

**Narrative report summary – reporting  
year 2018/19**

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# **British Council Gender Pay Gap Report**

28 January 2021

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# 1 Introduction

This summary accompanies our gender pay reporting data for the 2018/19 reporting year.

We have prioritised much of our activity since March 2020 on managing the effects of Covid-19 on our global operations. As many other organisations were facing similar pandemic-related operational issues, the Government Equalities Office decided to not enforce the 2018/19 reporting deadline. For these reasons we decided to not report on the original due of date of 30 March 2020.

We are still managing the impact of Covid-19 on our global operations. This is unlikely to change in the current reporting year. We have produced a shorter-than-usual summary to accompany the full results and will produce a compact action plan for this reporting year.

## 2 Gender Pay report narrative summary

The Gender Pay Gap report covers only UK contracted colleagues, including those based overseas.

As with previous Gender Pay Gap reports, we have also chosen to report our ethnicity pay gaps using the Gender Pay Gap reporting methodology.

We have gender pay gaps across all of the reporting metrics. The gender pay gaps have grown since last year (having grown the year before).

Ethnicity pay gaps have reduced since the 2017/18 report. However, the number of colleagues who have not declared their ethnicity has risen significantly. It's therefore unclear how true these pay gap measures are.

The introduction of fixed cash bonuses at all levels in 2018 instead of a percentage of salary bonuses for senior management has narrowed the gender and ethnicity average bonus gaps.

Our equal pay audit (see appendix 4.1: Equal pay audit 2018/19) shows that we do not have an unequal pay issue on either gender or ethnicity and therefore it is not a contributing factor to our pay gaps.

Our pay gap analysis confirms that these issues have contributed to current pay gaps:

- There are disproportionately fewer female and minority ethnic staff in higher paid senior management roles and disproportionately more female and minority ethnic staff in lower level roles.
- In the reporting year 2018/19 the proportion of women in the top quartile of earners reduced from 44.4 to 43.5 per cent, with the bottom quartile largely remaining the same.
- The top quartile of earners covers a much broader range of salaries than the other quartiles. Therefore, it has a weighted effect on the pay gaps. Even though the

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reduced proportion of women in the top quartile was less than one percentage point, it still caused the pay gaps to grow.

These demographics changed because:

- Recruitment rates were the same for men and women in senior management broadband (SMB) – nine per cent for both.
- Promotion rates into and within SMB were higher for men than women – 15 per cent for men; 12 per cent for women.
- Employee turnover rates (the proportion of employees leaving British Council employment) were significantly higher for women in SMB – 14 per cent for men; 23 per cent for women.

We have taken action over the last year to better understand the causes for the pay gaps. Where possible, we have addressed the issues which may cause them.

However, it is becoming evident that any action taken in a given year is unlikely to have much immediate impact and as such many action plan items will need to stretch over a longer time period than a single year:

- We implemented a new approach to talent management focussing on the 'senior level' in 2018/19. Of those assessed with potential to progress to the senior level, the proportion who were female and minority ethnic was higher than their current proportions within that level. Hopefully with the right development support these employees will be able to progress to the senior levels and increase the proportion of female and minority ethnic staff at that level, which in turn will narrow the pay gaps.
- As well as a corporate approach to gender and ethnicity pay gap reporting and action planning, we developed a process of business unit level gender and ethnicity pay gap reporting and action planning.
- We began an investigation into why women left the organisation at higher rates than men in 2017/18. This included an analysis of staff survey results that showed engagement scores for women in senior management were lower than men which might potentially explain why women are leaving the organisation at higher rates than men.
- We implemented a programme to raise awareness of unconscious bias in the recruitment process, and how that could affect recruitment rates.
- We developed a new business case approach to agreeing starting salaries with the recruitment team.
- In 2018 we implemented a new bonus structure that paid out fixed cash bonuses at all levels. Previously, we had salary-based bonuses for colleagues in senior management broadband and fixed bonuses for all other staff. This perpetuated already existing gender and ethnicity pay gaps by allowing a wider range of bonus values to be available to senior management colleagues who were disproportionately male and white. The new approach resulted in the gender average bonus gap

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reducing by three percentage points and the ethnicity average bonus gap reducing by nearly four percentage points.

