

Item No. 12.	Classification: Open	Date: 13 September 2022	Meeting Name: Cabinet
Report title:		Response to the Education and Local Economy Scrutiny Commission: Ethnicity Pay Gap	
Ward(s) or groups affected:		All	
Cabinet Member		Councillor Stephanie Cryan, Cabinet Member for Finance, Democracy and Digital	

FOREWORD: COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR FINANCE, DEMOCRACY AND DIGITAL

Southwark is a proudly diverse borough and it is important that our workforce reflects that diversity across all levels. I am proud of the role this council plays in tackling all forms of racism and inequality, and the commitment we have made to be an inclusive, anti-racist employer.

Two years ago, we established Southwark Stands Together, which includes a workstream dedicated to improving the experience of Black, Asian and minority ethnic employees. Since then, we have designed and delivered a comprehensive programme of activity including the introduction of inclusive recruitment practice and development opportunities targeted at employees from Black, Asian and minority ethnic communities.

However, as our ethnicity pay gap demonstrates, there is still much more for us to do to achieve our ambition of eradicating racism and discrimination. I want to thank the members of the Education and Local Economy Scrutiny Commission for shining a light on the council's ethnicity pay gap and for the recommendation they have made to help us meet this aim.

Earlier this year, the government announced it will not introduce a legal requirement for employers to calculate and publish their ethnicity pay gap. This is a very short-sighted and regressive announcement, which goes against any commitments made to Level Up. I am pleased to announce that Southwark Council is among the employers who voluntarily choose to publish this information. Being transparent about our ethnicity pay gap is a vital step towards closing it.

We are furthering our commitment to close the ethnicity pay gap through our Council Delivery Plan. We will be developing and delivering a new three-year ethnicity pay gap strategy, and have set a target to ensure the council's senior management team is proportionately representative of Southwark's Black, Asian and minority ethnic communities by 2030. In line with the performance management framework that underpins the Council Delivery Plan, I will be directly accountable to the Leader for the council's progress in this area.

There is no quick fix to closing the council's ethnicity pay gap. It will require meaningful and sustainable change to cultural norms, policy and practice. I am committed to leading that change and I know my determination to close the council's ethnicity pay gap is shared by colleagues in Cabinet and council officers as well as members of the Education and Local Economy Scrutiny Commission.

RECOMMENDATIONS

That Cabinet:

1. Notes the recommendation made by the Education and Local Economy Scrutiny Commission.
2. Approves the response set out in this report.
3. Reaffirms its commitment to closing the council's ethnicity pay gap, which has been included as a priority in the new Council Delivery Plan.

BACKGROUND INFORMATION

4. The ethnicity pay gap is the difference between the average hourly pay of people from Black, Asian and minority ethnic communities and the average hourly pay of white people, irrespective of their role or seniority.
5. Unlike the gender pay gap, there is no legal requirement for employers to publish their ethnicity pay gap and many do not. The council voluntarily chooses to publish its ethnicity pay gap to promote transparency and accountability for addressing racial disparities in our workforce.

KEY ISSUES FOR CONSIDERATION

6. In February 2022, the Education and Local Economy Scrutiny Commission considered the council's ethnicity pay gap and the actions being taken to close it. Members of the commission asked questions about the recruitment process for the council's chief executive, retention of employees, and the reason for the slight increase in the council's ethnicity pay gap, which rose from 14.67% in April 2020 to 14.68% in April 2021.
7. Commission members expressed a concern that responsibility for closing the council's ethnicity pay gap was shared between two Cabinet portfolios: Finance, Performance and Democracy (as this portfolio was named at the time of the Scrutiny Commission meeting) and Equalities, Neighbourhoods and Leisure. As a result, in June 2022, the Commission made the following recommendation to Cabinet:

that the Leader of the Council takes formal responsibility for closing the growing ethnic minority pay gap in the council, and for ensuring that other pay gaps (principally the gender pay gap) do not follow a similar trend

Proposed response

8. The Leader of the Council is responsible for all executive functions and decides which of these should be delegated to cabinet members on an annual basis. At the Council Assembly in May 2022, the Leader appointed Councillor Cryan as the Cabinet Member for Finance, Democracy and Digital, which includes responsibility for equality and diversity in the council's workforce. As a result, Councillor Cryan is directly accountable to the Leader for progress towards closing the council's ethnicity pay gap and addressing any other disparities in our workforce.
9. The new Council Delivery Plan included elsewhere on the agenda at today's meeting reinforces this accountability. Commitments assigned to Councillor Cryan in the plan include:
 - the design and delivery of a three-year ethnicity pay gap strategy, which is to be co-produced with employees at every level of the council
 - progress towards our goal of ensuring the council's senior management (officers graded G14 and above) is proportionately representative of Southwark's Black, Asian and minority ethnic communities by 2030
10. Through the Southwark Stands Together programme, council officers have been leading the delivery of a comprehensive action plan designed to improve the experience of Black, Asian and minority ethnic colleagues and close the council's ethnicity pay gap. Activity to date includes:
 - the development and delivery of a new diversity and inclusion training programme, which addresses themes such as anti-racism, white privilege and imposter syndrome
 - the introduction of inclusive recruitment practice, including greater use of diverse recruitment panels and values-based questioning
 - the launch of new coaching, mentoring and development programmes, including Black on Board, which is targeted specifically at Black, Asian and minority ethnic colleagues
 - the development and delivery of directorate action plans
11. Ethnicity pay gap data for 2022 will be calculated and published later on this year. The government has announced it plans to issue voluntary guidance recommending how employers should measure their ethnicity pay gap. The council's approach will take account of this guidance once it is available.

Community, equalities (including socio-economic) and health impacts

12. The voluntary publication of our ethnicity pay gap reflects the council's commitment to tackling racial disparities in our workforce.

Climate change implications

13. There are no specific climate change implications arising from this report.

Resource implications

14. Resources are allocated to closing the council's ethnicity pay gap through investment in the Southwark Stands Together programme and the use of existing resources such as directorate budgets for learning and development. There are no specific resource implications arising from this report.

Legal implications

15. There are no specific legal implications arising from this report.

Financial implications

16. There are no specific financial implications arising from this report.

Consultation

17. There is no legal requirement to consult on the Cabinet's response to the recommendation made by the scrutiny commission.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

18. Since there are no specific legal implications arising from this report, no legal concurrent is required.

Strategic Director of Finance and Governance

19. The Strategic Director of Finance and Governance notes the content of the report, including the resource and finance implications.

BACKGROUND DOCUMENTS

Background Document	Held by and Contact
Report of the Education and Local Economy Scrutiny Commission: Ethnicity Pay Gap	Southwark Council Everton Roberts everton.roberts@southwark.gov.uk
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s107252/Report%20Scrutiny%20report%20ethnic%20minority%20pay%20gap.pdf	

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Finance, Democracy and Digital	
Lead Officer	Althea Loderick, Chief Executive	
Report Author	Ben Plant, Director of HR and Organisational Development	
Version	Final	
Dated	31 August 2022	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		31 August 2022