

**THE
INSTITUTE
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EMPLOYMENT
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Equal Pay Act at 40
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Equality and
Human Rights
Commission

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Financial Services Inquiry - the key themes

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Equality and Human Rights
Commission

Why an Inquiry?

- The sector provides 1.3 million jobs and employs four percent of the British workforce (LFS008: Q3)
- Bigger overall pay gap than any other part of the economy & occupational concentration by gender more intense than in the economy as a whole



Our inquiry powers

- S16 of the Equality Act 2006 includes:
 - adherence to terms of reference when collecting evidence, reporting & making recommendations;
 - arranging for parties implicated to make representations - a targeted call for evidence;
 - requiring some organisations to produce information, documents or evidence;
 - publishing a report of findings & recommendations

Terms of reference

- To inquire into the gender pay gap & pay trends across the financial services sector
- To inquire into the extent & nature of sex discrimination in relation to recruitment, terms & conditions, promotion, career paths, retention & workplace culture across the sector
- To examine measures used by employers & other organisations to address sex discrimination & inequalities in pay & status, & to assess the effectiveness of such measures
- To assess & analyse the differential impact of job losses in the sector
- To consider any other matters as appear to the Commission to be relevant to the above
- To make such recommendations as are appropriate

Scope of the Inquiry

- Financial services sub-sectors of banking & building societies, so-called auxiliary activities & holding companies
- From regional high street banks to investment houses in & around the City, & in terms of jobs, from high street bank cashiers to investment bankers
- London; England outside London; Scotland & Wales

Nature of the Inquiry

- Not an inquiry into individual firms
- Aimed to consider the range of recruitment, employment & reward practices on a sector-wide basis & to make findings & recommendations applicable across the sector, but
- Our Inquiry powers enabled us to gather information at a company level about pay & employment practices, and
- We used our powers under paragraph 9 of schedule 2 of the Equality Act 2006 to issue notices to companies within the sector to require them to answer questions about their pay systems, grading structures & other arrangements that affect women in the workforce

Inquiry findings

- **Financial Services Inquiry Report**

<http://www.equalityhumanrights.com/publications/key-commission-reports/key-commission-reports-2/>

Three key themes

- The management of gender inequalities; and,
- Effective engagement with employees who are also parents;
- Transparency of reward



Three recommendations now under consideration

- **The management of gender inequalities**
 - Boards should require a regular report on the comparative positioning of men & women at all levels on at least an annual basis. A summary of these reports should appear in a separate section in the company's annual report, together with an outline of what actions the company is taking to redress any imbalances.

Three recommendations now under consideration

- **Effective engagement with employees who are also parents**
 - Companies should ensure that maternity, paternity & parental support schemes are in place and are effective, & should monitor not just their take-up & rates of return to work, but also the subsequent career trajectories of employees for three to five years after the return to work. The results of such monitoring should be summarised in the company's annual report, together with an outline of the actions being taken to optimise take-up, rates of return & subsequent career progression

Three recommendations now under consideration

- **Transparency of reward**
 - Boards should require a formal and rigorous analysis of the company's gender pay gap every second or third year. A summary of this analysis should appear as a separate section in the company's annual report. This should present a measure of the gap, an outline of the factors that contribute to it & summarise the steps the company is taking to reduce it. Where external consultants are used to carry out the analysis the report should make this clear.

Key challenges

- **Job design** - enable front office staff to work flexibly
- **Attitudes to women** - get rid of sexist & sexualised assumptions
- **The reward package** - *“allow employers, employees and investors to see where problems lie with gender pay differentials”*

What the sector intends to do

