



CYNGOR PARTNERIAETH Y GWEITHLU
WORKFORCE PARTNERSHIP COUNCIL

Workforce Partnership Council (WPC) Report

Fair work – Gender pay gap and
senior pay ratio data





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Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.



Introduction

1. This paper supports the WPC's ambition to deliver fair work and its objective of promoting transparency of pay levels, encouraging equality and tackling the gender pay gap¹.
2. It aligns with the aims of the Well-being of Future Generations Act 2015²; in particular it supports the well-being goal of a more equal Wales. It relates directly to 'Prosperity for All', the Welsh Government's National Strategy³, 2017, especially the key theme of a prosperous and secure Welsh economy which "tackles inequality." Furthermore the recommendations of the Fair Work Commission's report were clear on the need for accurate accessible data.

The section on the gender pay gap relates closely to the Welsh Government's review of gender equality⁴.

Gender pay gap reporting background

3. Since 2011, public sector bodies in Wales have been required to publish their gender pay gap and record which steps they are taking to address it⁵ ⁶. Since 2017, all large employers across Britain have been required to simply publish their gender pay gap⁷.
4. In March 2018, the Welsh Government published its Employability Plan which committed to taking action to reducing the gender pay gap and to "monitor differences between sectors and occupations"⁸.
5. In July 2018, Julie James AM announced that the Welsh Government would commission Chwarae Teg to review gender and equality policies. The review found weaknesses in gender pay gap reporting.

¹ WPC Work Programme 2019-20.

² Well-being of Future Generations Guidance www.gov.wales/well-being-future-generations-wales-act-2015-guidance.

³ Prosperity for All: the National Strategy Welsh Government www.gov.wales/prosperity-all-national-strategy.

⁴ Gender Equality Review Oral Statement www.gov.wales/oral-statement-review-gender-equality.

⁵ The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 www.legislation.gov.uk/wsi/2011/1064/contents/made.

⁶ Information on the gender pay gap in Wales, Equal Pay Portal www.equalpayportal.co.uk/wales/.

⁷ Gender pay gap reporting: overview, UK Government, 2017 (updated 2019). www.gov.uk/guidance/gender-pay-gap-reporting-overview. These regulations don't apply to Welsh public bodies as they are already covered by the 2011 regulations.

⁸ Employability Plan www.gov.wales/sites/default/files/publications/2019-03/employability-plan-2.pdf.

6. According to a 2018 Wales Centre for Public Policy report commissioned as part of the review:

"The Welsh Specific Equality Duty on gender pay gaps was intended to be the strongest and most effective of the specific duties on gender pay gaps in the UK. However, the duty was badly drafted; gender pay gaps become 'gender pay differences' implying neutrality, and to interpret the originally-intended meaning, the duty has to be 'read across' four regulations... There is poor visibility of published results, and monitoring has been weak⁹."
7. In May 2018, the National Assembly's Equality Committee published a report on 'Parenting and employment in Wales' which recommended that:

"We recommend that the Welsh Government publishes employment data required by the Welsh public sector equality duties to a single location on the Welsh Government's website, in a format that allows the data to be analysed easily¹⁰."
8. In response, the Welsh Government said that early action would be taken in line with this recommendation and that they will continue to encourage public bodies to publish this data openly and in accessible formats¹¹.
9. Subsequently the Welsh Government's Knowledge and Statistics division together with the Equality and Human Rights Commission have reviewed the operation of the public sector equality duties, which includes gender pay gap reporting. They have organised seminars and written to Welsh public bodies requesting that they publish their public sector equality data, which includes the gender pay gap in an open format on their websites. Over 40 public bodies have responded and links to their open data are now collated and published on line (see table 1 below)¹². However, not all of these organisations currently include the gender pay gap in their returns. A further letter has since been sent to increase the number of publications shared. Further data could be added to this webpage, including senior pay data.

