



Financial Reporting Council

Gender and Ethnicity Pay Gap Report 2024

July 2024

Foreword from the Chief Executive Officer

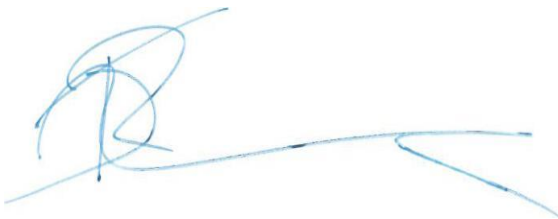
The FRC Diversity and Inclusion strategy is designed to attract and develop a diverse mix of people at all levels of the organisation, and to create an inclusive culture where everyone can thrive. Addressing the gender and ethnicity pay gaps is a key part of this strategy.

I'm pleased to report that we've seen a year-on-year reduction in our mean gender pay gap, which has improved from 10.4% to 9.6%. In addition to this, the median gap has improved from 2.9% to 2.2%. This is positive and reflects a sustained level of improvement since we began reporting the gender pay gap in 2018. It also reflects the number of women at all levels in our organisation, particularly in more senior roles, and I am pleased to report that there is no pay gap in the bonus awards made.

Our analysis of the ethnicity pay gap also shows an improvement from the previous year. The mean ethnicity pay gap has improved from 25.9% to 22.1% and the median pay gap has improved from 30.5% to 29.2%.

Although the ethnicity pay gap has reduced, we remain committed to reducing it further and are already taking action. The Executive Committee has set aspirational targets for representation across job levels and launched initiatives like the Aspire career development programme to support the progression of minority ethnic employees.

As CEO, my ambition is to continue to make year on year improvements and I am committed to working with the Executive Team, our D&I Committee, and our diversity 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 Officer

Introduction

This report outlines the Financial Reporting Council's (FRC) gender and ethnicity pay gap as of March 31, 2024. It's important to understand the difference between pay gaps and equal pay. The gender pay gap shows the difference in average and median rates of pay between all men and women in the workforce.

The ethnicity pay gap shows the difference in average and median rates of 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

Gender Pay Gap	2018	2019	2020	2021	2022	2023	2024
Median Pay Gap	27.8%	27.3%	15.9%	9.4%	0.0%	2.9%	2.2%
Mean Pay Gap	23.9%	22.7%	18.4%	12.4%	10.7%	10.4%	9.6%

The Gender Pay Gap (GPG) figures on 31 March 2024 show an improvement in our mean pay gap. This is good progress and equates to a 14.3% points reduction in the mean pay gap since we began GPG reporting in 2018. To calculate the mean pay gap, we add together all the hourly pay rates of all men and divide this figure by the number of male employees to create a standard male hourly rate. The same calculation is repeated for women. A subtraction between both hourly rates is applied to determine the mean gender pay gap.

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. This year, our median gender pay gap has slightly improved to 2.2% and equates to a 25.6% reduction since we began GPG reporting in 2018.

Gender Pay Gap – Bonus Pay Gap

There was no difference in the median and mean bonus rate of pay between men and women during the year to 31 March 2024. All eligible employees were awarded the same amounts of

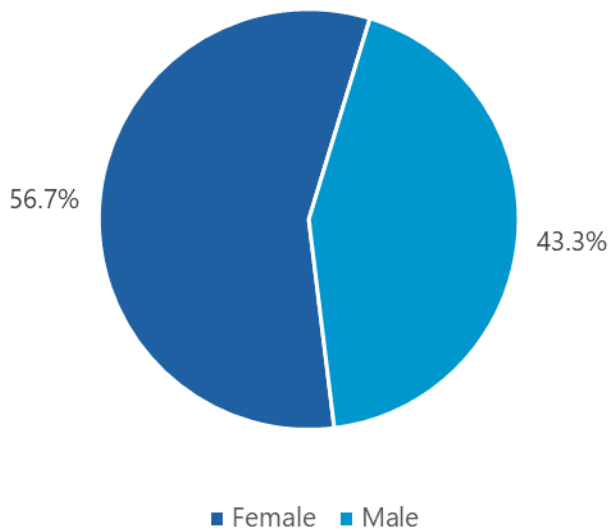
£1,500. Eligible employees included all those with qualifying service and performance and had not given or received notice to leave at the time of the award.

