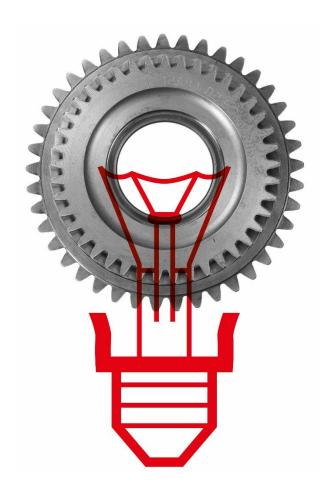
# **BBC**

# Equal Pay Audit Report

October 2017



Eversheds Sutherland (International) LLP ("ES") and PricewaterhouseCoopers LLP ("PwC") have been separately instructed by the BBC to conduct an equal pay audit of graded staff levels within the BBC Public Service. The audit included some on air staff who have a staff grade employment contract with the BBC, but not those who were freelance or who have On Air Talent contracts. It is understood that the BBC will be reviewing its on air staff as a separate exercise.

ES and PwC have undertaken separate and clearly defined roles as set out in more detail below.

In completing this audit the five stage process contained within the Equality and Human Rights Commission (EHRC) toolkit on equal pay, a summary of which is attached as Appendix 2, was followed by PwC and ES.<sup>1</sup>

In summary, PwC's role in the equal pay audit involved working with the BBC to source, validate and review the quality of the data that ES then used for the audit. Their role included suggesting potential lines of investigation based on the data. PwC also sought to identify appropriate sample male and female comparisons where on the face of it one might have expected the pay to be the same but where it differed by more than 5%². Samples of individual case comparisons were selected from every job role where there was a greater than median 5% base pay gap, from a sample of jobs across the same grade, and a small number of outliers. This enabled ES to conduct more detailed examination of the reasons why in those cases, the pay was different.

These cases were examined not only to see if they might reveal potential areas of discrimination but also to test the procedures which have been used to determine an individual's pay. A detailed explanation of the respective roles of PwC and ES are set out in Appendix 1. The process for selection of individual comparisons is also set out in Appendix 1.

#### **Executive Summary**

This Executive Summary is provided to identify key conclusions and recommendations – further detail is set out in the body of the report.

- The high level job role data does not indicate that systemic gender discrimination is present. There are 575 distinct job roles of which 190 have a small number of individuals and a single gender represented. 123 job roles have a median pay gap (as defined by base salary) of greater than or equal to 5% in favour of men. 100 job roles have a median pay gap of more than or equal to 5% in favour of women. The remainder, (162) have a pay gap in either direction of less than 5%. A more detailed analysis of the statistics as set out in the body of the report supports the overall conclusion.
- Given that the BBC has already progressed a job title review under the Career Path Framework process, we recommend that it is completed as soon as possible to provide more clarity in relation to job titles.
- The BBC has already progressed a review of terms and conditions but this has not yet completed we recommend that this is implemented as soon as possible and documentation retained on
  personnel files for future reference.
- Clear guidelines are put in place to ensure that management discretion is supported by robust pay policy and HR support and that grading decisions are managed within the Career Path Framework.
- ES recommend that it is good practice to have a consistent performance appraisal system in operation to enable individuals to be assessed in terms of their overall development.
- We recommend that the BBC undertakes a line management review of individuals within their people management responsibility to consider why pay differentials are present and to ensure that appropriate documentation is retained to explain why pay for a particular individual is at the correct level. We appreciate that this work has already started but recognise that this needs to continue.

<sup>&</sup>lt;sup>1</sup> The equal pay audit is in line with EHRC toolkit for equal pay audits. The International Standards on Auditing do not apply to this kind of audit.

<sup>&</sup>lt;sup>2</sup> The Equality and Human Rights Commission suggests that differences of 5% or more merit further investigation.

#### **Background and Observations**

In the last 18 months the BBC has been developing a fundamental set of reforms in relation to its pay and grading systems which include job evaluation, proposed new terms and conditions and more transparent market informed pay ranges. In the consultation on the proposed changes to terms and conditions for graded staff, the BBC has recognised that it needs to modernise its pay systems and work toward a simpler, fairer and more consistent BBC.

