



Financial Reporting Council

Gender and Ethnicity Pay Gap – March 2023

April 2024

The FRC does not accept any liability to any party for any loss, damage or costs howsoever arising, whether directly or indirectly, whether in contract, tort or otherwise from any action or decision taken (or not taken) as a result of any person relying on or otherwise using this document or arising from any omission from it.

© The Financial Reporting Council Limited 2024

The Financial Reporting Council Limited is a company limited by guarantee.

Registered in England number 2486368. Registered Office:

8th Floor, 125 London Wall, London EC2Y 5AS

1. Foreword from the Chief Executive Officer

The FRC Diversity and Inclusion strategy is designed to attract and develop a diverse mix of people at all levels of the organisation, and to create an inclusive culture where everyone can thrive. Addressing the gender and ethnicity pay gaps is a key part of this strategy.

I'm pleased to report that we've seen a year-on-year reduction in our mean gender pay gap, which has dropped from 10.7% to 10.4%. However, the median gap has increased from 0 to 2.9%. This is likely due to natural workforce fluctuations, but we will continue to monitor this closely.

Overall, the figures are positive and reflect the considerable number of women at all levels in our organisation particularly in more senior roles, and I am pleased to report that there is no median pay gap in the bonus awards made.

Our analysis of the ethnicity pay gap shows that employees from minority ethnic backgrounds receive 25.9% lower mean pay and 30.5% less median pay compared to their white counterparts. This is unacceptable, and we're already taking action to close the gap.

The Executive Committee has set aspirational targets for equal representation across job levels and launched initiatives like the Aspire career development program to support the progression of minority ethnic employees.

As CEO, my ambition is to eliminate these pay gaps altogether. I'm committed to working with the Executive Team, our D&I Committee, and our employee networks to achieve this goal. While there's still work to do, I'm proud of the progress we've made and confident in our ability to create a more equitable organisation.



Richard Moriarty, Chief Executive

2. Introduction

This report outlines the Financial Reporting Council's (FRC) gender and ethnicity pay gap as of March 31, 2023. It's important to understand the difference between pay gaps and equal pay.

The gender pay gap shows the difference in average pay between all men and women in the workforce. The ethnicity pay gap shows the difference in average pay between staff from minority ethnic backgrounds and white staff.

In contrast, equal pay deals with the pay differences between men and women, or people of different ethnicities, who carry out the same jobs, similar jobs, or work of equal value. It is unlawful to pay people unequally based on gender or ethnicity.

The FRC is committed to the fair treatment and reward of all staff, regardless of gender or ethnicity. This report fulfils our legal reporting requirements and outlines the steps we are taking to reduce both the gender and ethnicity pay gaps.

By providing clear data, explanations, and proposed actions, we aim to enhance transparency and demonstrate our progress in creating a more diverse and inclusive organisation.

Gender Pay Gap Headline figures

Base Pay

The Gender Pay Gap (GPG) figures on 31 March 2023 show an improvement in our mean pay gap. This is good progress and equates to a 13.5% points reduction in the mean pay gap since we began GPG reporting in 2018.

To calculate our median pay gap, we first rank all our people by their hourly pay. We identify what the person in the middle of the pay range for employees from female colleagues then we compare it with the middle of the pay range for male colleagues. The difference between these figures is the median gender pay gap.

Our median gender pay gap has slightly increased to 2.9% (see figure 1 below).

Figure 1

Gender Pay Gap	2018	2019	2020	2021	2022	2023
Median Pay Gap	27.8%	27.3%	15.9%	9.4%	0	2.9%
Mean Pay Gap	23.9%	22.7%	18.4%	12.4%	10.7%	10.4%

Bonus Pay Gap

One performance-related pay award was made during the year to 31 March 2023. All eligible employees were awarded the same amounts of £1,100. Eligible employees included all those with qualifying service and performance and had not given or received notice to leave at the time of the award.

There was no difference in the median and mean bonus rate of pay between men and women during the year to 31 March 2023. (please see page 7 for more details).

