

Cylchlythyr | Circular

Pay gap reporting methodology

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To: Heads of regulated institutions in Wales.
Response by: Friday 21 June 2019
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This circular provides guidance on gender pay reporting methodology to achieve a consistent approach in reporting pay gaps.

Institutions are required to adopt and submit pay gap reports to us unless they have reported through the UK pay gap reporting portal.

If you require this document in an alternative accessible format, please email info@hefcw.ac.uk.



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Introduction

1. This circular provides guidance on pay gap reporting methodology to achieve a consistent approach in reporting pay gaps.
2. HEFCW expects regulated institutions in Wales to adopt the UK pay gap reporting methodology and submit reports to us by **21 June 2019**. Institutions that have reported pay gap information on [the UK pay gap reporting portal](#) are not required to report to us.
3. From 2019, institutions should adopt a standardised approach to pay gap reporting and report this in annual equality reporting, together with actions to address any identified pay gaps. Institutions should take account of identified pay gap issues in new Strategic Equality Plans from 2020.
4. HEFCW's 2018-19 annual remit letter from Welsh Government notes a gender pay gap in some areas and tasks the Council to continue its work with the sector to ensure that anticipated improvements in this area are realised. Consistent approaches to pay gap reporting by regulated institutions will contribute to this.

Background

The current position in Wales

5. The Welsh Government requests that HEFCW report on senior pay in HE annually. In January 2019, HEFCW published a report on [Universities in Wales Senior Staff Pay Academic Year 2016/17](#).
6. The report sets out staff pay by category. The pay categories include 'Other Senior Academic', which includes Vice-Chancellor, Deputy Vice-Chancellor and Pro-Vice-Chancellor roles plus other senior academic roles such as Registrar, Academic Heads and Directors.
7. The report concludes that for 'Full-Time Other Senior Academic' staff the average salary was lower for female staff at six universities and higher at two universities. While this may indicate that, in some instances, there is a gender pay gap, it is difficult to draw meaningful conclusions due to the small population size for this category of staff at each institution. For example, the population size for 'Other Academic Staff' at one university was too low to publish figures.
8. The average salary for 'Full Time Professors' was lower for female staff at all except one university. For 'Managers, Directors and Senior Officials' the pay gap was lower for female staff at all universities. Overall, this indicates that there is still a gender pay gap in Welsh universities in senior staff categories, with gender pay a more notable challenge at senior levels in all organisations.

9. In 2018, HEFCW's analysis of institutions' equality annual reports found inconsistency in the way institutions calculated and presented equality pay gap data and information. In 2019, five universities in Wales (Aberystwyth, Bangor, Cardiff, Swansea and University of South Wales) voluntarily published their pay gap information on the UK pay gap reporting portal using the prescribed reporting methodology.
10. In 2018 for the first time, HEFCW voluntarily published, its gender pay gap information in its annual equality report Annex A(iii). For consistency over time and the ability to benchmark, HEFCW adopted the methodology set out in the [Equality Act 2010 \(Specific Duties and Public Authorities\) Regulations 2017 guidance](#).
11. [The Equality and Human Rights Commission Wales \(EHRC Wales\) Is Wales Fairer \(2018\)](#) report recommended strengthening gender pay gap reporting as well as addressing ethnic minority and disability pay gaps. To achieve this, EHRC Wales recommends that the Welsh Government should review and improve the specific duties under the [Equality Act 2010 and \(Statutory Duties\) \(Wales\) Regulations 2011](#) to require public bodies in Wales to take action to address pay and employment differences, report on progress and publish pay gap data.

General pay gap reporting legislative requirements in Wales

12. HEFCW and Welsh providers of higher education are listed bodies in the [Equality Act 2010](#) and [\(Statutory Duties\) \(Wales\) Regulations 2011](#). The specific duties in respect of pay differences are to:
 - achieve better and more equitable pay outcomes for all groups of people who share protected characteristics;
 - encourage transparency on any differences in pay for people who have a protected characteristic and those who do not; and
 - specifically prompt actions to address pay gaps between men and women.
13. A listed body is required to have due regard to the need to set equality objectives to address the causes of any pay differences in respect of **all protected characteristics**¹.
14. To make an informed judgement, a listed body will need systems in place to enable it to understand how people with any protected characteristic are employed throughout the organisation.

