City & Guilds 2022 gender pay gap report (effective April 2021)

This is City & Guilds' fifth annual UK gender pay gap report. Findings are based on data as at 5th April 2021. We have seen some positive movement this year but expect to see more impact from the actions we have carried forward from our previous report to close our gaps further in the coming years.

Introduction

About City & Guilds

City & Guilds employs 1340 staff around the world, of whom 1124 in the UK. Our core vocational qualifications business was founded in 1878 and we have grown predominantly by acquisition in recent years, diversifying into corporate learning and technical training.

623 (55.4%) of our 1124 UK-based employees are women and our average length of service of just over 6 years is common to both sexes. 21 (42.9%) of our 49 most senior employees by grade are women, including our Group Chief Executive Officer and 3 of her 8 direct reports.

Our commitment to diversity, equity and inclusion

Our commitment to DEI has always been implicit within our organisational purpose (to ‘help people, organisations and economies develop their skills for growth’) but we are now building out our DEI strategy to connect more explicitly our internal employee experience and our social impact via more inclusive design of our products and services. Ultimately we will be able to demonstrate our contribution to the United Nations sustainable development goal to ‘achieve gender equality and empower all women and girls’.

We have continued to invest significantly in diversity, equity and inclusion, working increasing intersectionally with our Women’s Network, menopause support group and other internal community support groups to refine our DEI strategy and begin delivering against actions arising from our October 2021 report.

External context

Per the Office for National Statistics the national median pay gap as at April 2021 stood at 15.4%, having risen from 14.9% in 2020 but fallen from 17.4% since 2019. By age 39 it is roughly 3% but jumps above 12% from age 40 and never really recovers, decreasing only very slightly from age 60.

Internal context

Our corporate bonus scheme (essentially an all-staff profit-share) did not pay out in this reporting period. Sales incentive bonuses and long service awards continued to be paid, however. A corporate bonus was paid to employees in what will be the next reporting year so we will be able to quantify any bonus disparities more meaningfully in our next report.