We can understand why the BBC considered it necessary to do so because a number of pay concerns have been raised by staff, both male and female, regarding the fairness of pay systems and a perception that pay levels did not properly reflect seniority and experience, and were not fairly operated across individuals who were considered to be undertaking equivalent work. The restriction on increases in public sector pay in recent years has also created an environment which has made it difficult for staff to receive increased remuneration without obtaining internal promotion or leaving to take up employment outside of the BBC.

ES has considered documentation issued (i) as part of the terms and conditions consultation; (ii) as part of the ongoing Career Path Framework process; (iii) HR documentation (e.g. contracts) issued under the previous system. The pay policy in operation at the time, when pay differentials between individuals subject to comparison arose, was introduced in 2009. ES (with PwC's support in providing the relevant data as set out above) have considered pay distribution and pay gaps across job roles and job families.

ES only considered documentation held on personnel or recruitment files for the individual comparisons. Typically this would include offer letters, employment contracts, appraisals, attachment/promotion details and pay information. In a number of cases, additional explanations were also provided by managers to supplement the information provided. It is recognised that documentation may be retained elsewhere, and that managers often know the background to pay decisions which may not have been recorded but which can be provided orally.

This exercise of course is an audit, not a comprehensive view of the pay of each and every individual employee. Therefore the conclusions reached below are based on comparisons undertaken and should not be read as concluding that there are no individual potential equal pay issues within the BBC. Any individual pay concerns should be raised with HR/line management and investigated appropriately.

# **Analysis**

The first exercise we have undertaken is to consider a range of statistical information, which casts some light on the explanation for pay differences in particular grades, in favour of either men or women. The table below sets out these statistics, using data from the BBC as at 11<sup>th</sup> September 2017 when the audit commenced<sup>3</sup>. We provide information on both base pay and base plus allowances but the focus of this report is on base pay in line with the recommendations made by the EHRC toolkit, and the fact that allowances are generally allocated by job or location (see section on allowances below).

There are 575 distinct job roles of which 190 job roles have a small number of individuals and a single gender represented comprising 552 individuals in total. Of the remaining jobs, 123 have a median pay gap (as defined by base salary) of greater than or equal to 5% in favour of men. 100 job roles have a median pay gap of more than or equal to 5% in favour of women.

<sup>3</sup> The data in an organisation the size of the BBC will change on a regular basis. The data in this report is frozen as at 11<sup>th</sup> September 2017

# Base salary - all individuals

		Median	Mean		
Job pay gaps:	Jobs	Headcount	Jobs	Headcount	
>=5% in favour of female	100	2,666	81	1,465	
<5% in favour of female	65	2,857	83	3,925	
No pay gap	14	365	3	6	
<5% in favour of male	83	8,881	90	9,478	
>=5% in favour of male	123	2,889	128	2,784	

Base salary plus allowances – all individuals

3-1		Median	Mean		
Job pay gaps:	Jobs	Headcount	Jobs	Headcount	
>=5% in favour of female	103	2,532	91	1,736	
<5% in favour of female	73	5,152	85	3,669	
No pay gap	10	158	3	6	
<5% in favour of male	73	6,501	80	9,154	
>=5% in favour of male	126	3,315	126	3,093	

The above figures paint a broad picture, not least because some of the jobs are undertaken by a very small number of individuals. In order to test the position more rigorously, we have considered the situation where there are at least 50 individuals in a particular job and minimum gender representation of at least 10%. That produces the following statistics:

Base salary – 50+ individuals, minimum of 10% representation of both genders

Job pay gaps:		Median		Mean		
Job pay gaps.	Jobs	Headcount	Jobs	Headcount		
>=5% in favour of female	10	1,599	6	785		
<5% in favour of female	15	1,905	18	2,727		
No pay gap	2	207	0	0		
<5% in favour of male	20	7,449	21	7,443		
>=5% in favour of male	12	1,016	14	1,221		

Base salary plus allowances – 50+ individuals, minimum of 10% representation of both genders

		Median		Mean		
Job pay gaps:	Jobs	Headcount	Jobs	Headcount		
>=5% in favour of female	8	1,400	6	773		
<5% in favour of female	20	4,047	14	2,363		
No pay gap	1	63	0	0		
<5% in favour of male	17	5,636	25	7,823		
>=5% in favour of male	13	1,030	14	1,217		

ES were able to conclude that, overall, the high level job role data does not indicate that systemic gender discrimination is present.