¹www.equalityhumanrights.com/sites/default/files/employment_information_pay_differences_and_staff_training_wales.pdf page 12

Specific gender pay gap planning and reporting requirements in Wales

15. The EHRC Wales published guidance that supports listed bodies in meeting their regulatory requirements relating to employment information, pay differences and staff training in Wales.
16. The guidance states a listed body must:
 - when drawing up equality objectives, have due regard to the need to have objectives that address the causes of any difference in pay between employees who share particular protected characteristics and those who do not, if it appears reasonably likely that the reason for the difference is related to the fact that those employees share a protected characteristic;
 - make appropriate arrangements to identify and collect information about differences in pay, and the causes of any such differences, between employees who have a protected characteristic and those who do not. This information must be published as appropriate.
 - publish an equality objective in relation to addressing any gender pay difference identified or publish reasons why it has not done so;
 - publish an action plan in respect of gender pay setting out:
 - any policy it has that relates to the need to address the causes of any gender pay difference;
 - any gender pay equality objective it has published (including any revisions). Where it has identified a gender pay difference amongst its staff, but has not published an equality objective to address the causes of that pay difference, the action plan must set out the reasons for not doing so; and
 - a statement about the steps it has taken or intends to take to fulfil its gender pay objective and how long it expects to take.

Additional guidance on pay difference

17. In addition to EHRC Wales, a range of organisations have published gender pay gap reporting guidance to support employers. Examples include:
 - ACAS and the UK Government Equalities Office (GEO) have published guidance on [managing gender pay reporting](#);
 - [The Joint Negotiating Committee for Higher Education Staff \(JNCHES\) Equal Pay Reviews and Gender Pay Gap Reporting Guidance for Higher Education Institutions](#) (Revised edition, January 2018); and

- [Reducing the gender pay gap and improving gender equality in organisations: Evidence-based actions for employers.](#)

UK government gender pay gap reporting requirements that apply to higher education providers in England

18. The gender pay gap reporting requirements for English Higher Education Institutions (HEIs) are different from the reporting requirements for Welsh Higher Education Institutions.

UK government gender pay gap calculation methodology

19. Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 require English HEIs to publish six calculations showing the:
 - mean gender pay gap in hourly pay;
 - median gender pay gap in hourly pay;
 - mean bonus gender pay gap;
 - median bonus gender pay gap;
 - proportion of males and females receiving a bonus payment; and
 - proportion of males and females in each pay quartile.

UK publishing requirements for gender pay gap data

20. English HEIs must publish gender pay gap data on their institutional website and through the UK government's gender pay gap reporting [website](#). By law, English HEIs must publish their gender pay gap data every year within 12 months of the relevant snapshot date. For listed public sector employers, the snapshot date is 31 March each year.

Strengthening pay gap reporting in Wales

21. To achieve a consistent approach in reporting pay gaps, HEFCW expects all regulated institutions in Wales to adopt the use of the UK pay gap reporting methodology in publications from 2019 (using March 2018 data).
22. From 2020, we expect the annual findings to be published in institutions equality reports, along with action plans to address any pay gaps identified.
23. We expect regulated institutions to take account of pay gap reporting requirements in developing new Strategic Equality Plans from 2020.
24. To strengthen pay gap reporting more broadly and to go beyond compliance, HEFCW recommends that all institutions include ethnic minority and disability pay gaps in their reporting to us from 2020. We recommend that institutions take action to address pay and employment differences and report on progress and publish pay gap data.

25. In addition to the 2018 pay gap reporting to be submitted to HEFCW in June 2019, we will monitor pay gaps through our analysis of institutions' Strategic Equality Plans, annual equality reporting and we may request further information.

Submission of 2018 pay gap reporting (published in 2019)

26. If institutions have not submitted pay gap information through the UK portal, they should submit 2018 pay gap reporting using the UK methodology to Ryan Stokes (029 2085 9736; ryan.stokes@hefcw.ac.uk) by **21 June 2019**.

Assessing the impact of our policies

27. We have carried out an impact assessment to help safeguard against discrimination and promote equality. We also considered the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. Contact equality@hefcw.ac.uk for more information about impact assessments.