



Association of Colleges

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Analysing the Gender Pay Gap

Toolkit for Colleges
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Purpose of Toolkit

1. This toolkit provides a framework for colleges to use when investigating potential gender pay gaps and developing sustainable strategies to remedy identified gaps. By adopting an action-based approach to this topic, colleges will enhance their reputation and increase their appeal as employers of choice.
2. Whilst colleges may publish gender pay data under the public sector Equality Duty, looking ahead, colleges are encouraged to see data publication as the start of the process in tackling the gender pay gap, rather than an end in itself.
3. The Association of Colleges ('AoC') and the National Joint Forum ('NJF') seek to engender good practice within the sector, beyond mere compliance with statutory requirements on gender pay reporting. This toolkit draws on the approach taken by the Equality and Human Rights Commission ('EHRC'), as well as initiatives adopted in other sectors.

Investigating gender pay gaps

4. The pay gender gap is an imperfect measure of gender equality in the workplace, as its underlying causes are complex and there is no definitive, all-encompassing reporting mechanism that can capture its complexities. If colleges are genuinely committed to improving gender equality, then they should take a multi-faceted approach, using appropriate methods.
5. Pay audits (modelled on equal pay audits) are viewed as an effective tool for identifying and addressing any potential gender pay gaps. In other sectors, pay auditing is embedded as a habitual practice for reviewing discrepancies and identifying areas of concern.
6. The dataset from a pay audit needs to be of a sufficient quality to allow colleges to undertake a meaningful analysis, otherwise it will be a wasted exercise. Colleges can refer to the detailed guidance in Annexe B on conducting pay audits.

7. Additionally, the new gender pay reporting requirements offer another mechanism to colleges for investigating any potential gender pay gap¹. The reporting template in Annexe A has been developed to support colleges with fulfilling these reporting requirements. Moreover, the narrative report that colleges might choose to produce (giving context and explanations of their gender pay comparisons) will be valuable groundwork for developing plans to address gender pay gaps.

Translating data into analysis

8. The EHRC has identified two thresholds for assessing pay data and analysing potential gender pay gaps. These can be summarised as follows:

- Significant differences between the average total earnings of men and women performing equal work (differences of 5% or above)
- Patterns in pay differentials, such as women earning less than men across pay grades and scales (differences of 3% or above)

9. Whilst the above thresholds are helpful, colleges are encouraged to take a broader approach to analysing pay data in light of the FE workforce profile² and trends identified through research in other sectors.

10. It is likely that factors such as age groupings, occupational groupings and pay differentials across the higher and lower end of pay grades will impact on the scope of any potential gender pay gaps. Colleges can adopt the following approaches for qualitative research and analysis on the gender pay gap:

- Review pay differentials based on full time permanent, part time and fixed term working arrangements across salaried and hourly paid staff (e.g. for each pay grade/grouping of equal work in the pay audit, reviewing the percentage of the female/male workforce and total workforce working full time and part time).
- Assess the effect of age groupings on pay differentials (e.g. to identify variances between under staff aged under 40; 40-49 age grouping and older age groups).

¹ The Government will introduce mandatory gender pay reporting for public sector employers by amending [the Equality Act 2010 \(Specific Duties\) Regulations 2011](#). Public sector employers that are within the scope of these regulations and employ at least 250 employees will be subject to this reporting regime.

² See Further Education workforce data for England (2013-14), Education and Training Foundation.

- Consider how specific occupational groupings (e.g. teaching staff, support staff, senior managers, assessors) may significantly contribute to a gender pay gap. The percentage of female/male staff at certain grades on the pay scales (because a higher proportion of employees of either gender at the upper end of the pay scales will impact on the overall gender pay gap statistic, even if pay differentials at specific pay grades are relatively small). For example, if a male CEO/Principal's pay is included, this can 'skew' the overall gender pay gap due to their salary level and gender. Review pay differentials between male/female staff when any discretionary increments attached to pay grades and the criteria for pay differentials within pay grades (e.g. length of service) are taken into account. Analyse any variances in starting pay and variances in the rate of progression through pay scales. Consider the effect of contractual payments (e.g. contractual overtime, acting up allowances) and market rate supplements on any identified pay differentials between male and female staff. Compare changes in the composition of the workforce that might have an effect on pay differentials (e.g. trends in the percentage of male and female staff as a percentage of the overall workforce). Analyse pay differentials using mean, mode and median pay calculations to fully assess any potential gender pay gaps.