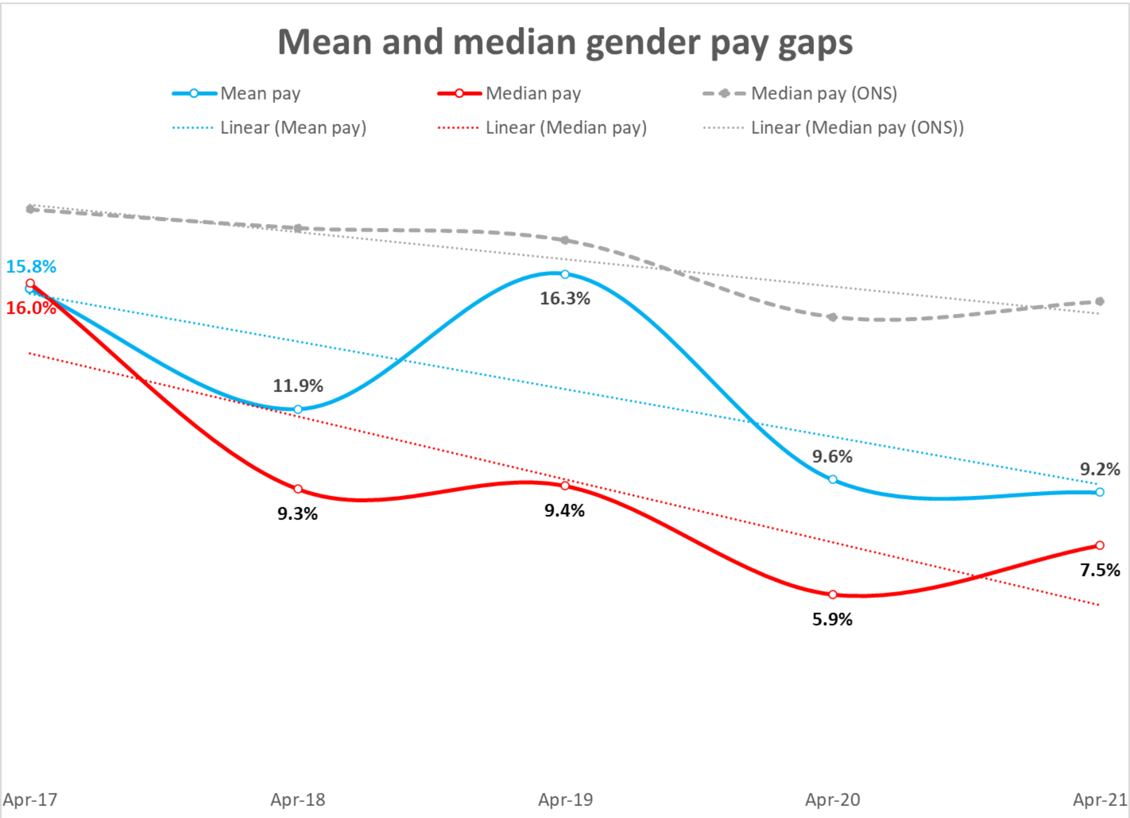
Metrics

Mean and median pay gaps

Our mean pay gap has reduced by 0.4 percentage points (pp) from 9.6% to 9.2% since 2020. We are encouraged by this but note that it falls short of the ambitious 1pp annual decrease we have set ourselves as a target.

Our median pay gap has increased by 1.6pp from 5.9% to 7.5% since 2020, largely due to a higher turnover in this reporting period among (higher earning) men than among women and a higher rate of (lower earning) women joining than that of men. Despite the increase our median pay gap continues to compare favourably with the also slightly increased national average of 15.4% per the ONS.

Last year we identified that while our mean pay gap is relatively small up to c. age 34 it increases to almost 10% between the ages of 35 and 49. We have sought to address this by implementing and promoting more job-sharing and flexible working but we will not be able to evidence the impact of that strategy until at least our next report but one due to the retrospective nature of gender pay gap reporting.

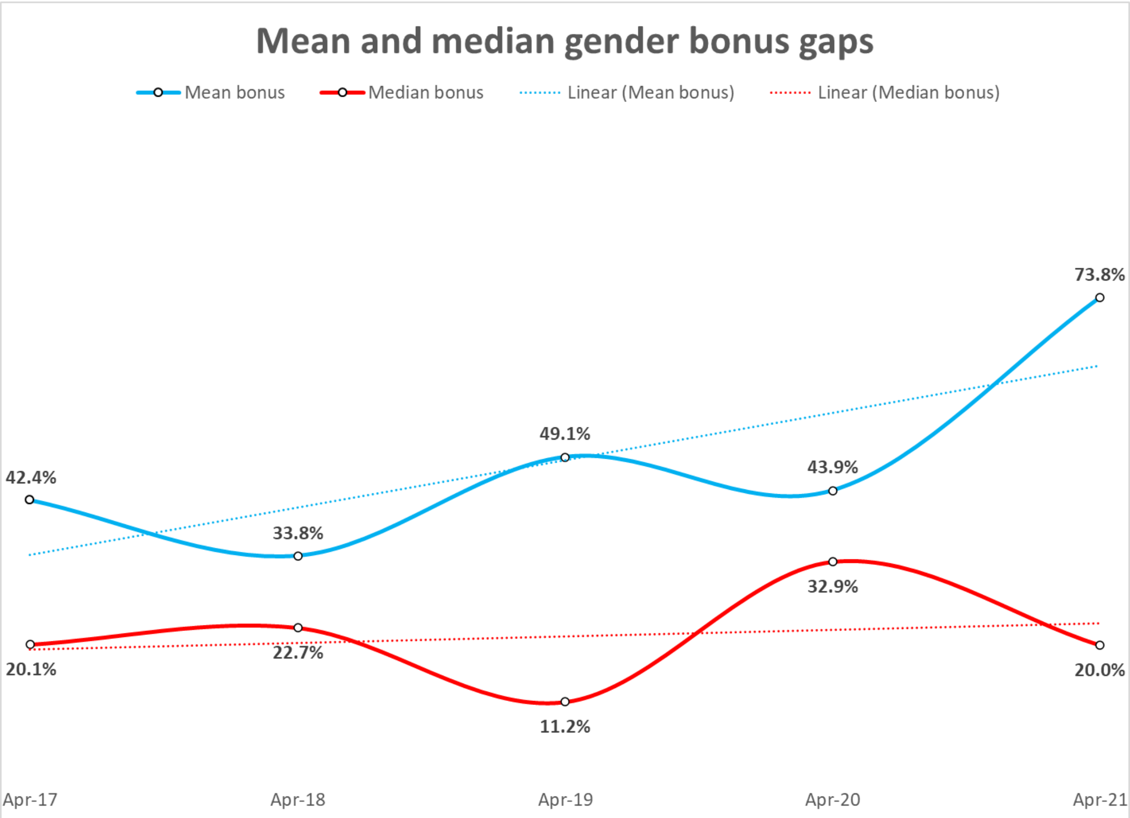


Mean and median bonus gaps

Our mean bonus gap has increased significantly from 43.9% in 2020 to 73.8%.