We have planned this work for the year ahead:

- The business unit level gender pay gap reporting process will be finalised. Business units will agree their own action plans which will support the overall action plan and mitigate the underlying causes to the gender and ethnicity pay gaps.
- We will continue the talent management process at junior levels. We will monitor development and career progress of those identified as talent in the first phases of the programme. We will check whether this affects promotion rates for female and minority ethnic staff in senior management broadband.
- We will investigate further why women in senior management are leaving at higher rates. This investigation will include a new staff exit survey and exit interviews for senior female colleagues who leave. Business units will reflect on senior female turnover rates in their gender pay gap action plans and staff survey action plans.
- We have noticed since implementing a new HR system, that a high number of new hires have not declared their ethnicity on the system. As such, we will review self-declaration of ethnicity in the new starter 'on-boarding' process. We will also encourage new hires who have not disclosed their ethnicity to update their records.
- We hope that an improved ethnicity disclosure rate will allow us to measure the ethnicity pay gaps for different ethnic groups rather than the current approach of grouping them all together into a single 'minority ethnic' group.

## 3 The Main Pay Gap Metrics

Like in previous years, we have included an analysis of the pay gap between majority and minority ethnic staff using the same methodology as the gender pay gap regulations. When we initially set up an ethnicity pay gap reporting approach, we decided that due to the low disclosure rates for the different ethnic groupings that we would group them together into a single 'minority ethnic' group. We hope with better ethnicity disclosure rates in the future (see action plan) that we will be able to measure the pay gap of individual ethnic groups. We have gender and ethnicity pay gaps across all of the pay gap metrics.

### 3.1 Gender pay gaps

Our gender pay gaps have widened compared to last year, although our quartile range distributions of men and women have hardly changed. Conversely our gender bonus gaps have narrowed since we introduced a fixed cash bonus structure for all colleagues in 2018.

## 2018/19

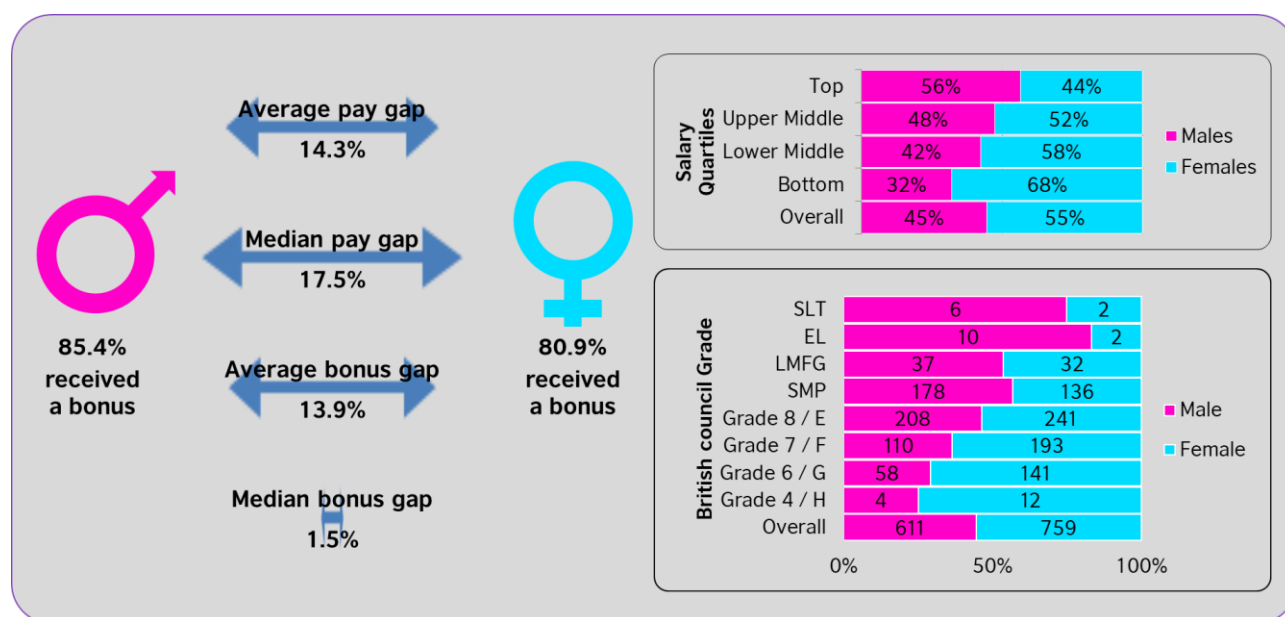


Figure 1: British Council gender pay gap reporting metrics 2018/19

Measure	Gap
Average pay gap	14.3%
Median pay gap	17.5%
Average bonus gap	13.9%
Median bonus gap	1.5%
% of men who received a bonus	85.4%
% of women who received a bonus	80.9%