Why do we have a gender pay gap?

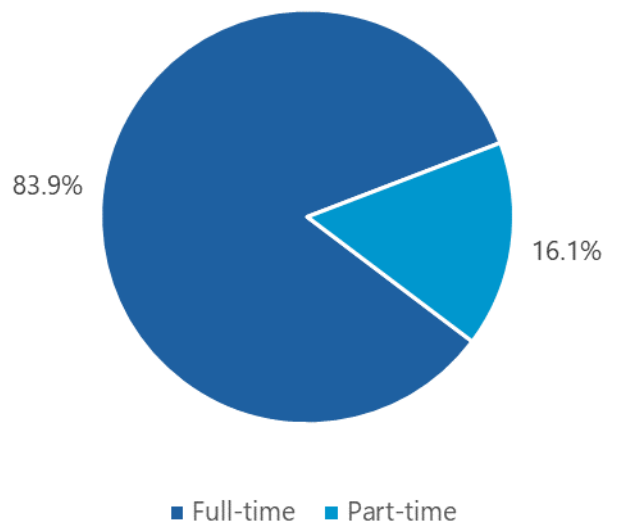
In order to analyse the gender pay gap, it is important to consider the FRC's workforce demographic (full-time versus part-time), the percentage of males and females in each of the pay quartiles, and the proportion of males and females at each job level in the FRC.

In the FRC, on 31 March 2023, men made up 43.3% of the workforce and women made up 56.7% of the workforce. 16.1% are part time. Please see the charts below.

**Gender Split
Female vs Male**



Full-time vs Part-time Employees



Pay Quartile data

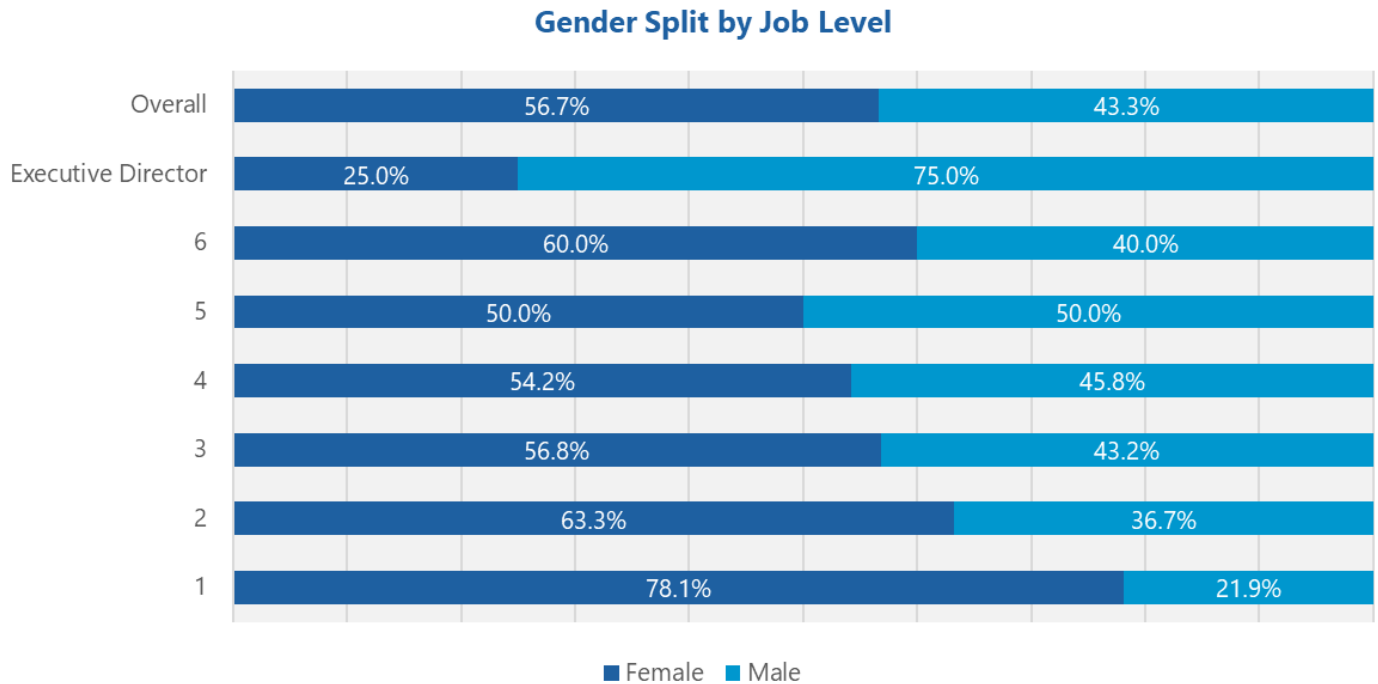
It is also important to consider the proportion of males and females in each of the four pay quartiles (please see table below).

