

# City & Guilds Group

# Gender Pay Gap Report

This is the City & Guilds Group's third UK Gender Pay Gap report based on data taken as at 5 April 2019. This year we have mixed results with some positive signs of gap closure in the bonus figures, but some not so positive in the pay gap figures.



## Introduction

The City & Guilds Group (referred to as ‘the Group’) are committed to reduce the gender pay gap. We will continue to look for strategies to reduce the gap and work with our stakeholders to ensure that our processes are robust and free of bias.

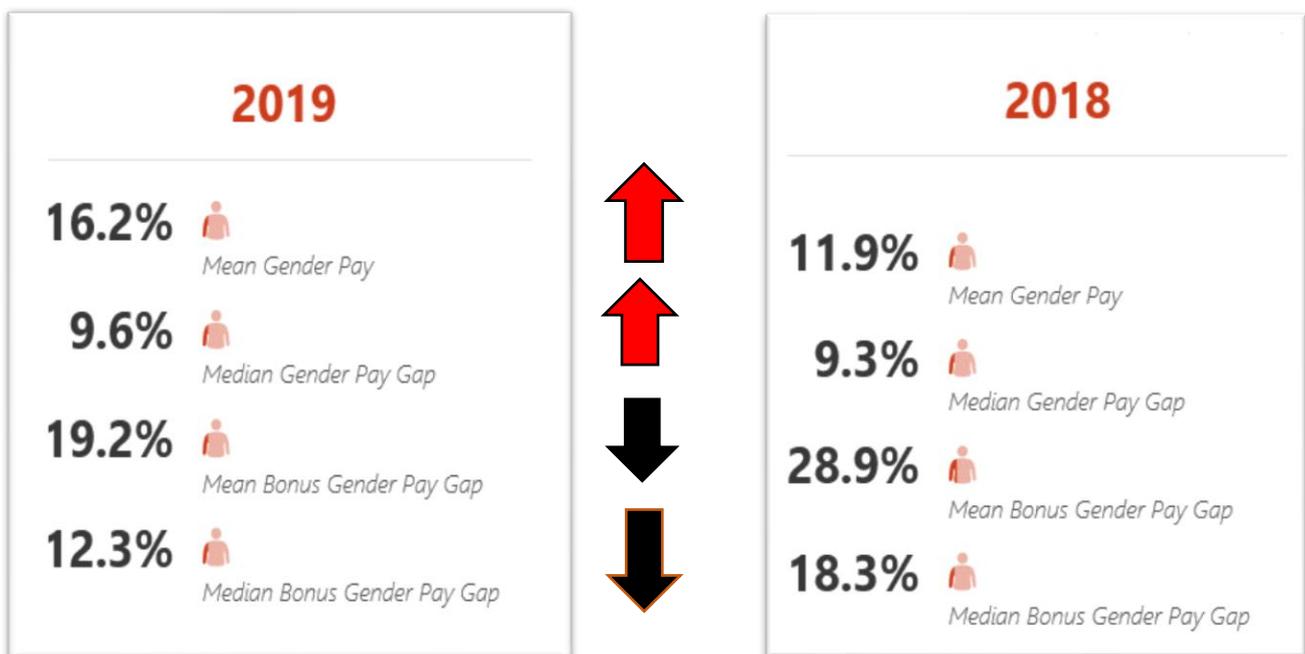
This report contains UK data only. For details of the full context of this report including method of calculation of the gender pay gap and definitions, please see Appendix A.

This year we had the opportunity to include some more data and the bonus figures can now include our Sales Incentive Plans (SIPS). Therefore, for the first time we are presenting both figures. Gender Pay Gap without SIPS is the figure calculated in the format we presented last year, whereas Gender Pay Gap with SIPS is the new calculation, which includes SIP data. We will, going forwards report on the Gender Pay Gap calculation including SIPS and the narrative in this report is based on the data with SIPS.

