

PEOPLE AND OD COMMITTEE

Gender Pay Gap Reporting – Options Paper

10th July 2025

Report of the Chief Officer – People and Policy

PURPOSE OF REPORT

To enable the Committee to consider options to address the Gender Pay Gap using pay for casual workers.

To decide on a course of action to address the Gender Pay Gap using pay for casual workers.

This report is public

RECOMMENDATIONS

- (1) That People and OD Committee considers whether to address the Gender Pay Gap by increasing pay for casual workers, specifically by paying them at the bottom of the relevant grade for the role that is being undertaken.**

1.0 Introduction

- 1.1 This paper sets out options to address the gender pay gap at Lancaster City Council relating to casual workers. Analysis is based on the figures relating to the last published figures which covers the year up to 31 March 2024.

1.2 What is a casual worker?

Casual workers are engaged by services to provide work on an 'as and when' basis, with no mutuality of obligation. The council is not obliged to offer work, and the worker is under no obligation to accept any work offered. This arrangement offers services flexibility to meet fluctuations in demand.

Applications for casual work are high when opportunities are advertised.

1.3 Why are we looking at casual workers?

The mean gender pay gap for 2024 has been reported as 3%. If casual workers are not included in the calculations, the gender pay gap reduces to 0.8%. It is therefore an area where further analysis is useful.

Casual workers are paid at the lowest pay rates, generally our lowest pay point or the Real Living Wage, which was £12 per hour in the calculation period for the 2024 gender pay gap. The ratio of female to male casual workers is 62% female, 38% male, which accounts for the impact on the gender pay gap.

2.0 Options considered

2.1 Do nothing

With no specific intervention to address the pay of casual workers the gender pay gap remains at 3%.

Work to address the gender pay gap in general continues to have an impact. It has fallen from 4.3% in 2023. ONS data shows that the gender pay gap in the UK was 7% in 2024, down from 7.5% in 2023. This suggests that Lancaster City Council has not only a more favourable gender pay gap, but the reductions in it are greater than the national trend.

Advantages of taking this course of action include keeping salary costs down and ensuring that the big picture relating to the gender pay gap is focussed on. Our workforce planning work will also keep the use of casual workers under review, ensuring that contracts of employment are used where necessary.

Disadvantages include casual workers continuing to be paid at the lowest pay rate regardless of the work they undertake, and the negative impact on the gender pay gap.

2.2 Increase the pay of casual workers to improve the gender pay gap

If the pay of casual workers is increased, it will improve the gender pay gap due to the higher proportion of females engaged in this work.

A number of options have been considered:

2.2.1 Casual workers are paid an hourly rate plus 12.07% for rolled up holiday pay – include this figure in the gender pay gap calculations

Casual workers are paid 'rolled up' holiday pay, which is where an employers pay an extra amount for holiday pay instead of paying someone for holiday when they take it.

It is not currently included in gender pay gap calculations. If this additional figure is factored into the gender pay gap calculations it falls to 2.2%.

Advantages of taking this course of action include keeping payroll costs down and ensuring that the big picture relating to the gender pay gap is focussed on. Our workforce planning work will also keep the use of casual workers under review, ensuring that contracts of employment are used where necessary.

It was previously considered that rolled up holiday pay could not be included in the gender pay gap calculations, but legal advice has been obtained and states that although there is no legal authority, it may be included.

2.2.3 Pay casuals according to the pay grade for the jobs they are undertaking

Casual workers are generally paid at the bottom of the pay grade for the job they are undertaking, or the Real Living Wage, whichever is less. Most of the time this pay rate is appropriate for the work undertaken, such as catering assistants, leisure assistants, refuse collectors, and so on. However, there are some roles undertaken by casual workers where the contracted employee equivalent would be paid a higher grade.

Our analysis shows the following:

Payment	Mean gender pay gap	Estimated extra costs based on 2024 casual data
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Casual rate at the bottom of the relevant grade	2.1%	£13,500
Casual rate at the top of the relevant grade	1.8%	£58,000

Where casuals are paid according to the relevant grades there is a positive impact on the gender pay gap, and the cost is comparatively low.

Our research has found that most local authorities pay their casual workers at the bottom of the grade for the relevant job role.