Table 1: British Council gender pay gap measures 2018/19

Salary quartile	% men	% women
Top	56%	44%
Upper middle	48%	52%
Lower middle	42%	58%
Bottom	32%	68%
Overall	45%	55%

Table 2: British Council gender pay gap salary quartiles 2018/19

British Council grade	Male headcount	Female headcount
Senior leadership team (SLT)	6	2
Enterprise leadership (EL)	10	2
Leaders of major geographies and functions (LMFG)	37	32
Senior management professionals (SMP)	178	136
Grade 8 / E	208	241
Grade 7 / F	110	193
Grade 6 / G	58	141
Grade 4 / H	4	12
Overall	611	759

Table 3: British Council grade by gender headcount 2018/19

## 2017/18

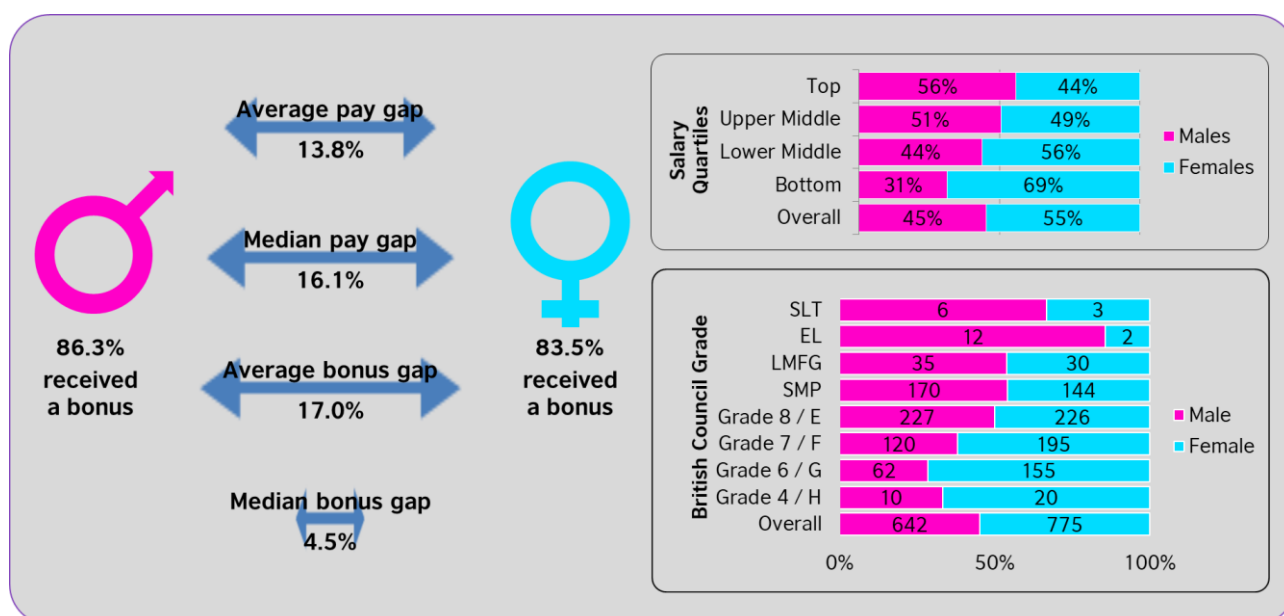


Figure 2: British Council gender pay gap reporting metrics 2017/18

Measure	Gap
Average pay gap	13.8%
Median pay gap	16.1%
Average bonus gap	17.0%
Median bonus gap	4.5%
% of men who received a bonus	86.3%
% of women who received a bonus	83.5%

Table 4: British Council gender pay gap measures 2017/18

Salary quartile	% men	% women
Top	56%	44%
Upper middle	51%	49%
Lower middle	44%	56%
Bottom	31%	69%
Overall	45%	55%

Table 5: British Council gender pay gap salary quartiles 2017/18

British Council grade	Male headcount	Female headcount
Senior leadership team (SLT)	6	3
Enterprise leadership (EL)	12	2
Leaders of major geographies and functions (LMFG)	35	30
Senior management professionals (SMP)	170	144
Grade 8 / E	227	226
Grade 7 / F	120	195
Grade 6 / G	62	155
Grade 4 / H	10	20
Overall	642	775

Table 6: British Council grade by gender headcount 2017/18

## 3.2 Ethnicity pay gaps

All ethnicity pay gaps have narrowed apart from the median bonus gap. The proportion of majority ethnic colleagues in the top two quartiles fell by eight percentage points. The proportion of 'not knowns' went up by 10 percentage points, with the proportion of minority ethnic staff in these quartiles largely remaining the same. So the narrowing of the pay gap was largely as a result of a reduction in the proportion of majority ethnic colleagues in the top two quartiles, rather than an increase in the proportion of minority ethnic colleagues.

