	9.8%	<b>14.16</b>	<b>4.9%</b>	300	7.5%
Any other Mixed or Multiple background	15.39	8.1%	<b>14.02</b>	<b>5.8%</b>	58	1.5%
Black African	14.90	11.1%	<b>13.53</b>	<b>9.1%</b>	51	1.3%

Chinese	13.41	20.0%	<b>13.19</b>	<b>11.4%</b>	17	0.4%
Any other Black background	13.94	16.8%	<b>12.69</b>	<b>14.7%</b>	11	0.3%
Any other ethnic group	14.02	16.3%	<b>12.13</b>	<b>18.5%</b>	35	0.9%
Bangladeshi	12.62	24.7%	<b>11.62</b>	<b>22.0%</b>	14	0.4%
Arab	11.96	28.6%	<b>11.31</b>	<b>24.0%</b>	5	0.1%

- The data details that on median earnings, employees with the following ethnic origins earn more than White British employees; White Gypsy/Irish Traveller, Indian, Black Caribbean, Pakistani, White Irish, White and Black African, White and Black Caribbean.
- In contrast employees with the following ethnic origins earn less than White British employees (highest pay gap to lowest); Arab, Bangladeshi, Any other ethnic group, Any other Black background, Chinese, Black African, Any other Mixed or Multiple background, Any other White background, Any other Asian background.

The below graph shows the median hourly earnings by Ethnic origin compared to White British sorted highest to lowest hourly rate.



#### 4.8 Wider Ethnic binary category - Six ethnic categories.

- The mean White employee hourly rate is £16.78 resulting in a 5% pay gap for Mixed, Multiple ethnic group employees, a 4.9% gap for Asian, Asian British

employees, 9.2% gap for Black, Caribbean, African, Black British employees, and a 18% pay gap for Other ethnic group employees.

- The median White hourly rate is £15.01, resulting in an 19.7% pay gap for Mixed, Multiple ethnic group employees, 2.6% gap for Asian, Asian British employees, 4.4% gap for Black, Caribbean, African, Black British employees, and 19.7% gap for Other ethnic group employees.

Ethnicity	Mean Hourly Rate £	2021 Pay Gap	Median Hourly Rate £	2021 Pay Gap	Headcount (Contracts)
White	16.78		<b>15.01</b>		3359
White Other	15.12	9.9%	<b>14.18</b>	<b>5.5%</b>	303
Mixed, Multiple ethnic groups	15.93	5.0%	<b>12.06</b>	<b>19.7%</b>	119
Asian, Asian British	15.95	4.9%	<b>14.62</b>	<b>2.6%</b>	82
Black, Caribbean, African, Black British	15.23	9.2%	<b>14.35</b>	<b>4.4%</b>	94
Other ethnic group	13.76	18.0%	<b>12.06</b>	<b>19.7%</b>	40

4.9 **Salary Quartiles are shown at section 3.4.** The % of BME employees in each quartile is lower than the % of White employees. This is similar to the workforce ethnicity profile of 8.3% noted above. The highest % representation of BME employees is at the lower quartile (9.7%), with higher representation than the workforce profile at the lower middle quartiles (9%), and upper middle (8.6%). The upper quartile shows the lowest proportion of BME employees (6.2%).

Analysing the pay gaps within the reported pay quartiles highlights the variance of gaps across the quartiles.

Ethnicity Pay Gap Quartile	Mean / Median Hourly rate	White £	BME £	% Pay Gap by quartile	Quartile Hourly rate £
<b>1. Lower Quartile</b> £6.45 - £12.07	Mean hourly rate	10.70	10.64	0.5%	10.69
	<b>Median hourly rate</b>	<b>10.62</b>	<b>10.41</b>	<b>2.0%</b>	<b>10.62</b>
<b>2. Lower Middle Quartile</b> £12.07 - £14.86	Mean hourly rate	13.34	13.38	-0.3%	13.35
	<b>Median hourly rate</b>	<b>13.21</b>	<b>13.34</b>	<b>-1.0%</b>	<b>13.21</b>
<b>3. Upper Middle Quartile</b> £14.86 - £18.53	Mean hourly rate	16.71	16.72	-0.1%	16.71
	<b>Median hourly rate</b>	<b>16.71</b>	<b>16.71</b>	<b>0.0%</b>	<b>16.71</b>
<b>4. Upper Quartile</b> £18.53 - £84.79	Mean hourly rate	16.64	15.48	7.0%	16.54
	<b>Median hourly rate</b>	<b>22.20</b>	<b>21.25</b>	<b>4.3%</b>	<b>22.20</b>

- The median ethnicity pay gap is 2% at the lower quartile, with a negative pay gap for the lower middle quartiles -1% and no pay gap for the upper middle quartile at 0%. The upper quartile has the highest median pay gap at 4.3%, where the median earnings of BME employees is 0.95p less than white employees.

- The mean ethnicity pay gap is 0.5% for the lower quartile, with a negative pay gap for the lower and upper middle quartiles -0.3% and -1% respectively. The upper quartile represents the highest mean pay gap at 7%.