In addition, ES has undertaken an audit of pay arrangements by grade across the whole pay range. ES notes that the BBC has recently undertaken a job evaluation exercise with external support whereby each job profile has been evaluated and grouped using the existing 2 to 11 grading system. Roles in these grades (2 to 11) have been mapped into new broad bands A – F (grades 2 to 9 would fall within bands A to D, whilst grade 10 is mapped to the proposed band E and grade 11 is mapped to new band F) which the BBC would like to implement. The pay ranges for each individual broad band are then supplemented by job specific pay ranges. These have been developed taking into account external market forces and recruitment pressures to ensure they facilitate ongoing internal pay progression and external competitiveness. Factors such as experience; specialist skills; external market factors, and additional or specific duties will also explain why there will be differences within grades and within bands.

We have therefore also analysed the statistics by focusing on the gender pay gaps in grades 2-11 as set out in the table below, which identifies the median and mean pay gaps by grade, current base pay and base pay plus allowances (minus figures indicating pay gaps in favour of women in line with the ONS' approach):-

Grade pay	Headcount	Base Salary		Base Salary plus	allowances
gaps	пеацсоції	Median	Mean	Median	Mean
2	139	0.4%	0.2%	0.4%	2.4%
3	379	-2.8%	-1.0%	5.2%	4.5%
4	967	-6.5%	-5.9%	-2.5%	-3.0%
5	1,638	-1.2%	-0.2%	3.5%	4.3%
6	849	-1.7%	-0.2%	0.4%	1.0%
7	6,270	4.1%	3.9%	6.5%	5.4%
8	3,638	0.7%	1.6%	0.7%	1.6%
9	1,939	5.5%	4.4%	5.2%	4.4%
10	1,731	3.4%	4.0%	2.7%	3.7%
11	596	4.5%	7.0%	4.0%	6.2%

The table shows that at grade 4, the median salary gap is in favour of women by more than 5% and grade 9 has a median in favour of men by more than 5%. Overall the tendency is that the median gaps move from being in favour of women at the lower grades to being in favour men at higher grades.

The question that arises is why this should be. There are many contributory factors and it is not possible to identify in this audit what precisely the factors are. It may be the result of recruiting more men than women for more senior jobs or more women than men in more junior roles. However, one factor that arguably provides some explanation is length of service of employees in those particular grades.

Median				Mean				
Job pay gaps:	Jobs	Headcount	Avg. male length of service in role (years)	Avg. female length of service in role (years)	Jobs	Headcount	Avg. male length of service in role (years)	Avg. female length of service in role (years)
>=5% in								
favour of								
female	100	2,666	4.1	5.0	81	1,465	4.0	4.9
<5% in								
favour of								
female	65	2,857	4.7	4.9	83	3,925	4.5	5.0
No pay gap	14	365	3.7	4.9	3	6	2.7	2.7
<5% in								
favour of male	83	8,881	4.7	4.7	90	9,478	4.7	4.6
>=5% in								
favour of male	123	2,889	4.4	3.6	128	2,784	4.5	3.7

This table demonstrates that those jobs where the median gap is in favour of men, length of service is higher, and vice versa. Length of service itself is not an appropriate basis for determining pay, however it may reflect increased knowledge and experience, and therefore value to the organisation. No precise correlation can be determined but it appears to be more than chance that in the cases where the median is in favour of either gender, the average length of service in role is longer for men, and vice versa.