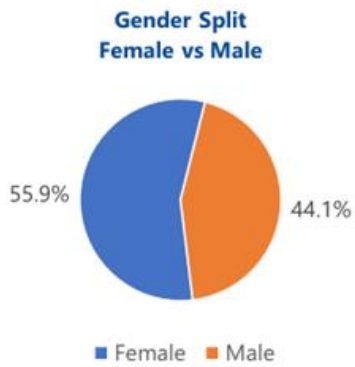
Why do we have a gender pay gap?

In order to analyse the gender pay gap, it is important to consider the FRC's workforce demographic (full-time versus part-time), the percentage of males and females in each of the pay quartiles, and the proportion of males and females at each job level in the FRC.

Working Pattern

In the FRC, on 31 March 2023, men made up 44.1% of the workforce and women made up 55.9% of the workforce (see figure 3).

Figure 3

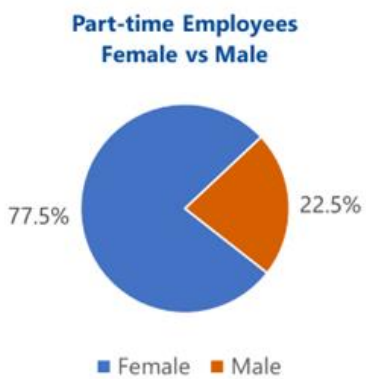


In addition, 83.6% of the workforce were employed full time and 16.4% on part time contracts (see figure 4).

Figure 4



Figure 5



Of the 16.4% of the workforce on part time contracts, 77.5% were held by women and 22.5% were held by men (see figure 5 above).

Pay Quartile data

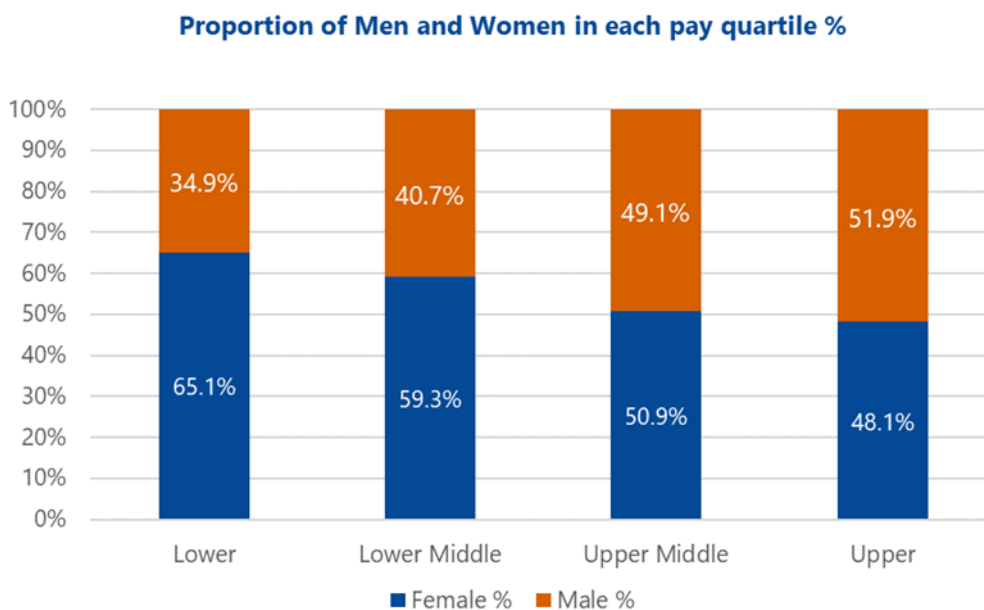
It is also important to consider the proportion of males and females in each of the four pay quartiles (please see figure 6).

Figure 6

Quartile	Female		Male		Total
	#	%	#	%	#
Lower	71	65.1%	38	34.9%	109
Lower Middle	64	59.3%	44	40.7%	108
Upper Middle	55	50.9%	53	49.1%	108
Upper	52	48.1%	56	51.9%	108
Total	242	55.9%	191	44.1%	433

Figure 6 and 7 (see below) illustrate that although significant proportion of women were in the upper pay quartiles there were significantly more women in the lower pay quartiles.