Quartile	Female		Male		Total
	#	%	#	%	#
Lower	79	67.5%	38	32.5%	117
Lower Middle	68	58.6%	48	41.4%	116
Upper Middle	62	53.0%	55	47.0%	117
Upper	55	47.4%	61	52.6%	116
Total	264	56.7%	202	43.3%	466

As you can see from the pay quartile table, we have a significant proportion of women were in the upper pay quartiles as well as in the lower pay quartiles compared to men.

Gender Pay Gap by Job Level

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



Although we have less women in job level 1 roles compared to last year (84%) we still have a higher percentage (78%) of females employed in Level 1 job roles. What is also clear from the chart above 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 Executive Director and 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.

Actions we are taking to reduce our 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 (63%) 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 anonymized sifting of candidates as part of the recruitment process.

Proposed actions to further reduce the Gender pay gap

Although the GPG 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 2024/25 ensuring there is a continued 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

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.

The ethnicity pay gap figures for the period up to 31 March 2024 are stated below.

Ethnicity Pay Gap	2022	2023	2024
Median Pay Gap	29.2%	30.5%	29.2%
Mean Pay Gap	28.2%	25.9%	22.1%

On 31 March 2024, there were 466 employees in our organisation of which 90.6% (422) of our people openly shared their ethnicity to us on XCD. Of those, 277 (59.4%) are of white ethnic group (including white British, white Irish, and any other white people) and 141 (30.3%) are from Black,

Asian, mixed race, or other ethnic groups with 0.4% making a 'prefer not to say' declaration. We are pleased to have such high disclosure rates as we work towards an inclusive and open culture.

Ethnicity pay gap – hourly pay data

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.

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.

Listed below are the median and mean hourly rates of pay which is used to calculate the ethnicity pay gap.

	White	Minority Ethnic	Pay Gap
Median Hourly Pay	£52.21	£36.94	29.2%
Median Annual Salary	£95,283.40	£67,417.50	

	White	Minority Ethnic	Pay Gap
Mean Hourly Pay	£52.47	£40.85	22.1%
Mean Annual Salary	£95,753.07	£74,551.38	

Factors affecting our 2024 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.