Finally, the table below sets out the impact that the reforms being put in place by the BBC would have on future proposed base salary within grades. These will drive down the gender pay gaps which affect both men and women. In the context of gender pay reporting, these figures are healthy, and illustrate that there does not appear to be any form of systemic discrimination against either men or women.

Grade pay	Headcount	Future propos salary o	
gaps		Median	Mean
2	139	0.3%	-1.0%
3	379	-2.8%	-1.1%
4	967	-5.0%	-5.5%
5	1,638	-0.4%	0.2%
6	849	-1.7%	-0.1%
7	6,270	3.6%	3.7%
8	3,638	0.7%	1.6%
9	1,939	5.7%	4.2%
10	1,731	3.5%	3.9%
11	596	4.0%	6.2%

#### Sampling

PwC identified individuals to conduct a more detailed examination of the reasons underlying their pay.

Appropriate sample male and female comparisons were identified from every job role where the median pay gap was 5% or above. The comparisons were selected on the basis that one might have expected the pay between a man and a woman to be the same but where it differed by more than 5%. We sampled comparisons provided by PwC (in line with the audit process outlined at Appendix 1) by considering documentary evidence for 300 individual comparisons (c.600 employees) and made additional enquiries which enabled us to reach the conclusions outlined below. Comparisons were made for those in the same job and for those doing different jobs in the same grade. Analysis has also been undertaken of outliers.

We have analysed the reasons for any pay disparities which exist, and whether they are gender related. We found the following:

- In 91% of comparisons there appears to be a non-gender reason for the pay differential; whilst the quality of the evidence varies (in some cases being particularly strong and in others less so) it is sufficient for ES to draw the conclusion that it is unlikely that the difference in pay is by reason of gender. Further information will need to be gathered in some cases.
- In 8.6% of comparisons there was insufficient information to understand whether there was a nongender reason for the pay differential; further investigations have therefore been recommended.<sup>4</sup>

Examples of the reasons identified for the pay differentials were market forces, specialist skills, TUPE transfer protection, attachment pay increases, experience and differing levels of responsibility. Such examples equally applied to our analysis of outliers, where in many cases the levels of knowledge and responsibility of the individuals being compared were very different from others in their grade.

It is important to note that the comparisons were selected on the basis that there were differentials in favour of both men and women. The reasons identified explained why both men and women in the comparators received higher pay. Furthermore it is important to note that in the case of both men and women alike, there was sometimes a gap in the relevant information.

#### Allowances

Allowances are paid in addition to basic pay, provided individuals meet specific criteria. We have not reviewed in detail the allowances paid but have reviewed some documentation setting out the basis of these allowances and reviewed statistical information generated by PwC regarding the payment of these allowances. These can be summarised as follows:-

#### London Weighting Allowance

The payment of an additional allowance to employees based in London is an established allowance which, whilst originating in the public sector has since also been applied in the private and third sectors. No challenge has been made to payment of the LWA given the recognition of the increased cost of living in London and its surrounding areas, thus providing a legitimate basis for payment.

The statistical analysis provided by PwC, together with the files we have reviewed, demonstrate that payment of the LWA is consistent in its application, and does not discriminate in favour of males or females. We have seen no evidence to suggest otherwise, nor does the LWA appear to be in any way inherently discriminatory.

On this basis, we have not reviewed in detail the application of the LWA to individuals, but recommend that the payment of LWA is kept under review to ensure that it is applied consistently and only paid in appropriate circumstances.

#### Flexible Allowance and UPA (unpredictability allowance)

The BBC operates three different allowances linked to flexibility - UPA1 UPA2 and Flexibility allowance. In principle it is justified to pay more for increased flexibility.

Moreover, the analysis from PwC shows that for those eligible roles across the BBC, there is very little difference in the proportion of men and women in terms of take-up of the allowances overall. Flexibility allowance and UPA 1 are paid at the same rate. UPA 2 is a higher level allowance and following union negotiations has not been paid to new joiners since 2008. More men than women receive UPA 2 however they do so in proportion to the gender balance in eligible roles at the time it was closed to new joiners.