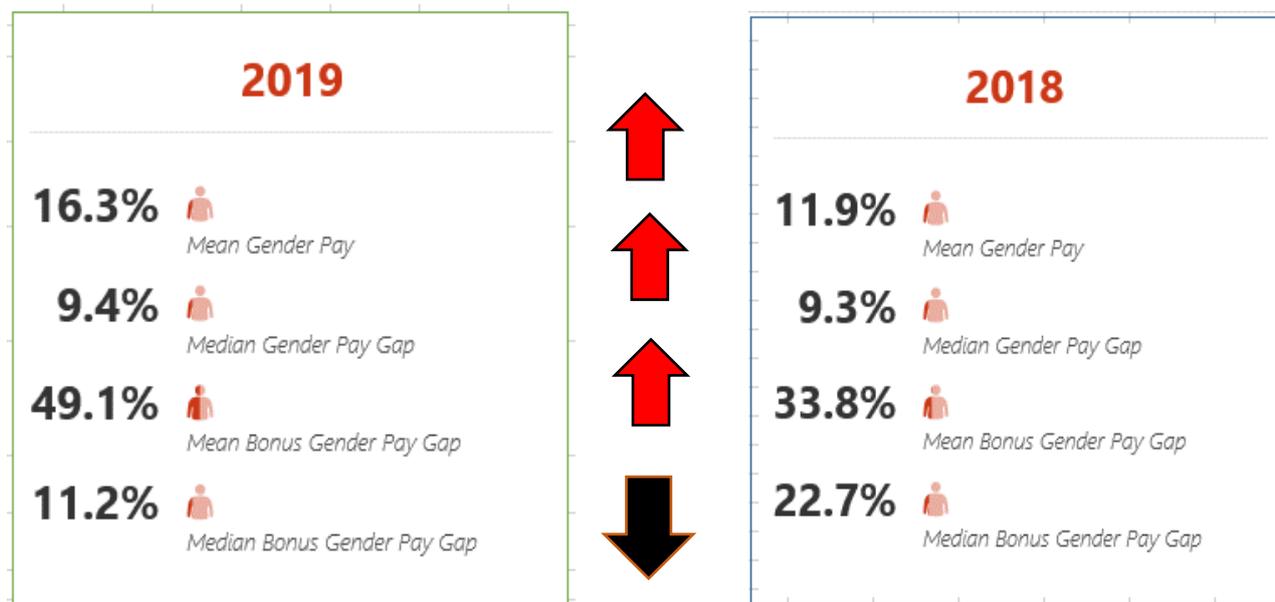
Our current benchmark is from the Office for National Statistics, which reported the UK gender pay gap median average, among all employees, fell from 17.8% in 2018 to 17.3% in 2019. Whilst it’s good that our median pay gap (9.4% including SIPS) is below the UK norm, the Group is committed to addressing the gap and wants to see a considerable gap reduction over the coming years.

## Gender Pay Gap

### Gender Pay Gap without SIPS



## Gender Pay Gap including SIPS



### Mean Pay Gap

The mean pay gap increased by **4.4%** to 16.3% since 2018. The mean pay gap is particularly volatile and susceptible to new male starters in senior positions. In 2019, we saw the impact of some new male senior board members and leaders joining the organisation.

### Median Pay Gap

The median pay gap increased by **0.1%** to 9.4% since 2018. This indicates that the pay gap is actually relatively stable, although we would prefer to see it reduce.