Representation levels

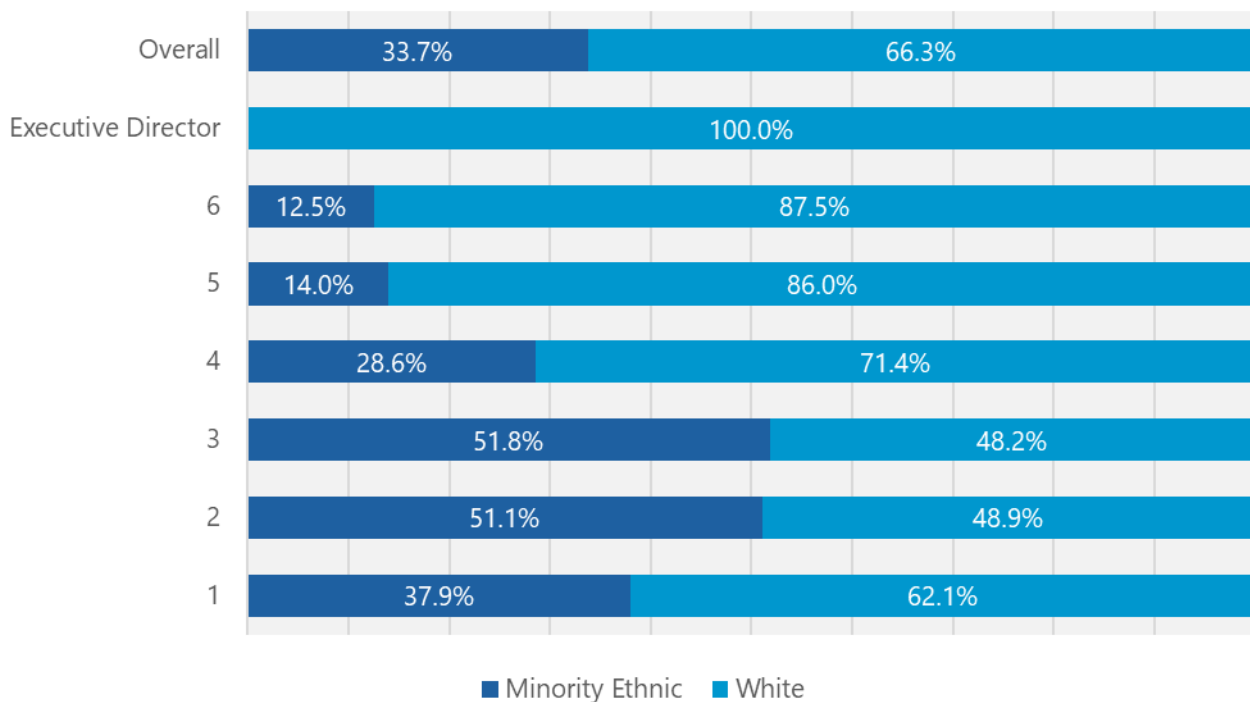
Over the past three years, the FRC has gone through a significant period of growth with more individuals from minority ethnic backgrounds recruited predominantly at the lower job levels. It is positive that we are recruiting from a diverse pool.

Ethnic diversity in the Professions

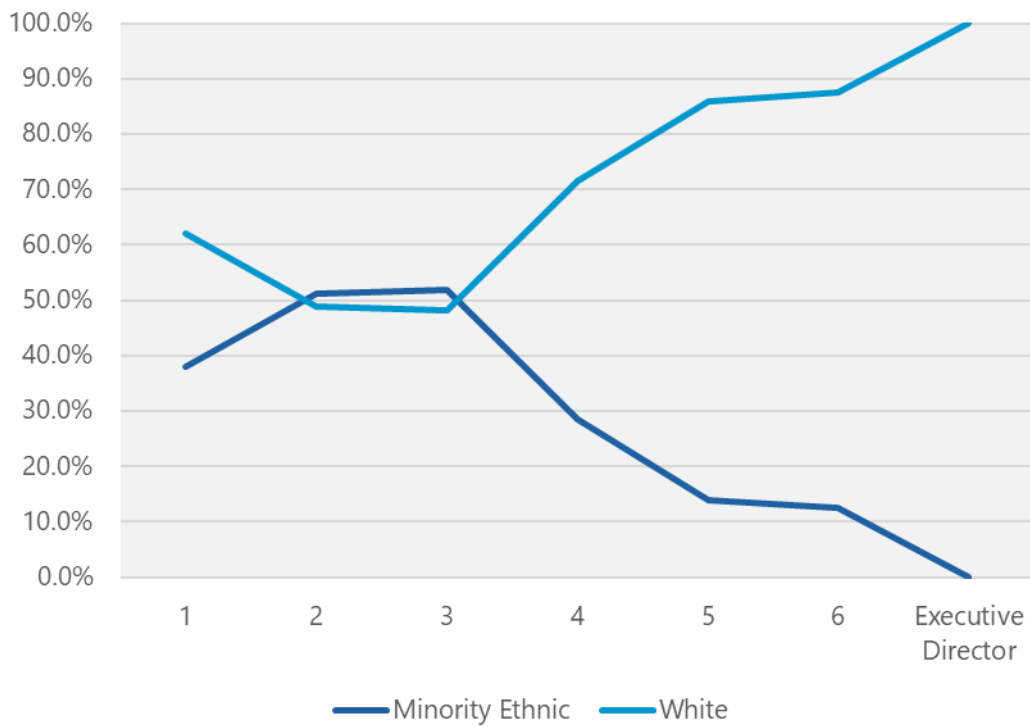
Having greater numbers of minority ethnic staff at the lower job levels is consistent with the levels of ethnic diversity in the professions we recruit from. This is also a factor which contributes to our median and mean pay gaps.