## 2018/19

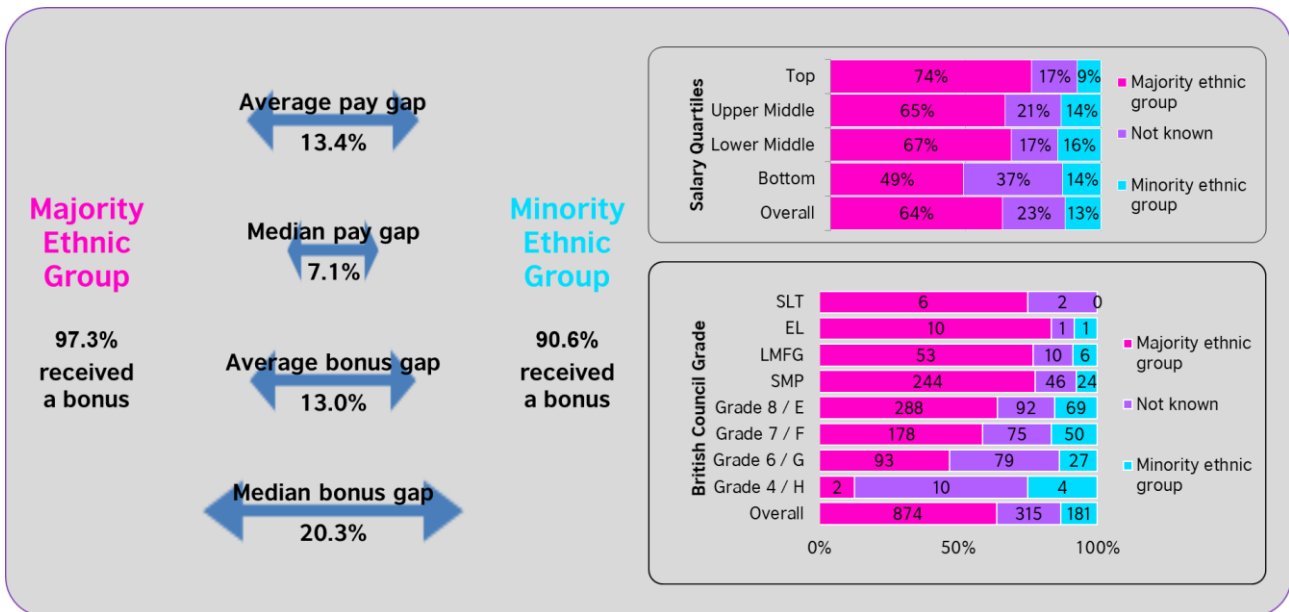


Figure 3: British Council ethnicity pay gap reporting metrics 2018/19

Measure	Gap
Average pay gap	13.4%
Median pay gap	7.1%
Average bonus gap	13.0%
Median bonus gap	20.3%
% of majority ethnic staff who received a bonus	97.3%
% of minority ethnic staff who received a bonus	90.6%

Table 7: British Council ethnicity pay gap measures 2018/19

Salary quartile	% majority ethnic group	% not known	% minority ethnic group
Top	74%	17%	9%
Upper middle	65%	21%	14%
Lower middle	67%	17%	16%
Bottom	49%	37%	14%
Overall	64%	23%	13%

Table 8: British Council ethnicity pay gap salary quartiles 2018/19



British Council grade	majority ethnic group headcount	not known headcount	minority ethnic group headcount
Senior leadership team (SLT)	6	2	0
Enterprise leadership (EL)	10	1	1
Leaders of major geographies and functions (LMFG)	53	10	6
Senior management professionals (SMP)	244	46	24
Grade 8 / E	288	92	69
Grade 7 / F	178	75	50
Grade 6 / G	93	79	27
Grade 4 / H	2	10	4
Overall	874	315	181