⁹ Putting equality at the heart of decision-making Wales Centre for Public Policy, Alison Parken, 2018 www.wcpp.org.uk/wp-content/uploads/2018/07/Putting-equality-at-the-heart-of-decisionmaking-corrected-final.pdf.

¹⁰ Parenting and employment in Wales www.assembly.wales/laid%20documents/cr-l11669/cr-l11669-e.pdf.

¹¹ Parenting and employment in Wales – Welsh Government Response www.assembly.wales/laid%20documents/gen-l11734/gen-l11734-e.pdf.

¹² Public Sector Equality Duty, Stats Wales www.statswales.gov.wales/Catalogue/Equality-and-Diversity/Public-Sector-Equality-Duty.

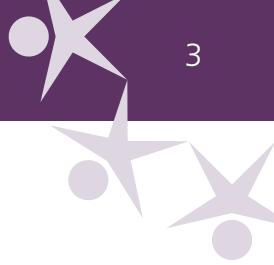


Table 1: Number of organisations per sector which have published links to the public sector equality duty data in an open format on the StatsWales website, 2019¹³

Sector	Number per total in sector
Health boards	9 of 9
Local government	12 of 22
National parks	1 of 3
Universities	7 of 8
WGSBs with executive functions	6 of 9

10. In March 2019 the Fair Work Commission published its report which stated in its recommendations that:

"We support the proposal to make gender pay gap monitoring a national milestone and welcome the feasibility work on extending the milestone to disability and ethnicity pay differences¹⁴."

11. In September 2019, the Welsh Government's review of gender and equality was published by Chwarae Teg. It found that the gender pay gap was "the most pressing concern for women in Wales¹⁵.

It recommended that:

"All public bodies should publish their gender pay gap analysis in a clear and accessible part of their website alongside collating and publishing ethnicity and disability pay gaps".

12. Our report considers how accessible the current data is. It looks at whether gender pay gap data for 2017-18 was accessible on the web when sought in August to September 2019.

¹³ Stats Wales (see above). Data retrieved 22/10/19.

¹⁴ Fair Work Wales, Report of the Fair Work Commission www.gov.wales/sites/default/files/publications/2019-05/fair-work-wales.pdf.

¹⁵ Gender Equality: A Roadmap for Wales www.chwaraeteg.com/wp-content/uploads/2019/09/Gender-Equality-a-roadmap-for-Wales.pdf.

Senior pay background

13. The Localism Act 2011 requires each local authority in England and Wales to publish annually a pay policy statement setting out its policies relating to (a) the remuneration of its chief officers, (b) the remuneration of its lowest paid employees and (c) the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. This followed the recommendations made in a report by Will Hutton earlier that year.
14. Since 2011-12 the UK Treasury's financial reporting manual (FReM) – the official accounting guidance to those handling public funds, including NHS organisations – has also required that reporting organisations publish in their annual accounts their top to median pay ratio¹⁶. The difference between the requirements of the Localism Act and FReM mean it is difficult to directly compare senior pay data between sectors.
15. Both sets of regulations have the same aim: to ensure transparency in the setting of senior pay and to address concerns about inequality outlined in the Hutton Review of Fair Pay in the Public Sector¹⁷.
16. The National Assembly's Public Accounts Committee (PAC) undertook an inquiry into senior management pay across the public sector in November 2013. The Wales Audit Office published a memorandum on the subject in 2014¹⁸ to inform the PAC's subsequent report¹⁹.
17. The PAC made 23 recommendations to the Welsh Government, all of which were accepted. This included the requirement to publish an annual report collating data on senior pay from Welsh public bodies. A number of these recommendations are on-going.
18. In line with the PAC recommendations, the Welsh Government published guidance on reporting senior pay in 2015²⁰. This specified that all public sector bodies in Wales (and not just local authorities and fire services) should publish pay policy statements and that these should state the relationship between the remuneration of senior posts and that of the lowest-paid employees.