Ethnicity Representation by FRC job level

Ethnicity Breakdown by Job Level (%)



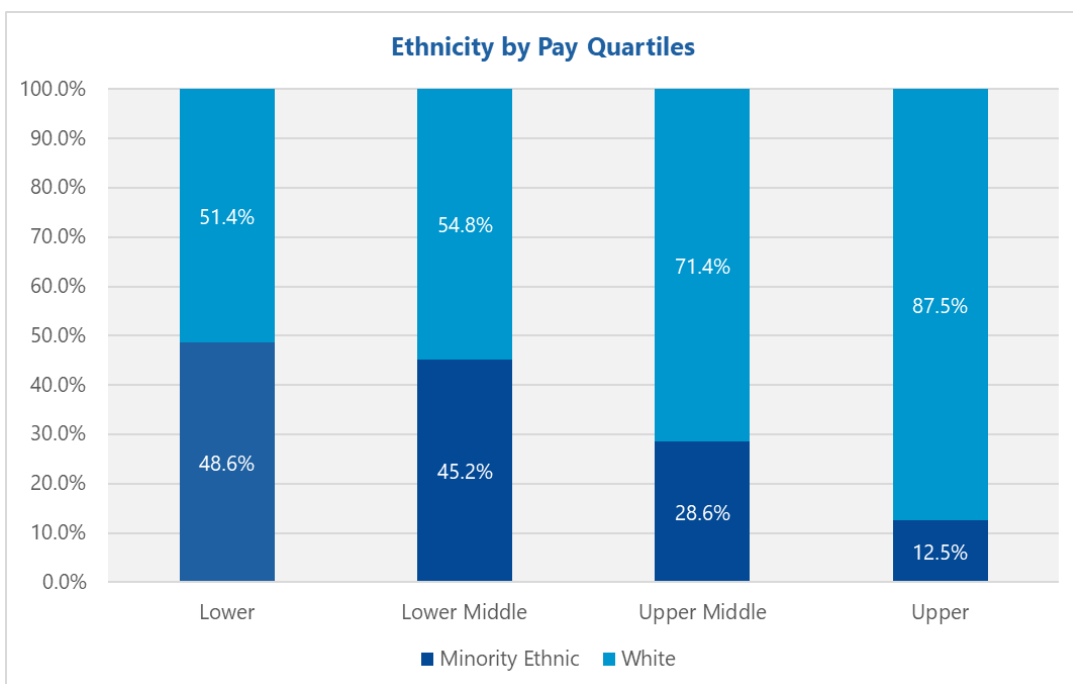
Ethnicity Breakdown by Job Level (%)



As the charts illustrates above, there are less minority ethnic staff in the higher job level i.e. job level 4 and above hence why the Aspire Programme was targeted at staff at job level 3 and 4 to develop our future ethnic minority talent pipeline.

Pay Quartiles data

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



Quartile	Minority Ethnic		White		Total
	#	%	#	%	#
Lower	51	48.6%	54	51.4%	105
Lower Middle	47	45.2%	57	54.8%	104
Upper Middle	30	28.6%	75	71.4%	105
Upper	13	12.5%	91	87.5%	104
Total	141	33.7%	277	66.3%	418

You will see from the table and chart 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 attitudes. 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.

Ethnicity Pay Gap

Our current strategy for Diversity and Inclusion has a focus on addressing the under-representation of minority ethnic staff.

As a result, and over the last year, 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. Following a successful pilot in 2023, launched the second Aspire Programme in May 2024
3. Continued to apply our policies on pay and reward to support the principle of equal pay and ethnicity pay equality
4. Develop a new 'bite size' learning programme on career development
5. Launched training on inclusive language which is now a part of our Learning and Development curriculum
6. Piloted anonymised sifting of candidates as part of the recruitment process

Proposed actions to further reduce the ethnicity pay gap

In addition to the actions above, we propose to:

1. Evaluate and track the careers of participants graduating from the Aspire career development programme.
2. Work with the EmbRace Network, an internal employee network for Racial and Cultural Equity, to develop a programme of career development talks targeted at all staff including minority ethnic staff.
3. Ensure that existing and new leadership programmes across the FRC have colleagues from a diverse range of backgrounds.



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