

Date: 10 November 2021

Item: Pay Gap Analysis

This paper will be considered in public

1 Summary

1.1 This paper provides an update on the 2020 Gender and Ethnicity Pay Gap reports (Appendix 1 and 2, respectively) and the work taking place to reduce these, including the development of a four-year Pay Gap Action Plan. The paper covers other initiatives to reduce pay gaps including equality objectives, scorecard and dashboards, recruitment activity, mentoring, equality impact assessments and graduate and apprenticeship schemes.

2 Recommendation

2.1 **The Committee is asked to note the paper.**

3 Background

3.1 In September 2021, we published our Gender and Ethnicity Pay Gap Reports for 2020. The 2020 Gender Pay Gap report showed a reduction in the median pay gap, from 19.5 per cent to 18.8 per cent. The mean pay gap also reduced from 9.7 per cent to 9.4 per cent.

3.2 The 2020 Ethnicity Pay Gap Report showed a small increase in the median pay gap, from 9.2 per cent to 9.6 per cent. The mean pay gap also increased from 11.4 per cent to 12.1 per cent.

3.3 The table below provides trend data from four Pay Gap reporting years:

Year	Median Ethnicity Pay Gap	Mean Ethnicity Pay Gap	Median Gender Pay Gap	Mean Gender Pay Gap
2020	9.6 per cent	12.1 per cent	18.8 per cent	9.4 per cent
2019	9.2 per cent	11.4 per cent	19.5 per cent	9.7 per cent
2018	9.3 per cent	10.7 per cent	21.5 per cent	10.3 per cent
2017	9.8 per cent	10.2 per cent	19.7 per cent	10.7 per cent

3.4 The reports highlight reasons that underpin our gender and ethnicity pay gaps, including underrepresentation of female and Black, Asian and Minority Ethnic employees at more senior levels of the organisation, along with a higher

proportion of female and Black Asian and Minority Ethnic employees in operational roles at more junior grades.

- 3.5 There have been positive results in some areas, with female representation at more senior non-operational grades increasing. For example, in 2017 the proportion of females at Director level was 18.8 per cent, this now stands at 32.7 per cent.
- 3.6 The ethnicity pay gap increase in 2020 can be in part explained by two key trends. The first is the increase in declaration of ethnicity by senior white colleagues who previously we did not hold data on. This reduces the proportion of Black Asian and Minority Ethnic senior managers in the reporting. The second is an increase in Black Asian and Minority Ethnic colleagues in lower paid operational roles. Whilst this is integral to develop a diverse talent pipeline in the future, it does increase the pay gap in the short term.

4 Addressing our pay gaps

- 4.1 Our focus on addressing both the gender and ethnicity pay gaps are part of our wider programme of work to increase the diversity of our colleagues at all levels and in all parts of the business and to cultivate a more inclusive workplace culture for everyone.
- 4.2 Following from the publication of our 2020 pay gap reports, we will develop a new four-year Pay Gap Action Plan, which will set out plans to reduce our gender and ethnicity pay gaps, as well as actions specific to each protected characteristic and those that intersect on two or more characteristics.
- 4.3 The new four-year plan will cover three key areas:
 - (a) **Governance and data** – ensuring that we have more robust diversity and inclusion governance with clear accountabilities and indicators to identify where inequalities exist across the whole employee lifecycle and to measure progress in response to our actions and support;
 - (b) **Policies, systems and processes** – ensuring that our policies and guidance documents are inclusive to all colleagues across TfL and that we provide the tools to help line managers establish trust-based relationships with colleagues on an array of matters; and
 - (c) **Leadership, culture and behaviour** – a culture that promotes inclusive leadership and safe spaces for conversations and challenge and take clear actions to tackle processes and behaviours that undermine diversity and inclusion. Our new Vision and Values sets out a clear direction; that we will emerge from the coronavirus pandemic as a better, less bureaucratic, and hierarchical, more inclusive organisation, all for the good of London. This is underpinned by our three new values: Caring, Open and Adaptable.
- 4.4 The plan will be developed in discussion with our Staff Network Groups and trade unions. It will also be underpinned by local diversity and inclusion plans, which will focus on more localised issues raised by our employees.