4.9 **Salary Sacrifice Schemes** are where an employee gives up the right to receive part of their salary due under their contract of employment, in return for the employer's agreement to provide an equivalent non-cash benefit, the value of which is exempt from tax and national insurance contributions (NICs). For the purposes of pay gap reporting these values must be deducted from relevant employees pay thus reducing the overall reportable pay to include for average earnings. Schemes include:

- Cycle to Work - to help employees save on bikes purchased to commute to work
- Childcare vouchers - to help employees save on childcare costs.
- Additional Voluntary Contribution (AVC) Pension – new for the 2021 reporting period, enables Local Government Pension Scheme (LGPS) members to increase their retirement benefits by saving money alongside their pension pot.

The number of employees in a salary sacrifice scheme within this data report total 289. Seven % are BME employees (headcount of 20) with an average monthly deduction of £185, and 93% are White employees (headcount 269) with an average monthly deduction of £261.

## 5. How figures compare nationally

- 5.1 The Office of National Statistics latest figures from 2019 reported a 2.3% national median ethnicity pay gap. This is 2.7% lower than the council's 5% reported ethnicity pay gap. The ONS reported a median hourly pay for White ethnic groups as £12.40 per hour compared with those in an ethnic minority group at £12.11 per hour. The council's reported median hourly rates are higher with £14.86 for comparable White ethnic groups and £14.11 per hours for BME groups. The link to the ONS 2019 report can be found at Appendix D.
- 5.2 Of those organisations that have published ethnicity pay gap data similar to the council there is a trend towards a concentration of BME staff in lower grades and an absence, or under-representation of BME staff at senior grades.

## 6. Summary & Actions

- 6.1 The council is confident that its ethnicity pay gap does not stem from an equal pay issue. In 2010 the council introduced a new pay and grading system to ensure all roles are graded using a recognised job evaluation system to make sure individuals receive equal pay for equal work. In 2013 a new system of allowances and expenses was implemented to ensure consistency across the workforce.
- 6.2 The council's ethnicity pay gap shows that on average (by both measures) White employees are paid more than BME employees and this is similar to the

national ethnicity pay gap. This is because we have more White employees in higher graded job roles.

6.3 The council is committed to improving the diversity of its workforce to reflect its communities and ethnicity forms part of our wider inclusion agenda. Being a fair and inclusive place to work is one of the five commitments of ‘Our People Promise’ made to employees. The work programme to deliver this promise, our co-created ‘Fair and Inclusive Action Plan’ has a comprehensive range of outputs to support the recruitment, retention and progression of BME staff. See Appendix E for a link to the Council’s Fair & Inclusive Action Plan.

## Appendix A

Ethnic Origin Groupings for reporting purposes. In line with the Office of National Statistics (ONS) ethnicity pay gap reporting.

Ethnicity Binary Category	Ethnicity Group	Ethnic Origin
BME	Asian, Asian British	Any other Asian background Bangladeshi Chinese Indian Pakistani
	Black, Caribbean, African, Black British	Any other Black background Black African Black Caribbean
	Mixed, Multiple ethnic groups	Any other Mixed or Multiple background White and Asian White and Black African White and Black Caribbean
	Other ethnic group	Any other ethnic group Arab
White	White	Any other White background White Irish White British White Gypsy / Irish Traveller

## Appendix B

**Hourly Pay Definition for the purposes of calculating the mean and median hourly rates.**

Pay will include:

- basic pay
- paid leave, including annual leave, sick leave, maternity, paternity, adoption or parental leave (except where an employee is paid less than usual because of being on any such leave)
- area and other allowances
- shift premium pay
- pay for piecework



- bonus pay

It will not include:

- overtime pay
- allowances earned during paid overtime hours
- redundancy pay
- pay related to termination of employment
- pay in lieu of annual leave
- any repayments of authorised expenses
- benefits in kind
- interest-free loans

Where ordinary pay is used to contribute to a salary sacrifice the employee's gross pay after any reduction for a salary sacrifice scheme must be used for the earnings calculation.

### **Full-pay Relevant Employee Definition**

“Full-pay relevant employee” means a relevant employee who is not, during the relevant pay period, being paid at a reduced rate or nil as a result of the employee being on leave. Employees who receive no pay at all during the relevant pay period, whether or not this is as a result of being on leave are excluded from the ethnicity pay gap calculations. “Leave” includes—

- (a) annual leave
- (b) maternity, paternity, adoption, parental or shared parental leave
- (c) sick leave and
- (d) special leave

### **Pay Quartiles.**

This calculation requires an employer to show the proportions of White and BME “full-pay relevant employees” in four quartile pay bands. This is done by dividing the workforce (so far as possible) into four equal sections to determine the lower, lower middle, upper middle and upper quartile pay bands. Where employees receiving the same hourly rate of pay fall within more than one quartile pay band, a relative proportion of BME and White employees receiving that rate of pay was assigned to each of those pay quartiles.

### **Appendix C**

Link to Council's Pay Policy Statement: <https://www.brighton-hove.gov.uk/jobs/pay-policy-statement>.

### **Appendix D**

ONS 2019 Ethnicity Report Link:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkhours/articles/ethnicitypaygapsingreatbritain/2019>

## **Appendix E**

Link to the Council's Fair and Inclusive Action Plan: <https://www.brighton-hove.gov.uk/fair-and-inclusive>