11. Where pay differentials do not appear to give any cause for concern so that no further investigation is warranted (e.g. there is an ['objective justification'](#) for the pay differential), colleges may decide to prioritise resources on addressing more pressing areas of gender inequality.

Turning analysis into action

12. To translate data analysis into an action-based approach, colleges need to identify specific, sustained and measurable initiatives to effect positive changes. An evidence-based analysis of the causes of the gender pay gap (using pay audits and reports produced for the gender pay reporting requirements) will provide a sound base for formulating strategies.

13. Colleges, as structurally diverse organisations, should tailor action plans to address college-specific manifestations of the gender pay gap. In this context, colleges can consider the appropriateness of measurable, outcome-based initiatives taken in other sectors, such as the following:

- Reviewing previous strategies adopted to improve gender equality and analysing lessons learnt
- Reviewing the appropriateness of existing job evaluation schemes as an effective tool for addressing gender inequality
- Involving external organisations (such as Close The Gap) to analyse pay audits and assist with developing a realistic, measurable action plan

- Engaging external moderators to lessen any gender-bias in performance-based progression pay
- Increasing transparency in recruitment policies on starting pay and the practice of new appointees being made to the bottom scale (added to job advertisements)
- Making unconscious bias training compulsory for all staff involved in the recruitment or promotion of staff
- Evaluating recruitment processes for gender bias and ensuring diverse selection panels
- Including options that allow staff to express views on gender equality and gender barriers in employee engagement surveys; staff representative meetings and other processes
- Seeking to increase the proportion of apprentices in non-traditional apprenticeships to tackle occupational segregation
- Clarifying criteria for starting pay made above the bottom of a pay scale and monitoring applicant demographics for such appointments
- Considering making contributions to childcare payments for 'keep in touch' days and arranging maternity cover for periods before female staff take maternity leave and after they return to work to assist with workload management
- Using exit interviews to identify trends affecting career progression that are linked to equality
- Incorporating a section in appraisals allowing for discussion of promotion prospects and building in cross-validation steps into the appraisals system to limit personal and gender bias
- Considering how the status of part-time work can be increased, through better job design and other measures to ensure their full engagement (e.g. how the progress of such staff is hindered by the fact that senior posts are predominantly full-time; access to CPD sessions and team meetings)
- Running a mentoring programme for women leaving for and returning from maternity leave
- Organising capacity-building sessions on the nature of the gender pay gap and its root causes to improve levels of awareness and understanding on this topic.

14. Colleges should give sufficient detail in their action plans to avoid any risk of developing unmeasurable, vague initiatives which merely pay 'lip service' to tackling the root causes of the gender pay gap.

Measuring outcomes

15. The impact of any strategies developed by colleges will be negligible unless colleges establish a monitoring process to measure progress against their action plans. Additionally, colleges will need to review and reassess such strategies in light of mergers or other changes in their corporate structures.
16. Colleges are encouraged to start embedding the practice of outcome-based reporting, to clearly demonstrate how they are addressing manifestations of any gender pay gap (pay differentials, occupational segregation, effects of caring responsibilities and part-time working). Remedying the causes of the gender pay gap can take time. Specific, measurable outcomes can be documented in outcome progress reports, giving examples of practical work and descriptions of steps taken to implement action plans.
17. Colleges might find it helpful to synchronise outcome progress reports with any reporting deadlines stipulated by the gender pay reporting requirements, once this has become a statutory requirement for colleges.
18. Colleges need to demonstrate that they are drivers for action to tackle gender pay, in order to recruit new talent into the sector and retain a talented, dedicated and happy workforce.