#### Other allowances

0.4% is accounted for by the fact that in one case, the comparison could not be undertaken since the comparison involved a freelance worker whose details were unavailable; in any event the comparison would not have been meaningful.

There are a small number of legacy allowances. Because of the number of employees in receipt of these and the total amount involved, they have not been looked at in detail.

# **Market Informed Pay**

The new job pay ranges within the BBC have been devised from reviewing external market data obtained from market leading external sources in order to ensure that pay benchmarking is fit for purpose. The job pay ranges are broad in order to accommodate people with different individual specialisms, skills, and knowledge. We understand that they are also positioned to attract and retain talent, and reward individuals as they develop within their job.

The sampling undertaken has demonstrated that market factors dictate pay differentials in a number of different areas. Pay differentials may be legitimate where, all other things being equal, a man is paid more than a woman doing equal work because the pay range for his role is higher than the pay range for her role (known as a material factor defence). In addition, factors such as experience or skills may explain why a particular employee is paid towards the top of the pay range for his job. In many cases, there is not one cause for a pay differential, but a combination of factors (e.g. external market forces and experience) which explain the differential.

#### **ES Conclusions and Recommendations**

#### 1. Job Titles and Roles Comparisons

When undertaking the comparison analysis we identified that historically there was a wide variety of job titles which created a lack of clarity in relation to what roles are performing the same or similar work. We understand from the Career Path Framework project documentation that there were around 5000 job titles in operation which will be reduced to 575 once the Career Path Framework is fully implemented.

The job family data indicates that the gender pay gap is driven by an under-representation of women in the more senior roles within the job families.

#### Recommendation

Where job title issues are identified in an equal pay audit, a job title review would normally be recommended to ensure that the job titles properly reflect what work an individual employee is undertaking and enable more consistency between colleagues.

The BBC has already progressed a job title review as part of the Career Path Framework process. We understand that this has not yet been implemented and we would recommend that it be completed as soon as possible to provide more clarity in relation to job titles.

#### 2. Contractual Arrangements

The personnel documentation shows that there are a mix of employment contracts in existence and a variety of allowances applicable. Not all contracts are available on personnel files. Also a number of contracts were for fixed terms but historically there was a lack of consistency in relation to how extensions to contracts were captured and retained. Nevertheless, the basic system of remuneration as detailed above in this report is clear thus enabling comparison to be made.

#### Recommendation

The BBC has already progressed a review of terms and conditions which has been combined with a job evaluation process to ensure that roles are properly evaluated and that appropriate terms and conditions are applied to achieve consistency. Whilst this has not yet been completed, it is recommended that this is implemented as soon as possible, and documentation issued is retained on personnel files for future reference.

# 3. Management Discretion in Grading Allocations and Starting Salaries

In undertaking the individual analysis we observed some management discretion in the allocation of grades when individuals were recruited into roles. Historically the manager appeared to have some discretion to select the most appropriate grade for a role and determine the starting salary. The absence of a clear framework for allocation of roles to grades, and the exercise of such management discretion in this respect and in relation to the setting of starting salaries, can potentially cause equal pay or fair pay issues to arise.

#### Recommendation

It is important to have a balance between management discretion on grading and starting salaries and control over pay systems. We would recommend that clear guidelines are put in place to ensure that there is a robust pay policy and guidelines within which management make decisions and that grading decisions are managed within the Career Path Framework. We would also recommend that the rationale for starting salary decisions is considered by reference to agreed job role pay ranges and properly recorded and retained for future reference. We would also recommend that template documentation is developed to capture pay decisions as much as possible to achieve consistency in decision making and record retention.

#### 4. Documentation on Personnel Files

A common issue in equal pay audits, which was also identified in this audit in particular, is the regular lack of documentation contained on either personnel or recruitment records. Often managers have background information which has not been documented. It is good practice to ensure that this is captured in a document, ideally contemporaneous but if necessary retrospectively, as heavy reliance on oral evidence is not recommended. Managers may leave the business and if their rationale for pay decisions has not been captured that valuable evidence can be lost.