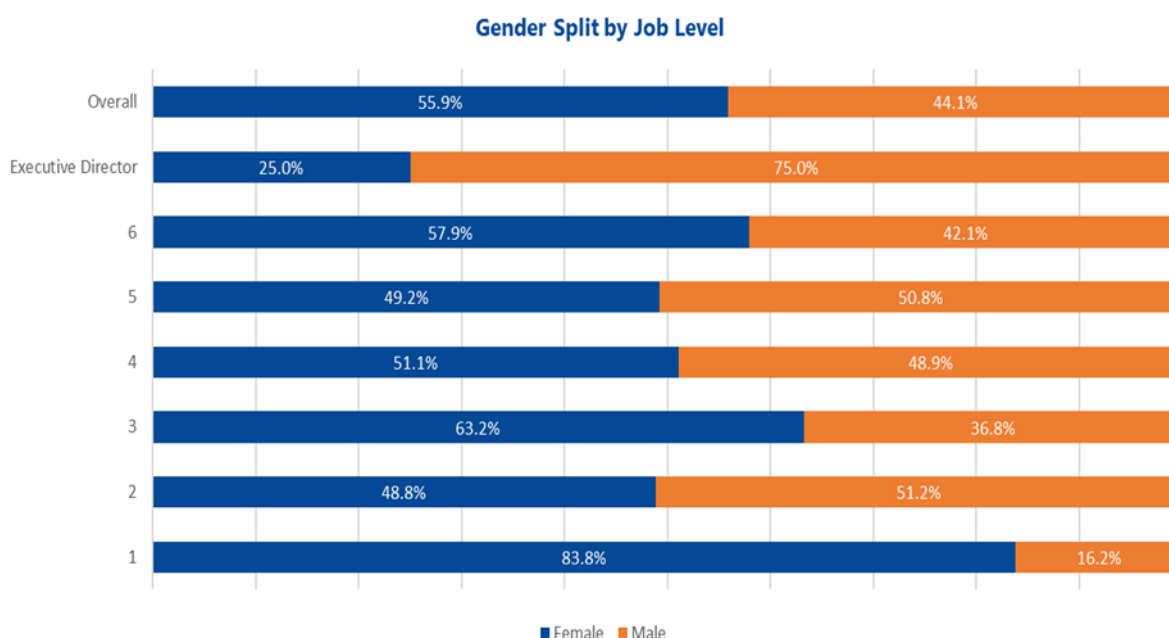
Figure 7



Job Level

Analysis of the workforce demographic by job level also provides an insight as to why we have a gap (see figure 7 above).

Figure 8 – Gender split by Job level on 31 March 2023



A disproportionate percentage (84%) of females were employed in Level 1 job roles (figure 8).

What is also clear from figure 8 is that, although there is a good representation of women at job level 6, which is positive, men occupy the majority of Executive Director roles. However, due to the way the calculations are required to be made, our reporting excludes a female member of the Executive Team who is on secondment to the FRC (and two female members who are not Executive Directors). It is important to highlight that the majority of the members of the Executive Committee (ExCo) are female.

Bonus Pay Gap on 31 March 2023

During the period of this report, the FRC made one non-consolidated payment of £1,100 to employees and this payment constitute towards determining our bonus pay gap.

There was no difference in the median bonus rate of pay between men and women during the year to 31 March 2023. Therefore, there was no bonus pay gap at the FRC during the period.

Bonus data

Who received bonus pay?

Figure 9 – Proportion of eligible women and men receiving a bonus on 31 March 2023

Gender	#	%
Female	213	85.9%
Male	166	86.5%
Total	379	86.1%

Any employees without qualifying length of service or performance or serving notice at the time of the award did not qualify to receive bonus pay.

Figure 10 – Mean bonus pay data

Gender	Total Bonus Pay (£)	Mean Value (£)	Bonus Gap
Female	£234,300	£1,100	0%
Male	£182,600	£1,100	
Total	£416,900	£1,100	

Figure 11 – Median bonus pay data

Gender	Total Bonus Pay (£)	Median Value (£)	Bonus Gap
Female	£234,300	£1,100	0%
Male	£182,600	£1,100	
Total	£416,900	£1,100	

Ethnicity Pay Gap headline figures

The ethnicity pay gap figures for the period up to 31 March 2023 are stated below. On 31 March 2023, there were 431 employees in our organisation of which 89% (381) of our people openly shared their ethnicity to us on XCD. Of those, 265 (70%) are of white ethnic group (including white British, white Irish, and any other white people) and 116 (30%) are from Black, Asian, mixed race, or other ethnic groups. We are pleased to have such high disclosure rates as we work towards an inclusive and open culture.