Annexe A: Gender pay reporting template

| | | | | |
|--------------------------------|--|------|----------------|--|
| Date: | | | | |
| Period: | | | | |
| Author: | | | | |
| Date for review: | | | | |
| Mean Pay³: | The mean gender pay gap is the difference between the: | | | |
| | <ul style="list-style-type: none"> • mean (average) gross hourly pay of female employees (taken as a single group); and • mean (average) gross hourly pay of male employees (taken as a single group). | | | |
| | Calculate the percentage difference. | | | |
| | Female | Male | Difference (%) | Comments/narrative |
| | | | | |
| Median Pay⁴: | The median gender pay gap is the difference between the: | | | |
| | <ul style="list-style-type: none"> • The mid-point (median) gross hourly pay of female employees (taken as a single group); and • The mid-point (median) gross hourly pay of male employees (taken as a single group). | | | |
| | Calculate the percentage difference. | | | |
| | Female | Male | Difference (%) | Comment/narrative for internal purposes and/or for publication |
| | | | | |

³ The draft Equality Act 2010 (Gender Pay Gap Information) Regulations 2016 ('draft regulations') use the same definition of pay as used by the ONS in its Annual Survey of Hours and Earnings. Pay is to be calculated before deductions for PAYE, national insurance, pension schemes, student loan repayments and voluntary deductions. In the draft regulations 'pay' includes: basic pay, paid leave, maternity pay, sick pay, area allowances, shift premium pay, bonus pay, and other pay (including car allowances paid through the payroll, on call and standby allowances, clothing, first aid or fire warden allowances. In the draft regulations 'pay' does not include: pay for a different pay period, overtime pay, expenses, the value of salary sacrifice schemes, benefits in kind, redundancy pay, arrears of pay, and tax credits.

⁴ See footnote 3 for definition of 'pay'.

| | | | | | | | | |
|------------------------------------|---|--------|--------------------------|--------|--------------------------|--------|--------------------------|--|
| Pay⁵ quartiles: | Divide your overall pay range into four equal* quarters giving you 4 pay bands or 'quartiles'. | | | | | | | |
| | Calculate the number of men and women in each quartile. | | | | | | | |
| | *Each quartile contains an equal number of employees. | | | | | | | |
| | The gender split in each pay quartile: | | | | | | | |
| | 1 st Quartile | | 2 nd Quartile | | 3 rd Quartile | | 4 th Quartile | |
| Female | Male | Female | Male | Female | Male | Female | Male | |
| | | | | | | | | |
| Bonus Pay⁶: | The proportion (in percentage terms) of male and female employees who received bonus pay during the period of 12 months [preceding 30 April 2017] ⁷ . | | | | | | | |
| | Female | | Male | | Comments/narrative | | | |
| | (%) | | (%) | | | | | |
| Mean Bonus Pay⁸: | <p>The mean gender bonus pay gap is the difference between the:</p> <ul style="list-style-type: none"> • mean (average) gross bonus pay of female employees (taken as a single group); and • mean (average) gross bonus pay of male employees (taken as a single group) | | | | | | | |

⁵ See footnote 3 for definition of 'pay'.

⁶ In the draft regulations 'bonus pay' includes:

1. payments received and earned in relation to profit sharing, productivity, performance and other bonus or incentive pay, piecework or commission
2. long-term incentive plans or schemes (including those dependent on company and personal performance), and
3. the cash equivalent value of shares on the date of payment

It is unclear what is meant by the requirement that the bonus pay must be 'received and earned' to be counted, especially since other provisions of the draft regulations simply refer to when the bonus was 'paid' or 'received'. There has been an indication that the intention is that bonus pay is to be included in the calculations when it is 'paid' to an employee during the relevant period. Bonuses awarded but unvested in the relevant period are to be excluded. It should be noted that bonus pay is included as part of the definition of 'pay' as well as being reported separately. The effect of this is that for the small number of employers paying bonus within the pay period falling on 30 April any gender bonus pay gap will have a compounding effect on the size of the general gender pay gap. This could be commented on in the narrative section.

⁷ I.E. bonuses paid from 30 April 2016 to 29 April 2017

⁸ See footnote 6 for definition of 'bonus pay'.

| | | | |
|---|------|-------------------|--------------------|
| during the 12 months preceding [30 April 2017] ⁹ | | | |
| Calculate the percentage difference. | | | |
| Female | Male | Difference (%) | Comments/narrative |
| | | | |

Narrative Reporting

Under the draft regulations on gender pay reporting, employers are not required to provide a narrative element (giving context to their reported gender pay figures; explaining any pay differentials; and setting out what actions for improvement they are going to take).

However, employers may decide to provide a narrative report voluntarily and it is likely that employers will be strongly encouraged to do so in the (yet to be published) Government guidance on the draft regulations.