Having a well-documented system showing contractual arrangements in force and demonstrating pay decisions taken, and other relevant factors such as appraisal decisions, is important in operating a fair and consistent pay process which can demonstrate that decisions have been taken for justifiable reasons and were not related to gender (or indeed any other protected characteristic).

We note however that the BBC has recently put in place an HR Service Centre, thereby implementing a system whereby core documentation can be retained and is readily accessible by HR in a controlled manner; line managers are therefore able to obtain information on request from HR.

#### Recommendation

We would recommend that all personnel files be reviewed against the existing framework for core document retention to ensure that historical documents are available, whether recruitment related, contractual, appraisal or relating to pay protection or increases. ES recognises the steps already taken by the BBC to achieve this, given that the new system ought to ensure more robust document management.

# 5. Appraisals

The retention of appraisal documentation is not consistent which makes it difficult to compare like with like. On some personnel files there were regular appraisals documented and on others there were none.

ES understand that managers have discretion to plan when they hold conversations with their team and therefore there is lack of consistency, albeit under the appraisal system each employee will have a conversation with their manager within a 12 month period. Current arrangements agreed with the trade unions also provide that individuals can choose whether to have a rating or not and would discuss this as part of the appraisal process.

#### Recommendation

It is good practice to have a consistent performance appraisal system in operation to enable individuals to be consistently assessed in terms of their overall development. Whilst there is such a system in place, we would recommend a review is undertaken of record keeping so that development discussions can be recorded.

#### 6. Individual Analysis Categories

Our analysis resulted in us reaching the following conclusions:-

- In 91% of comparisons there appears to be a non-gender reason for the pay differential; whilst the
  quality of the evidence varies (in some cases being particularly strong and in others less so) it is
  sufficient for ES to draw the conclusion that it is unlikely that the difference in pay is by reason of
  gender. Further information will need to be gathered in some cases.
- In 8.6% of comparisons there was insufficient information to understand whether there was a nongender reason for the pay differential; further investigations have therefore been recommended.<sup>5</sup>

Comparisons undertaken identified pay differentials in favour of both men and women.

## Recommendation

We would recommend that the BBC undertakes a line management review of individuals within their line management remit to consider why pay differentials are present and to ensure that appropriate documentation is retained to explain why pay for a particular individual is at the correct level. This process may include taking any remedial actions which are appropriate to ensure equal pay/fair pay is operated and that there is consistency in decision making which is properly recorded and retained. As noted above, we appreciate that this work has already started and understand that this will continue.

## **Confirmations**

<sup>5 0.4%</sup> is accounted for by the fact that in one case, the comparison could not be undertaken since the comparison involved a freelance worker whose details were unavailable; in any event the comparison would not have been meaningful.

We confirm that we have supported the BBC with this audit in accordance with the process recommended in the Equality and Human Rights Commission toolkit and as set out in detail above. In accordance with that process and as agreed with ES, where potential pay inequality was identified, we have selected potentially comparable male and female employees in order to allow ES to test and review whether the pay differentials may be justified.

Signed	
on behalf of PricewaterhouseCoopers LL	P

We confirm that we have progressed this audit in accordance with the process recommended in the Equality and Human Rights Commission toolkit. In accordance with that process we have reviewed the spreadsheet pay data provided by PwC and personal documentation provided by BBC Reward/HR for each individual employee within male/female comparisons to assess the reason for any pay differential, ascertain how determination of pay was reached by reference to the applicable pay policy, understand whether causes of pay differences are tainted by gender discrimination, considered how management discretion was exercised, and established how decision making in relation to pay was captured/recorded/retained to enable us to reach the conclusions and recommendations outlined above.