Our median ethnicity pay gap

	White	Minority Ethnic	Pay Gap
Median hourly pay	£49.81	£34.62	30.5%
Median annual salary	£91,001	£63,521	

Our mean ethnicity gap

To calculate the mean pay gap, we add together all the hourly pay rates that people from minority ethnic backgrounds receive. We divide the total by the number of people from these groups in our workforce. We then repeat this calculation for employees from white ethnic backgrounds. The difference between these figures is the mean ethnicity pay gap.

	White	Minority Ethnic	Pay Gap
Mean hourly pay	£49.39	£36.58	25.9%
Mean annual salary	£90,240	£66,822	

Comparing median and mean ethnicity pay gaps

The median is used extensively as a headline measure by pay researchers because it is less swayed by extreme values, particularly the small number of people on high salaries.

The 'mean' is useful because it does capture the effect of a small number of higher earners. The difference between an organisation's mean and median gap can provide insight. The presence of lower earners can make the mean lower than the median. A group of very high earners can make the mean bigger than the median.

Bonus Pay Gap

The bonus pay gap is the difference between the bonus pay or one-off lump sum payments paid to white employees and that paid to employees from minority ethnic backgrounds.

One performance award was made during the year to 31 March 2023. All eligible employees received £1,100. Eligible employees included all those with qualifying service and performance and had not given or received notice to leave at the time of the award.

There was no difference in the median bonus rate of pay between men and women during the year to 31 March 2023. Therefore, there was no bonus pay gap at the FRC during the period.

Factors affecting our 2023 ethnicity pay gaps

Benchmarking salaries

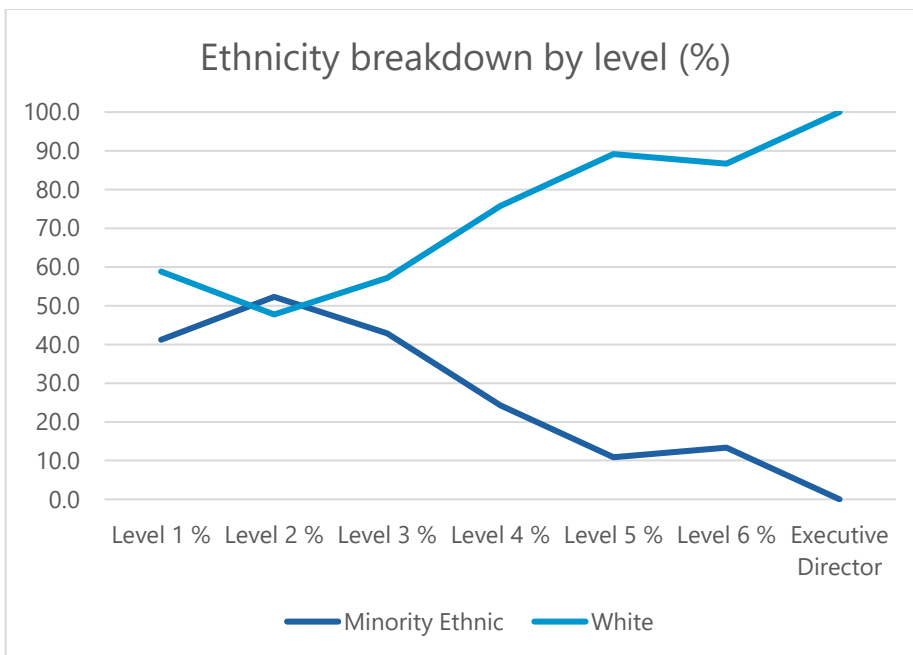
The FRC has externally benchmarked salary ranges in place for all its job roles. This ensures that everyone is paid fairly for undertaking the same or a similar role.