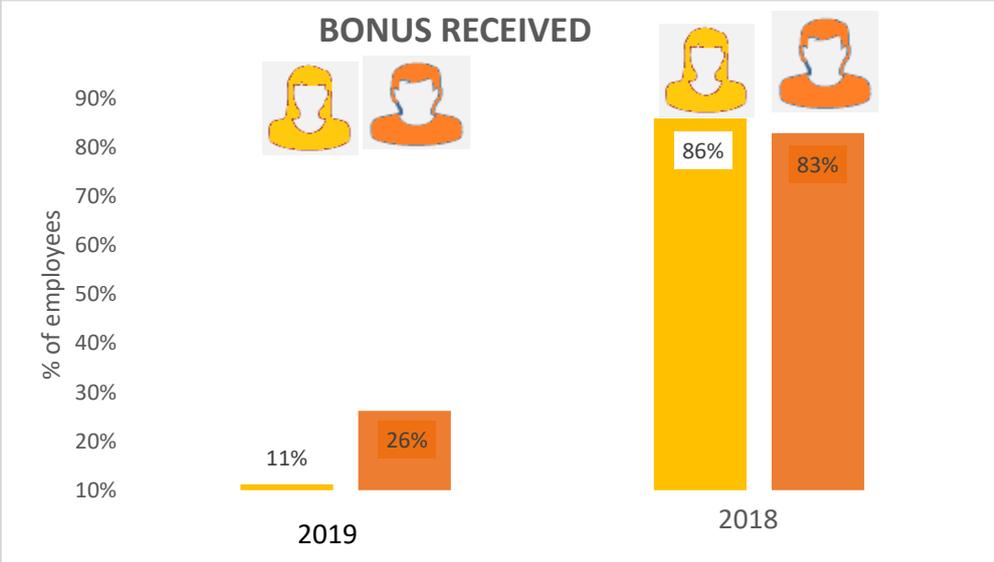
### Mean Bonus Gap

The mean bonus gap increased by **15.3%** since 2018 to 49.1%. The inclusion of the SIP payments severely affected the gap; we believe this is because of the number of senior males that are included in SIP plans. We will be exploring this further to help address prevent any further increase in the Mean Bonus Gap but recognise this may take several years before we see any impact.

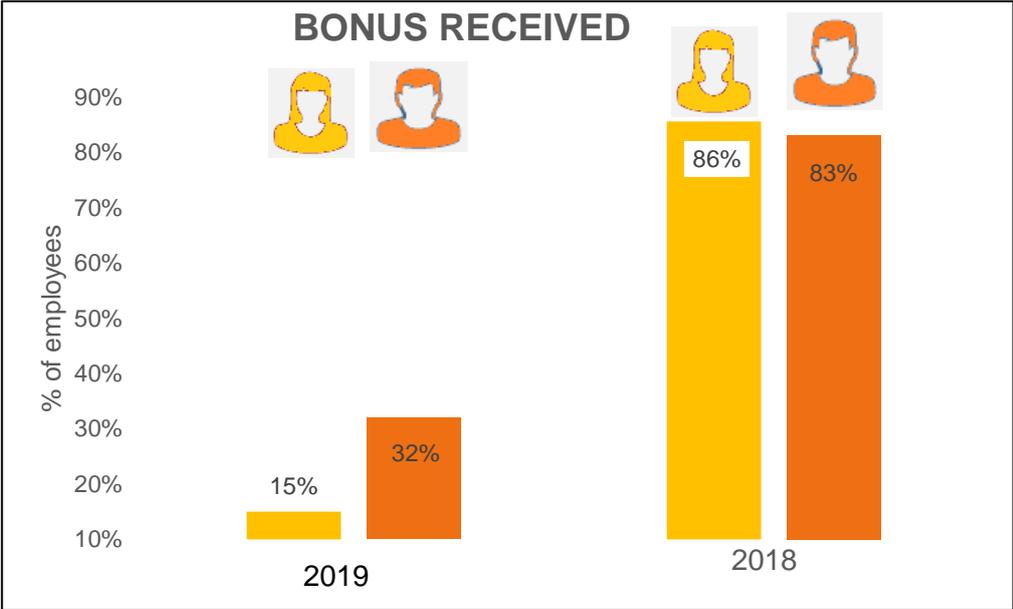
### Median Bonus Gap

The median bonus gap has reduced by **11.5%** to 11.2% since last year. We are relatively pleased with this as the median is the more stable measure.

### Proportion of males/females receiving a bonus without SIPS



### Proportion of males/females receiving a bonus including SIPS



## Proportion of those receiving a bonus

In 2019 the Corporate Bonus did not pay out, however a small part of the Group did pay out some contractual bonuses and in this particular part of group 64% of the populations are male and it is thought it's those males that we believe have disproportionately impacted on this figure.