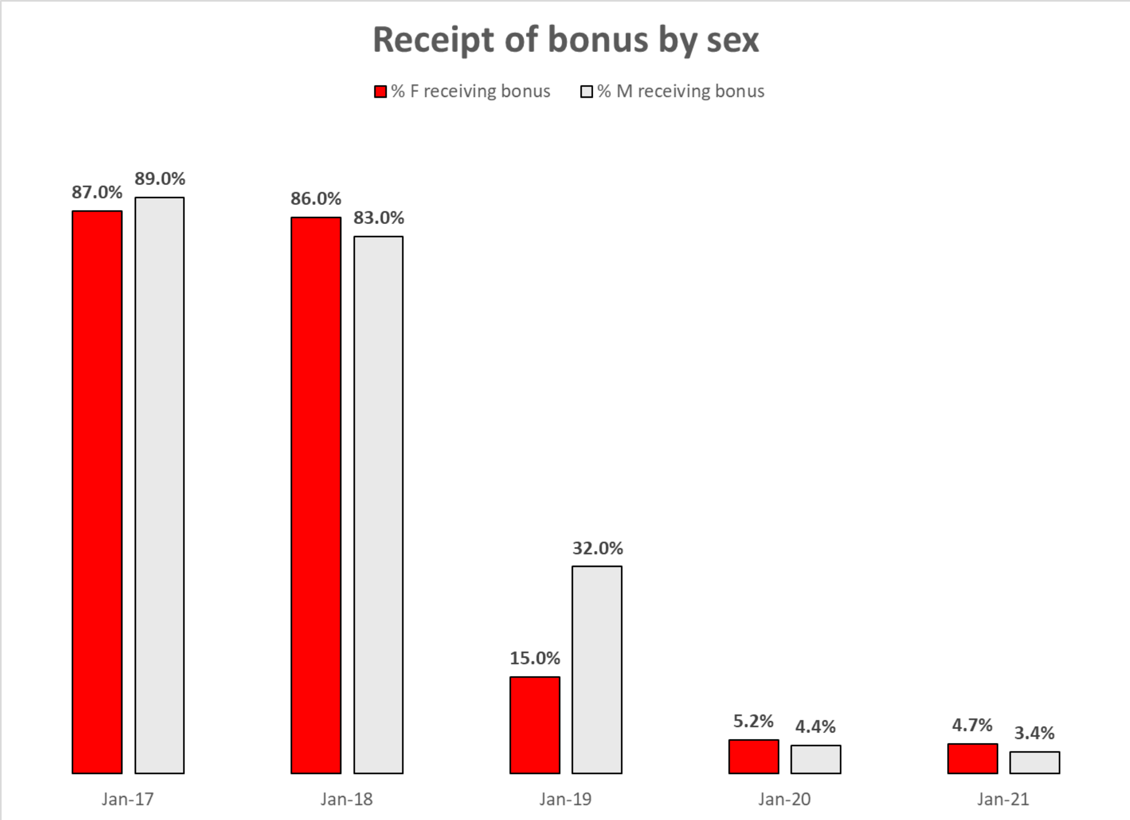
Our median bonus gap has decreased somewhat from 32.9% in 2020 to 20.0%.

The majority of bonuses in scope relate to sales incentive bonus schemes, within the highest paying of which men are currently over-represented; men in this particular scheme also received significantly higher average bonuses in this reporting period than women. We proposed in our last report to address this imbalance via actions reiterated later in this report.