5 Other recent activity to help reduce our pay gaps

Equality Objectives

- 5.1 In line with our Public Sector Equality Duty (PSED), we have recently agreed our new Equality Objectives, which will be published externally. The PSED the duty on a public authority when carrying out its functions to, in broad terms, have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, foster good relations and advance equality of opportunity. Our Equality Objectives set out the activities and initiatives that will help us:
- (a) increase the diversity of our organisation at every level, so that it better reflects the diversity of London;
 - (b) enhance the recruitment, retention, and career development of our internal talent;
 - (c) create and embed a fairer and more inclusive culture, where colleagues at all levels feel engaged and supported to be their authentic self; and
 - (d) explore and invest in the future skills of our organisation to ensure we create a diverse talent pipeline.

Scorecard and dashboards

- 5.2 We continue to use our local scorecard to improve the overall representativeness within our organisation and at senior levels. The inclusivity of our workplace is also measured using the Inclusion Index within our annual staff engagement survey. We also use localised dashboards for each business area to monitor and track progress in their area.

Improving our recruitment activity

- 5.3 Our ongoing initiatives include the rollout of anonymous recruitment on all pay bands 1 – 4 roles, which removes information that might identify any personal characteristics identifiable, removing any potential bias from the recruitment process.
- 5.4 We have adapted and developed our marketing and attraction techniques to utilise opportunities at application stage to attract candidates from underrepresented groups:
- (a) working in partnership with external organisations and grassroots groups to reach more candidates from these under-represented groups;
 - (b) sharing inclusive branded messaging across social platforms and groups with targeted activity to focus on underrepresented groups; and
 - (c) gender neutralised and jargon free copywrite in job adverts with clear distinction between essential and desirable skills.
- 5.5 We also work alongside our Staff Network Groups, women's charities and other organisations to target recruitment campaigns at hard to reach or underrepresented groups. With campaign materials demonstrating diverse role models as brand ambassadors. Such campaigns saw a six per cent increase in

females recruited in train maintenance roles and 10 per cent more females recruited in compliance officer roles during recent campaigns.

- 5.6 This year we began a recruitment project for Band 4 senior manager positions in our Finance Directorate which focused on increasing ethnicity representation at senior management level. This involved creating an attraction strategy specifically targeting Black Asian and Minority Ethnic candidates, resulting in 60 per cent Black Asian and Minority Ethnic hires.

Mentoring programmes – Our Time

- 5.7 We have been active participants in both previous programmes aimed at mid-level emerging women leaders. Evaluation and subsequent employment data show that the 16 women who have taken part have achieved a high rate of promotions, with almost all of them now in a senior management role.
- 5.8 We also provided the largest number of sponsors from amongst our own leaders, so they have impacted on the diversity in other Greater London Authority (GLA) bodies and are currently working with the GLA on the design of the next programme for both women and Black Asian and Minority Ethnic individuals; we want to further embed the sponsorship model into strengthening our coaching strategy.

Equality Impact Assessment

- 5.9 In the past year we have updated our Equality Impact Assessment form and supporting materials. The tool is there to consider and minimise any potential disproportionate impacts of change on minority or underrepresented groups. This is particularly important during times of change.

Graduate and Apprentice Schemes

- 5.10 Our Graduate and Apprentice programmes are key opportunities to improve the representativeness of our organisation as this represents a significant level of external recruitment into TfL, rather than internal recruitment. Our recruitment schemes targeted London schools and Universities to help attract applications from local candidates.
- 5.11 Apprentice and Graduate hires in 2020/21:
- (a) female apprentice hires have risen from 20 per cent in 2018 to 39.5 per cent in 2020 and graduates rose from 18 per cent in 2018 to 32 per cent for graduate offers made due to start in September 2021;
 - (b) Black Asian and Minority Ethnic hires for apprentices had decreased slightly for 2020 hires sitting at 34 per cent but for graduate offers made due to start in September 2021 we have achieved 48 per cent; and
 - (c) we have achieved 50/50 male/female in London Underground (LU) Fleet Level 3 Engineering, 100 per cent female in LU Non Destructive Testing Level 3 Engineering, and 33 per cent female in LU Signals Engineering starts in April 2021, which came from a base of zero females in 2018.

List of appendices to this report:

Appendix 1: <https://content.tfl.gov.uk/tfl-ethnicity-pay-gap-summary-report-2020.pdf>

Appendix 2: <https://content.tfl.gov.uk/tfl-gender-pay-gap-summary-report-2020.pdf>

List of Background Papers:

None

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