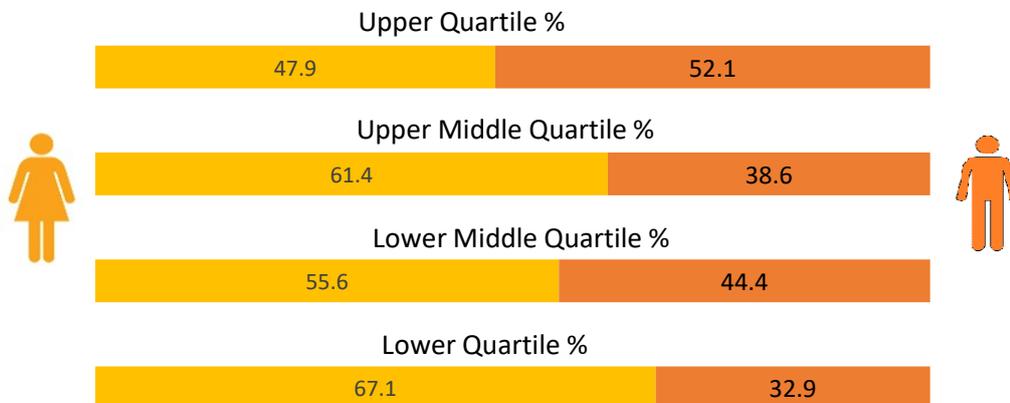
## Pay Quartiles 2018

2018 PROPORTION OF MALE AND FEMALE EMPLOYEES IN EACH PAY QUARTILE



## Pay Quartiles 2019

2019 PROPORTION OF MALE AND FEMALE EMPLOYEES IN EACH PAY QUARTILE



## Pay Quartiles

The pay quartiles show some good news; the 2019 data shows a slight increase in female staff in upper middle quartile salary ranges. However, it is of concern that we see more females in the lower quartile. However, this may reflect the fact that we are recruiting more females than males at this level as more are applying for these types of roles. Further analysis will be done in the coming year to understand this trend.

## Actions to tackle the gender pay gap

### Six Effective Actions

In August 2018, the Government Equalities Officer (“GEO”) published guidance on the effectiveness of actions companies have taken to improve recruitment and progression of women to reduce their gender pay gaps. The GEO identified six actions, which they believe to be effective. The Group have benchmarked themselves against these actions and found we are either already compliant with the recommendations or working towards them.

#### **1) Include multiple women in shortlists or recruitment and promotions**

We shortlist based on skills, preferences and attitude regardless of gender.

#### **2) Use structured interviews for recruitment and promotions**

The Group use structured interviews with pre-set questions that are used for all candidates. This is part of our ‘Recruit Right’ approach. This helps manage unconscious bias challenges which is part of our EDI strategy.

#### **3) Use skill-based assessment tasks in recruitment**

The Group use skill-based assessments for most of our roles and have the option to also use a game-based assessment for candidates to identify their working styles and if they are aligned to our organisation.

#### **4) Appoint diversity managers and/or diversity task forces**

The Group have an EDI (Equality, Diversity and Inclusion) group made up of champions across the organisation that has laid foundations over the last two years and leads various initiatives across the Group. The organisation is seeking to appoint a Diversity & Inclusion Manager in 2020.

#### **5) Introduce transparency to promotion, pay and reward processes**

We have a published pay policy with guidelines on promotion, pay and reward processes. Our Recruit Right approach supports consistency and transparency in the recruitment process. We are committed to further addressing fairness and transparency within our processes.

#### **6) Encourage salary negotiation by showing salary ranges**

We have market-based pay ranges for each role that are around the median of the market, ranging from 90% to 110% of the market median. We do not publish salary ranges per role. Salaries are

decided in accordance with our published pay policy and salary progression is based on a combination of annual pay reviews, performance and promotions.