% women and men receiving bonus

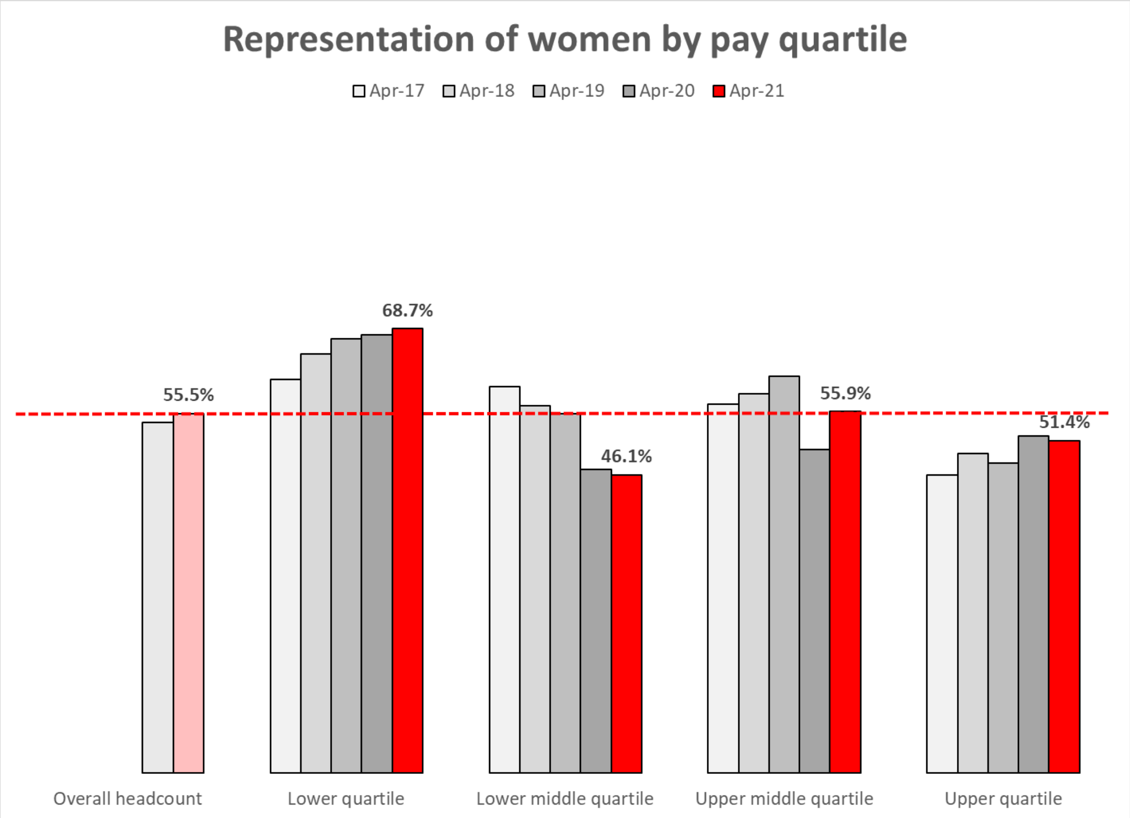
4.7% of women received a bonus, compared to 3.4% of men.



Pay quartiles

Women are very significantly over-represented in our lowest pay quartile (68.7% of all employees in this quartile are women, compared to only 55.5% of overall headcount being women). Under-representation across the three higher quartiles is less evenly spread than last year, with a significant increase from 50.0% to 55.9% of all employees in our upper middle quartile being women; we note however a small decline from 52.2% to 51.4% of all employees in our uppermost quartile being women.

We anticipate that actions outlined later in this report to address factors contributing to our mean and median gender pay gaps will inherently impact our pay quartile gaps in a positive way too.



Actions

The executive team have agreed for the following recommendations from our last report to be carried forward over the coming year and beyond with the expectation that they will either positively impact our pay and bonus gaps or identify further actions that will do so in future reporting periods:

- Reduce pay gaps by 1pp per year to 2025;
- Select 1.2x more eligible women for leadership development programmes than eligible men per year to 2025;
- Identify and eliminate any internally controllable factors influencing variance in starting salaries between women and men;
- Identify and eliminate any factors influencing variance in salary increases between women and men;
- Actively promote job-sharing with the intention of facilitating recruitment and promotion of more women into higher-paid positions;
- Analyse inequality in sales incentivisation scheme and evaluate options to increase opportunities for women to achieve more equal sales bonuses;
- Following application to appear on next Business in the Community/Times Top 50 Employers for Women list as pledged in our last report, identify appropriate actions to supplement actions already listed above.

Concluding comments

We are encouraged by the continued broadly positive direction and favourable external comparability of our pay gaps but acknowledge that more work needs to be done to close them further. We do however also recognise that progress won’t necessarily track through into our data for a couple of years due to the retrospective nature of this statutory reporting and the time it takes to embed some changes in policy, process and practice.

We appreciate the increasingly collaborative and intersectional work being done by our network of Community Support Groups (CSGs), our Diversity, Equity & Inclusion team and others. They have the full support of our Trustees and executive team to take forward the recommendations outlined above. We expect to see further positive progress in the coming years as we remain fully committed to eradicating the gender pay gap, to diversity, equity and inclusion as a whole and to the social impact that our organisational purpose delivers.

Kirstie Donnelly
Group Chief Executive Officer

Dr Ann Limb
Chair

April 2022