¹⁶ 'Pay ratio reporting: why the time for action is now' Stuart Hill, Sheffield Political Economy Research Institute blog, 2017 www.speri.dept.shef.ac.uk/2017/02/02/pay-ratio-reporting-why-the-time-for-action-is-now/.

¹⁷ Hutton Review of Fair Pay in the Public Sector www.webarchive.nationalarchives.gov.uk/20130102175350/http://www.hm-treasury.gov.uk/d/hutton_fairpay_review.pdf.

¹⁸ 'Senior Management Pay across the Welsh public sector Memorandum for the Public Accounts Committee', Wales Audit Office, 2014 <http://www.senedd.assembly.wales/documents/s24024/WAO.pdf>.

¹⁹ Public Accounts Committee Senior Management Pay Report National Assembly, 2014 www.hefcw.ac.uk/documents/publications/hefcw_reports_and_statistics/HEFCW%20Senior%20Pay%20Report%20January%202019.pdf.

²⁰ 'Transparency of Senior Remuneration in the Devolved Welsh Public Sector' – Welsh Government, 2015 www.gov.wales/transparency-senior-salaries-devolved-public-sector.

19. In 2016 the Public Services Staff Commission published advice and guidance on senior pay. The paper found that not all the required data was easily accessible²¹. In the same year the Trade Union Side of the Workforce Partnership Council produced its report on this matter²². This requested a written report from the Welsh Government to WPC outlining what actions and progress are being made against all 23 recommendations, which was duly provided. Also in 2016 the chair of the PAC wrote to the Welsh Government to say that they “would not seek any further updates” on the issue²³.
20. In 2017 the Welsh Government published the first of its annual reports on senior pay, which included data on the high to median pay gap²⁴. In 2019, HEFCW published its report on senior pay in universities²⁵ following a request from the Welsh Government.
21. In March 2019, Fair Work commission’s report defined ‘fair reward’ as one of the principles of fair work and stated that a key indicator is whether “there is transparency [within an organisation] in pay distribution including reporting ratio of senior pay to the median of their workers’ pay and an action plan to address pay gaps.” They recommended that:

“Key administrative data are collected systematically by the Office for Fair Work to help monitor progress and to inform annual reporting on Fair Work Wales.²⁶”
22. The Welsh Government has proposals to introduce pay principles for public services and its officials have stated that these could provide an opportunity to support improved pay reporting²⁷. Furthermore, as noted in paragraph 9, the StatsWales webpage on public sector equality duty data could be expanded to include links to each public body’s data on senior pay in an open format.
23. This paper builds on the data and analysis in the previous reports referred to above, especially with regard to the accessibility and consistency of the data.

²¹ Transparency of Senior Pay in the Devolved Welsh Public Sector Observations and proposed way forward Public Services Staff Commission, 2016 www.gov.wales/transparency-senior-pay-devolved-welsh-public-sector.

²² ‘TU side Paper on Senior Salaries’, Workforce Partnership Council Paper, October 2016.

²³ Letter regarding to Senior Management pay Nick Ramsay, AM, December 2016.

²⁴ Senior management pay across the Welsh public sector, 2015 – 2016 Welsh Government, 2017.

²⁵ Senior Staff Pay – Universities in Wales Academic Year 2016/17, HEFCW, 2019 (Saesneg yn unig) www.hefcw.ac.uk/documents/publications/hefcw_reports_and_statistics/HEFCW%20Senior%20Pay%20Report%20January%202019.pdf.

²⁶ Fair Work Wales.

²⁷ WPC JEC Minutes, September 2019.