### **Equality, Diversity and Inclusion (EDI)**

We have ongoing EDI activity driven by the Employee Experience team – with overview from the Employee Experience, People Insights and EDI Director, and the Chief People and Customer Officer. With the support of our EDI Champions and external consultants we are commencing a ‘Lived Experience project’ to understand the experiences and views of colleagues at the Group. From this we are developing and implementing plans to improve the diversity and inclusiveness of the employee experience at the Group. This year we are also hiring a Diversity & Inclusion manager to help drive an inclusive culture and broaden our diversity of people at every level. We are also committed this year to use more specialist agencies like Audeliss to help improve the diversity of candidates.

### **Learning and Development Initiatives**

We have launched a new LMS (Kite) and have built which has a range of e-learning courses aimed at increasing diversity and encouraging more women to apply for promotion in the organisation. We are now looking at how we embed diversity and inclusion modules within our leadership development programme.

### **Family Friendly Policies**

A key part of our offer is making the workplace more flexible so that all individuals (although we recognise the continuing disproportionate burden of dependent care on women) can progress their careers while combining work with family commitments, therefore we offer a range of family friendly policies.

### **Unconscious Bias Training**

The City & Guilds Group have rolled out unconscious bias training as part of our Recruit Right process and offered training to managers. This helps raise awareness of implicit bias and is useful in all EDI areas, not just gender pay. We are currently reviewing our Recruit Right process and training to update and embed across the organisation.

### **EDI Pay Gap Figures**

In 20/21, we will start testing and producing pay gap figures for ethnicity and disability for future reports, which is not a statutory requirement, but is in line with the Group’s commitment to diversity and inclusion.

### **Gender Pay Gap and D&I Strategy**

In 20/21, we will create a Diversity & Inclusion strategy that includes the Gender Pay Gap and in Summer this year (2020), we aim to complete an Equal Pay Audit. We are meeting with BITC in summer to establish our diversity data benchmarking too. We will then analyse the data for emerging themes. The last Equal Pay Audit in 2016 show no areas of concern.

## Concluding Comments:

Generally, the 2019 data is disappointing, as we have seen an increase in the pay gap (both mean and median). We recognise that to change the gender pay gap may take a long period of time and there is certain volatility given senior appointments. We are however committed to address the issues and know that the investment into a Diversity and Inclusion manager as well as the lived experience project this year, will help to drive the culture and outputs we want to see. The employee experience team will also be exploring more of our own data and the issues that cause inequalities in pay, progression and development opportunities so that we can then start to address these issues in a meaningful way throughout the employee experience.



Kirstie Donnelly  
**Group Chief Executive**



Sir John Armitt  
**Chairman**

**August 2020**

## Appendix A

### Report information

The above report provides an analysis of the City & Guilds Group gender pay report and narrative as required by the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, and highlights the policies and processes we have in place to deliver further improvements.

The gender pay gap is a measure of the difference in pay between the average hourly earnings of male and female staff and is subject to a prescribed method of calculation. This is not to be confused with an equal pay review/audit, which would assess equal pay for work of equal value and would look in more detail at matters such as gender pay gaps by grade or department. An equal pay audit will be carried out later in the year.

The report is based on all UK-based staff, excluding those working in The Oxford Group, Gen 2, and Intertrain as they are below the reporting threshold of 250 employees. The total number of staff included was 946, 43% of which were female and 57% of which were male.

### Method

The data presented in this report represents the gender pay gap information for the City & Guilds Group as at 5 April 2018, in the form of six reports below:

1. Mean<sup>1</sup> pay gap
2. Median<sup>2</sup> pay gap
3. Mean bonus gap
4. Median bonus gap
5. Proportion of males/females receiving a bonus
6. Proportion of males and females in pay quartiles

<sup>1</sup> **Mean** - the mean represents the average value within the data (i.e. add all the numbers together and divide by the number of items in the set).

<sup>2</sup> **The median figure** is the exact middle figure when the data is ordered in a list from the highest to the lowest value.

#### Method of calculation

The method for the calculations in these reports are compliant with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 which means all percentage pay gaps are expressed as the difference between female and male pay as a percentage of male pay using the following calculation:

$$\frac{\text{male hourly rate} - \text{female hourly rate}}{\text{male hourly rate}}$$