The advantages of applying this option involve relatively low costs while achieving a reduction in the gender pay gap, at the same as ensuring the integrity of the job evaluation scheme. The impact of staff morale is likely be negligible as workers are simply being paid according to the job role that they are undertaking.

The disadvantages are the extra costs, the work to set up the payroll scheme, the work to ensure that every casual appointment has a job description which can be job evaluated, then the time required to undertake job evaluation.

3.0 Further considerations made: pay casuals a market supplement

At a previous People and Organisational Development Committee, a request was made to consider whether a market supplement could be paid to casuals to address the gender pay gap. Lancaster City Council has a Market Supplement Policy, which is based on the national terms and conditions set out in the Green Book, which is designed to specifically address recruitment issues. Any market supplements paid must be kept under review so that they are not paid for longer than necessary.

The use of market supplements to address the gender pay gap would be unlawful; this has been confirmed by independent legal advice. It is therefore not possible to consider this as an option.

4.0 Conclusion

- 4.1 The Council's gender pay gap is favourable when compared to national averages and is reducing year on year. The Council has continued to develop and promote a range of workforce strategies that contribute towards addressing the gender pay gap by enabling the Council to recruit and retain talent. It is hoped and anticipated that these measures will continue to have a positive impact on addressing the gender pay gap.
- 4.2 To address the gender pay gap further, it is possible to improve it by directly increasing the pay of the lowest paid group of workers, which has a high proportion of females.
- 4.3 It is not possible to pay market supplements to casual workers to address the gender pay gap.
- 4.3 It is recommended that option 2.2.3 is taken (paying the casual rate at the bottom of the relevant grade) due to the positive impact on the gender pay gap, the further advantages associated with protecting the integrity of the job evaluation scheme, while at the same being relatively low cost. This option is supported by the Joint Consultative Committee, after discussion on 25 June 2025.
- 4.4 It is recommended that rolled up holiday pay for casual workers will be included in future gender pay gap calculations.

CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

If action is taken to increase pay, it will improve the council's gender pay gap by improving the pay of casual workers, where there is a high proportion of female workers.

LEGAL IMPLICATIONS

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and the associated Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (collectively referred to as the GPG Regulations in this note) serve to set out the reporting requirements which are placed on organisations such as the Council. They do not, explicitly, place any obligation on employers to take action to reduce the GPG.

The Specific Duties and Public Authorities Regulations do, however, go further and require the Council to publish information to demonstrate its compliance with the Public Sector Equality Duty under s.149(1) of the Equality Act 2010; that being the duty to have due regard to:

- a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act;
- b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

As such, the Council should always have regard to the areas of inequality (including the GPG) and to advance the equality of opportunity, including ensuring equality of pay.

Independent legal advice has been taken on the Gender Pay Gap options considered. It is not possible to pay market supplements to casual works to address the Gender Pay Gap. This would be contrary to the Green Book terms. The terms make it clear that the rationale and power to make market supplement payments arises from recruitment and retention difficulties. As such, an opportunity to use this as a methodology across a wide group of works, solely for the purpose of reducing the GPG is likely to amount to the Council acting outside of its powers (ultra-vires) and subject to legal challenge. In short, it is likely to be unlawful for the Council to adopt the market supplement approach.

There are no significant legal difficulties with paying casual workers according to the pay grade for the jobs they are undertaking. This would see equity in terms of pay for substantive and casual workers and does appear to reduce the GPG quite significantly. It is advised that the bottom of the band is used otherwise this may lead to disparity amongst workers (those with greater experience being paid at the same rate as those with little experience). This could lead to equal pay claims and the cost of implementation would be four-fold.

Whatever option is applied by the Council, any pay changes should of course be applied equally to male and female workers in the same roles/contracts, so as to reduce the risk of any arguments of positive discrimination in favour of female staff.

FINANCIAL IMPLICATIONS

Estimated costs are included in this paper for the various options.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

Resource implications arising from this report include time required by Human Resources and Finance team members to implement the changes. There would need to be a review of capacity when considering timescales alongside other priorities.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments to add.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has seen the external legal advice and has no further comments to add.

BACKGROUND PAPERS

None

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