Methodology

23. The focus of this report is the accessibility and consistency of the data which public bodies are required to publish.
24. In July-September 2019 we undertook desk research on the online accessibility of key data sets, namely:
 - the multipliers (or ratios) between each organisation's highest paid director and its median and lowest salary;
 - the median gender pay gap.
25. We also noted whether a pay policy statement was accessible and sought to gain a broad understanding of how accessible senior pay and gender pay gap data was to the public.
26. When deciding which bodies to include in this exercise we decided to follow a similar pattern to the WAO in their 2014 report and include health boards, local authorities and "bodies funded directly from the Welsh Consolidated Fund and Welsh Government Sponsored Bodies, and other bodies (the Children's, Older People's and Welsh Language Commissioners and Estyn) funded by the Welsh Government²⁸". We also included fire and rescue services, as they are covered by the requirements of the Localism Act 2011 to produce low to high pay ratios.
27. We took the approach of a member of the public seeking this information. We looked for this data using search engines to comb public bodies' websites. After an initial scoping stage it was decided to concentrate on 2017-18 senior pay data, as this was the year for which most public bodies had published data. We decided to select 2018-19 as the sample year of gender pay gap reporting, as this was the year when the UK government's regulations and central reporting mechanism came into operation, which was adopted by some Welsh bodies. For the purposes of this report, data is defined as being "accessible" if we were able to find it on the web.

²⁸ Pages 21 and 24, Wales Audit Office, 2014.



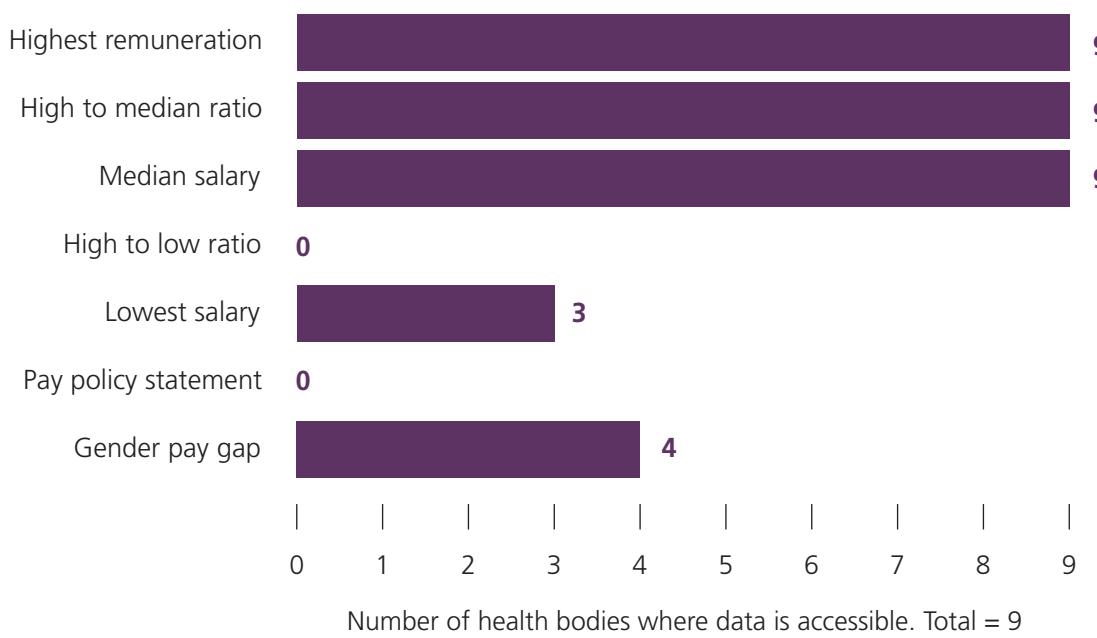
Our findings: general

28. In undertaking our exercise within the WPC this month we found that the location of the senior pay data was not consistent. Many organisations placed the data in a pay policy statement, as specified in Welsh guidance in 2015²⁹. It was relatively straightforward to find the relevant data in these statements as they are relatively short and focussed, often less than 20 pages long.
29. However, in 30 of 54 instances the senior pay data could only be found in annual reports, accountability reports, statements of accounts or financial reports. This made it more difficult to find the relevant data on two counts. Firstly, it was difficult to identify and access the correct corporate document. Secondly, it was more difficult to find the data itself as these documents are long, often over a 100 pages in length. For example, whilst the relevant data could be found on pages 7, 9, 13 and 15 in a sample of pay policy statements, it was found on pages 69, 107, 111 and 127 in a sample of annual reports and similar documents.