The voluntary nature of this narrative aspect means that employers can adapt the approach they decide to take, including the scope of any narrative report which they opt to produce. The scope that employers decide to provide is likely to depend upon different factors, including the following:

- How much they feel their gender pay gap figures can helpfully be explained;
- The extent to which they wish to use the narrative as an opportunity to demonstrate their commitment to gender equality; and
- The approach taken by other employers within their sector.

Colleges are encouraged to take a proactive approach in this context and to view this voluntary narrative report as an opportunity to undertake preparatory work for developing sustainable strategies to tackle gender pay gaps.

⁹ I.E. bonuses paid from 30 April 2016 to 29 April 2017.

Annexe B: Guidance on pay audits

For pay audits, colleges can utilise and adapt the model and approach used when conducting equal pay audits.

Having undertaken an initial review of the total workforce, colleges may choose to focus an audit on specific departments or occupational groupings. Colleges might also prefer to take a staged approach, looking at certain groupings within the workforce in one pay audit and then extending the scope of future audits.

The [framework developed by EHRC for equal pay audits](#) provides a useful starting point for pay review processes¹⁰:

- Step 1:** Decide the scope of the audit and identify the information required to undertake it.
- Step 2:** Identify job roles where men and women are doing 'equal work' (i.e. work that is the same or broadly similar (like work), or work rated as equivalent or work that can be shown to be of equal value or worth) and who are in those job roles.
- Step 3:** Compare pay of women and men doing equal work.
- Step 4:** Identify any pay inequalities, assess the underlying reasons and develop an action plan to remedy any significant pay differentials that cannot be explained on grounds other than gender.

Step 1: Scope of the audit

A pragmatic pay audit will involve careful planning, including deciding on the scope of the audit:

19. Identify which staff will be included within the scope of the audit.
20. Identify the pay and HR data that will be used for comparisons and ensure that the data is both current and free from discrepancies:
 - HR data required is likely to include data on length of service; location (college site); starting pay; overtime eligibility/additional hours worked etc
 - Pay data should include both contractual and discretionary elements of remuneration and benefits package
21. Secure a budget and set a clear timeline for completion of the EPA.

¹⁰ Colleges can refer to the [Equal Pay: Statutory Code of Practice](#) published by EHRC for detailed guidance on conducting an equal pay audit.

Step 2: Identify equal work

Colleges can determine 'equal work' groupings using different determinants including but not limited to the following:

- Job titles may enable a 'like work' comparison
- Job/pay grade and/or job evaluation score will enable a 'work rated as equivalent' comparison
- Occupational groupings
- Jobs which are considered to require the same level of effort, knowledge, skills and responsibility

Step 3: Compare pay data

There are many ways in which pay data can be analysed. The following approaches may highlight patterns of pay differentials but are not exhaustive:

- Compare the average pay of all male staff against that of female staff to obtain an overall, pay differential.
- Compare female/male average earnings doing equal work (i.e. calculate the average salaries of females expressed as a percentage of the average salaries of males doing equal work).
- Compare by gender groupings like work, work rated as equivalent or work of equal value (including average salary; total earnings package with overtime/additional payments; and starting pay).

Step 4: Analysis of pay differentials

Where there are identifiable pay differentials that correlate to the gender of the staff members when equal work groupings are compared, colleges should query those discrepancies. Unless there is a genuine reason for the pay variance that has nothing to do with the gender of the post holder, males and females doing equal work are entitled to equal pay.

EHRC recommends that pay variances of 5% or more in any equal work grouping, or a pattern of differences of 3% across many or all equal work groupings, should be further investigated.

Annexe C: Checklist on gender pay gaps

- 1 Prepare HR and pay data for pay audit and gender pay reporting purposes
- 2 Conduct a pay audit to identify any potential gender pay gaps
- 3 Investigate any significant gender pay inequalities
- 4 Identify underlying reasons for any gender pay inequalities
- 5 Review current strategies for tackling any gender pay gaps
- 6 Produce a revised action plan with measurable outcomes
- 7 Review progress made towards achieving those outcomes
- 8 Prepare data and narrative for gender pay reporting requirements
- 9 Repeat pay audits and compare with previous gender pay statistics
- 10 Prepare for future gender pay reporting deadlines