

Closing the Public Sector Pay Gap

CIPD submission to the Government Equalities Office

Chartered Institute of Personnel and Development (CIPD)
September 2016



*Championing better
work and working lives*

Background

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% working in the public sector and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

General Comments

The CIPD supports the introduction of legislation that will mandate employers with over 250 staff to publish their gender pay gap data, and it makes sense for regulations to be extended to cover public sector employers also. The CIPD has been an important stakeholder for the Government Equalities Office in forming regulations and has previously submitted detailed responses to previous consultations on the gender pay reporting.

While the CIPD appreciates there are differences between organisations in the public sector and those in the private and voluntary sectors – such as the existing Specific Duties Regulations on public sectors under Section 83 of the Equality Act 2010 – we would urge regulations for public sectors to mirror those set out for private and voluntary sectors as closely as possible. This is to ensure that results for public sectors and private / voluntary sectors can be compared as accurately as possible, allowing progress on closing the gender pay gap to be monitored as effectively as possible.

Our response

Question 4: Do the proposed elements of pay raise any particular issues for the public sector?

The CIPD notes that this definition of pay used in these proposals match those used in the Office for National Statistics for the Annual Survey for Hours and Earnings (ASHE) and were in the draft regulations for mandatory gender pay reporting in the private and voluntary sectors. We believe this is a sensible approach to ensure comparability across sectors and with national gender pay data to date.

We also welcome the extension on reporting bonus data, which in these draft regulations will require organisations to publish both mean and median bonus pay data. In the draft regulations for private and voluntary sector organisations, published in February 2016, only the mean bonus was required. In our submission to GEO in response to the draft regulations, we recommended that this was extended to require mean and median, as the median gives the best representation of the 'typical' difference in bonus pay as it is unaffected by a small number of very high bonus payments. We are, therefore, pleased to see that this feedback has been incorporated into these draft regulations for public sector employers.

We do not believe that these proposed elements of pay will raise any particular issues for the public sector.

Question 5: Do you agree that the same deadline should be introduced for all reporting requirements under the amended Specific Duties Regulations?

The CIPD believes it is a sensible approach to amend the deadline for reporting on gender pay under the Specific Duties Regulations so that it falls into line with the deadline of 4 April for private and voluntary sector organisations. We also believe it is the right approach to avoid having separate deadlines for reporting, so as to avoid confusion and resourcing problems and to give the opportunity to present all the relevant data, should they wish to do so.

Question 6: Do these reporting requirements pose any particular issues for public sector employers?

We do not believe these reporting requirements will pose any particular issues for public sector employers.

Question 7: Do you have any other comments on these measures and/or our proposed approach?

As mentioned previously, the CIPD welcomes the extension of mandatory gender pay reporting to the public sector and would urge the Government to align regulations for public sector bodies as closely to those for private and voluntary sector organisations as is possible, so as to ensure the data is as comparable as possible.

In our previous submissions to the Government, we have warned against the publication of data in a league table and the previously stated approach a strategy of 'naming and shaming' employers who fail to comply with the regulations. We echo these concerns again in this response as we feel this approach is likely to impact badly on organisations' willingness to be transparent. Such sanctions could have unintended consequences on the culture of openness, which thought leaders and good practice pioneering employers give testimony to as 'game changing' in connection with improving female talent management.

Further, the use of 'naming and shaming' as a sanction against organisations for failing to report what they find could also hinder meaningful and sustainable change. It might encourage quick fixes, which could be inaccurate reflections of real, sustainable progress. Further, and as CIPD has stated before in previous submissions on gender pay reporting, we believe the Government should strongly encourage public sector employers to produce a voluntary narrative to accompany their pay data. We are still waiting for the publication of 'supporting guidance' for employers, but believe this is important in helping organisations understand their data and take steps to address it. CIPD, therefore echoes our previous recommendation that the Government ensures this guidance strongly encourages organisations to publish a narrative explaining their pay data, and that it provides the right step-by-step advice that fully supports employers in helping them to understand the basis of their gender pay gap and the kind of practical measures they can take to close it.

The CIPD believes that the Government has an important role to play in helping businesses not only to comply with the regulations, but to fully understand the issues at the heart of why the gender pay gap exists and provide advice on the steps that employers can take to close it.

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