Our findings: sectors

Health

Chart 1: Accessibility of NHS pay data

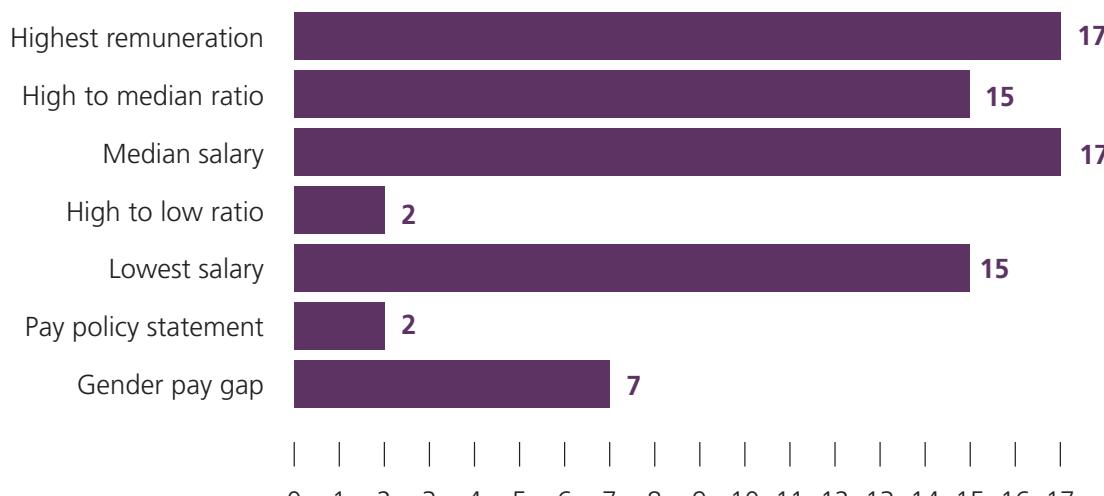


²⁹ "Public sector bodies in Wales should have published Pay Policy Statements available to the public", Welsh Government, 2015.

31. All health bodies provide data on highest and median pay and the relationship between them. These are the first three categories in the chart above. This data is required under UK Treasury's financial reporting manual regulations.
32. On the other hand, the need to publish data on the lowest salary and its relation to top pay and to do so in a pay policy statement is only stated in Welsh guidance. We found that it was not as accessible as other data. In fact, the low to high ratio was not accessible from any of the health bodies.
33. Health bodies provided the above data either in their annual reports, rather than in a separate pay policy statement, or on the UK government's online gender pay service³⁰.

Devolved sector

Chart 2: Accessibility of devolved sector pay data



34. We selected a sample of 17 devolved public bodies for this exercise, based on those surveyed in the 2014 Wales Audit Office report referred to above.

³⁰ Gender pay gap service, UK government www.gender-pay-gap.service.gov.uk/.

35. The accessibility of data from this sample follows a similar pattern to that of health. Where data is specified in FReM regulations i.e. that relating to the highest and median pay, it was found to be accessible. However, for the other categories, which are specified in Welsh guidance, we found that the data was less accessible. The exception was data on the lowest salary, which was accessible in all but two cases.
36. For the most part this data was accessed in annual reports. In only two instances was it found in a pay policy statement. Two bodies made their data accessible on the gender pay gap service webpage.