Sianea	Signed	
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on behalf of Eversheds Sutherland (International) LLP

# Appendix 1

#### The Audit Process - Roles and Responsibilities of each party

#### **PwC**

#### PwC's role in relation to the audit involved the following:

- · Gathering, aggregating and analysing data as requested by the BBC and agreed with ES
- Checking the validity of the source data, the correct components of pay used, against the correct individuals
- Checking the overall calculation across job roles and job families. Where additional elements of pay were required, liaising with BBC Reward to collect and blend data required for calculations.
- Identifying at least one male/female comparison sample within each job role who appeared (where
  possible) to be close in terms of location, time in role and between whom there was an apparent pay
  differential which on its face required further legal analysis by ES
- Identifying at least 10 male/female comparisons in all of the ten staff job grades across job families who are close in terms of location, time in role and between whom there is a pay differential which, again, on its face requires further legal analysis
- Capturing around 20 further male/female comparisons in job roles/families identified during the job family meetings already conducted between PwC, ES and the BBC.
- Provided such further support in relation to data extraction and review that ES required during its process of analysis in relation to the underlying pay data.

# BBC HR/Reward

Supervised the work carried out by ES and PwC. Provided information for each individual employee within the male/female comparisons identified including:

- Starting salary with organisation
- Starting salary in role
- Salary history in role showing all pay rises and payroll reason given for the same
- Copies of personal documentation in scanned document format for each individual employee within a male/female comparison for consideration to explain pay differential which may include:-
- DAG and/or SMRC approvals
- Explanation for starting salary in role e.g. recruitment paperwork
- Documentation issued when pay rises awarded
- Any performance appraisal documentation
- Any documentation in relation to any increase in role responsibilities
- Contract of employment
- CV or application form
- Any recruitment and retention information
- Any personal pay protection information e.g. TUPE/redundancy

# ES

Once PwC had gathered the data as set out above, ES was responsible for analysing the data and carrying out the audit. In this role, ES reviewed the spreadsheet pay data and personal documentation supplied for each individual employee within male/female comparisons to: assess the reason for any pay differential; ascertain how determination of pay was reached by reference to the applicable pay policy; understand whether causes of pay differences were tainted by gender discrimination; considered how management discretion was exercised; and establish how decision making in relation to pay was captured/recorded/retained.

ES then prepared and finalised this audit report summarising the audit process adopted and confirming its compliance with the EHRC recommended process, setting out conclusions reached and making any

recommendations considered necessary to ensure that consistency is achieved and transparent pay systems are operated.

#### **Selection of Individual Comparisons**

PwC selected the individual comparisons from those job family roles under the Career Path Framework which showed a gender pay gap of 5% or above either in favour of men or women. Comparisons were selected by PwC on the basis that where the job role showed a gap in favour of men, a pay differential would be considered which benefited the male employee; where the job role showed a gap in favour of women, a pay differential would be considered which benefited the female employee. The Career Path Framework job families had been created following a job evaluation process implemented by the BBC with support from Willis Towers Watson whereby individual roles were evaluated using an analytical job evaluation process. Neither PwC nor ES were involved in that job evaluation process and have not reviewed it as part of this audit.

In addition there were further selections looking at those employees within job families who fell either below or above the pay range for the job family and also some comparisons across roles within job families and within the same band but across job families.

# Appendix 2

# Equal Pay Audit Process in accordance with the Equality and Human Rights Commission (EHRC) Equal Pay Toolkit.

## 1. Decide on scope

- the data needed
- which pay and/or bonus gaps to analyse
- · who to involve
- within business area/across business units.

# 4. Analyse causes of pay gaps

- examine pay policies and practices to establish consistency and appropriate checks and balances for exercise of management discretion
- undertake individual case comparisons to understand reasons for pay differentials and how these are evidenced
- are causes tainted by discrimination?

# 2. Identify which jobs involve 'equal work'

- like work
- · work of equal value
- work rated as equivalent in a job evaluation study.

# 3. Collect and compare pay data

- calculate average hourly rates and total earnings across organisation and across pay bands/job groups
- calculate gender bonus gaps
- identify pay and bonus gaps above 5%
- compare other elements of pay package.

#### 5. Develop and implement an action plan

- decide on remedial action and timescales
- consider if need to change terms and conditions or implement ring fencing
- assess if need to change policies and practices including recording decision making and record retention
- ongoing monitoring/review
- prepare a communications plan

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