The ethnicity pay gap looks at the distribution of our people by ethnic group across all job levels of the organisation and identifies how this translate into the average salary and bonus payments made as a result.

Pay pause and representation levels

Over the past 2 years, the FRC has gone through a significant period of growth. This has resulted in the recruitment of 111 individuals from white backgrounds and 62 individuals from minority ethnic backgrounds with more individuals from minority ethnic backgrounds recruited at the lower job levels.

It is positive that we are recruiting from a diverse pool. Having greater numbers of minority ethnic staff at the lower job levels is consistent with the levels of ethnic diversity in the professions we recruit from. This is also a factor which contributes to our median and mean pay gaps. The chart below illustrates our ethnicity representation by FRC job level.



Pay Quartiles

The breakdown of our pay quartiles by ethnicity represents how few staff we have in senior (higher paid) roles.

Pay Quartile data

Pay Quartile	Minority Ethnic	White
Lower Quartile	48%	52%
Lower Middle Quartile	36%	64%
Upper Middle Quartile	25%	75%
Upper Quartile	12%	88%

You will see from the table above that there are less minority ethnic staff across all pay quartiles and significantly less in the upper middle and upper pay quartiles which affects our ethnicity pay gap.

Addressing our ethnicity pay differences

Closing the ethnicity pay gap requires a meaningful, consistent, and sustained shift in cultural norms. It is not a quick and easy fix. Our own data shows how relatively minor changes in the composition of our workforce, especially in higher paid roles, can significantly impact on our figures.

Actions we are taking to reduce our Gender and Ethnicity Pay Gaps

Actions we have taken to reduce the Gender pay gap

Over the last year, we have taken the following actions below to reduce the gender pay gap.

- Published our Women in Finance (WiF) Charter results which shows that 57% of ExCo are women and 56% of the Senior Leadership Team are women.
- Significant investment in the management and leadership development of women with over half of places (56%) on structured leadership programmes being allocated to women.

-
- Continued to apply our policies on pay and reward to support the principle of equal pay and gender pay equality.
 - Piloted new 'bite size' workshops on career development.
 - Continued to offer employees hybrid working which enabled greater work flexibility than before the pandemic.
 - Launched training on inclusive language which is now a part of our Learning and Development curriculum.
 - Pilot approach to the anonymised sifting of candidates as part of the recruitment process.

Proposed actions to further reduce the Gender pay gap

Although the Gender Pay Gap has reduced significantly since the FRC began reporting in 2018, we will continue to adopt a rigorous approach to applying the FRC's reward policy. In addition to this, we propose to

- Refresh our Diversity and Inclusion strategy in 2024 ensuring there is a focus on gender equality and inclusion.
- Continue to have a focus on career development and leadership events, working with the women's network to promote these events.
- Continue to roll out recruitment skills training to hiring managers to mitigate the impact of unconscious bias.

Ethnicity Pay Gap

Over the last year, following the D&I strategy introduced in April 2021 with a focus on addressing the under-representation of minority ethnic staff, we have taken the following actions below to reduce the ethnicity pay gap.

1. Set minority ethnic representation aspirations for each FRC job level
2. Launched the Aspire positive action career development programme in April 2023 for 20 employees from minority ethnic backgrounds
3. Continued to apply our policies on pay and reward to support the principle of equal pay and ethnicity pay equality
4. Launched a further round of mentoring and reverse mentoring programmes
5. Piloted new workshops on career development and allyship
6. Launched training on inclusive language which is now a part of our Learning and Development curriculum

-
7. Piloted anonymised sifting of candidates as part of the recruitment process in July 2023

Proposed actions to further reduce the ethnicity pay gap

In addition to the actions above, we propose to

1. Continue to invest in the career and leadership development of staff from minority ethnic backgrounds
2. Evaluate and track the careers of participants graduating from the Aspire Positive Action Programme
3. Continue to roll-out training on allyship



Financial Reporting Council

**Financial
Reporting Council**

8th Floor

125 London Wall
London EC2Y 5AS

+44 (0)20 7492 2300

www.frc.org.uk

Follow us on

LinkedIn

or  [@FRCnews](https://twitter.com/FRCnews)