Local authorities

Chart 3: Accessibility of local authority pay data

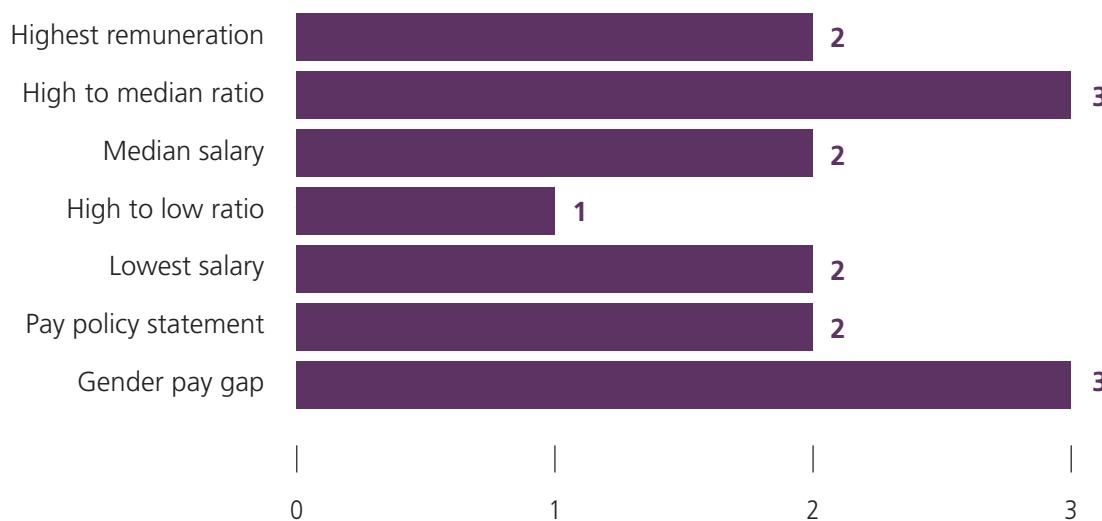


37. As noted above, local authorities fall under regulations stemming from the Localism Act (2011) which places a requirement on them to publish data relating to all the categories in the chart above, except the gender pay gap (which is covered by other regulations).
38. In general terms, we found that the data from local authorities was accessible in most instances. At least 17 of the 22 local authorities provided data in all categories, except the median salary, although it should be noted that 19 of the councils published the high to median pay ratio, which would have required the calculation of the median salary.

39. It was easiest to access where pay policy statements were available on-line, as specified by the Localism Act. This was the case in 18 of the local authorities.
40. In three instances 2017-18 senior pay data wasn't accessible and so 2018-19 data was accessed instead.

Fire and rescue services

Chart 4: Accessibility of fire rescue services pay data



41. Fire and rescue services also fall under the requirements of the 2011 Localism Act and for that reason we have included them in this report.
42. Like the other sectors featured in this report, the fire and rescue services' pay data is not completely accessible, with the chart above drawing attention to gaps. Fire and rescue is the only sector to make all its gender pay gap data accessible.



Key findings

43. The key findings on the online accessibility and consistency of senior pay and gender pay gap data among public bodies in 2017-18 were:
- i. There was a lack of consistency in where senior pay data was located. Since 2015, all public bodies have been expected to publish this data in pay policy statements, but in most cases this data was found to be in annual reports or statements of accounts instead.
 - ii. Not all the data was accessible online, when it was sought as part of our research. In particular, Welsh guidance places an expectation on all public bodies to publish data on the relationship between the remuneration of senior posts and that of the lowest-paid employees. However, this data was not accessible online from many health boards and devolved sector bodies. On the other hand, data on the relationship between senior posts and the median salary – required under the terms of the UK Treasury's financial reporting manual – was accessible online from most health boards and devolved sector bodies.
 - iii. The senior pay and gender pay data from most local authorities and fire and rescue services was accessible online as specified under the Localism Act and Welsh guidance. However, there were some inconsistencies in where and how their data was presented and some gaps in its accessibility on-line.

