The Gender Pay Gap

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Hosted by: Lansons

Speakers: Tony Langham (Lansons), Hannah Burd (The Behavioural Insights Team), Denise McQuaid (Everywoman), Innes Miller (Staffmetrix), Jon Terry (PwC)

In April 2018 global news interest broke out around the pay gap in private and public sector companies between male and female staff. An issue that had been bubbling intermittently for a few years suddenly took the spotlight. ***Alex Reidegeld from The Financial Services Forum*** summarises the current state in pay gap reporting in the UK, and the FS sector specifically, – and what is being done to address it.

A few statistics from the 2017/18 reporting cycle

- The website of the Government Pay Gap Service website reached 50,000 hits each day in the run-up to the pay reporting deadline
- 10,533 UK organisations took part
- Across all organisations and sectors that took part, the median gap was 11.8% and the mean gap 14.3%
- Financial Services has the highest mean gap in all industries, with a median gap of 22.9% and a mean gap of 29.7%
- If bonuses are taken into account, this changes to 22.3% and 39.4% respectively

Why the numbers are the way they are and how to report on them

- Some factors include fewer women in board level positions and more likely to work part-time due to care responsibilities
- A general problem around transparency in FS extends to pay gap reporting
- C-Level staff are often not comfortable discussing the topic – often because no real analysis has gone into understanding where the pay gap in their organisation comes from
- The reasons behind a pay gap are often issues that need to be addressed in the longer term, for example increasing the number of women in board level positions
- Companies need to develop a real communication plan that clearly explains the numbers behind their pay gap report, so that people don't assume the gap is simply due to women being paid less

What can be done about it

- Organisations need to be plain and clear about their numbers, explain why they are the way they are and, most importantly, focus on a clear action plan to address the issue
- The FS sector is actually doing the most to tackle pay gap problems than any other industry, but FS companies are very bad at communicating it
- Guidance is now available on what works to reduce pay gaps, based on evidence. These include
    - Skills based assessments and structured interviews (ie ensuring all candidates are asked the exact same questions in the same order)
    - Transparent salary ranges and negotiation within them
    - Transparency in promotion, pay and reward

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