Table 9: British Council grade by ethnicity grouping headcount 2018/19

## 2017/18

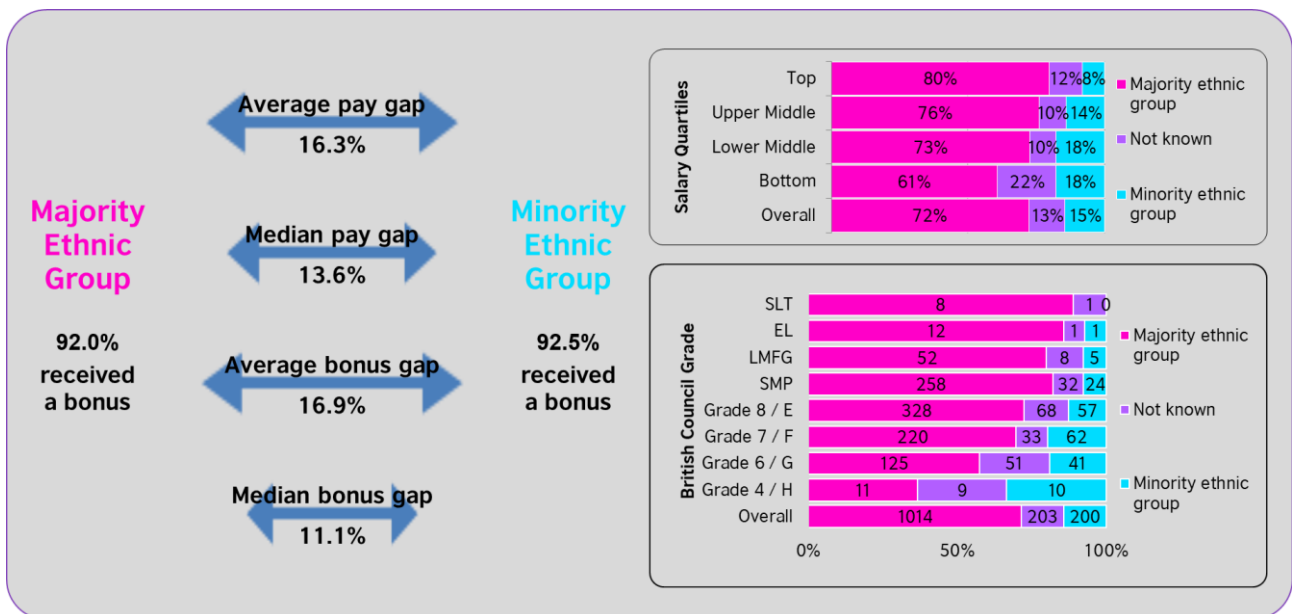


Figure 4: British Council ethnicity pay gap reporting metrics 2017/18

Measure	Gap
Average pay gap	16.3%
Median pay gap	13.6%
Average bonus gap	16.9%
Median bonus gap	11.1%
% of majority ethnic staff who received a bonus	92.0%
% of minority ethnic staff who received a bonus	92.5%

Table 10: British Council ethnicity pay gap measures 2017/18

Salary quartile	% majority ethnic group	% not known	% minority ethnic group
Top	80%	12%	8%
Upper middle	76%	10%	14%
Lower middle	73%	10%	18%
Bottom	61%	22%	18%
Overall	72%	13%	15%

Table 11: British Council ethnicity pay gap salary quartiles 2017/18

British Council grade	majority ethnic group headcount	not known headcount	minority ethnic group headcount
Senior leadership team (SLT)	8	1	0
Enterprise leadership (EL)	12	1	1
Leaders of major geographies and functions (LMFG)	52	8	5
Senior management professionals (SMP)	258	32	24
Grade 8 / E	328	68	57
Grade 7 / F	220	33	62
Grade 6 / G	125	51	41
Grade 4 / H	11	9	10
Overall	1014	203	200

Table 12: British Council grade by ethnicity grouping headcount 2017/18

# 4 Appendix

## 4.1 Equal pay audit 2018/19

Equal pay is a different metric to gender pay gaps. Equal pay measures whether different equality groups are paid differently for doing work of equal value. It is tested by measuring the pay gaps within a pay grade rather than across the organisation.

We have included our 2018/19 equal pay audit analysis for both gender and ethnicity in this report. To show equal pay we should have pay gaps of less than five per cent at each grade<sup>1</sup>. There shouldn't be evidence of one equality group doing better than the other at each level.

Both on gender and ethnicity British Council does not have an equal pay issue.

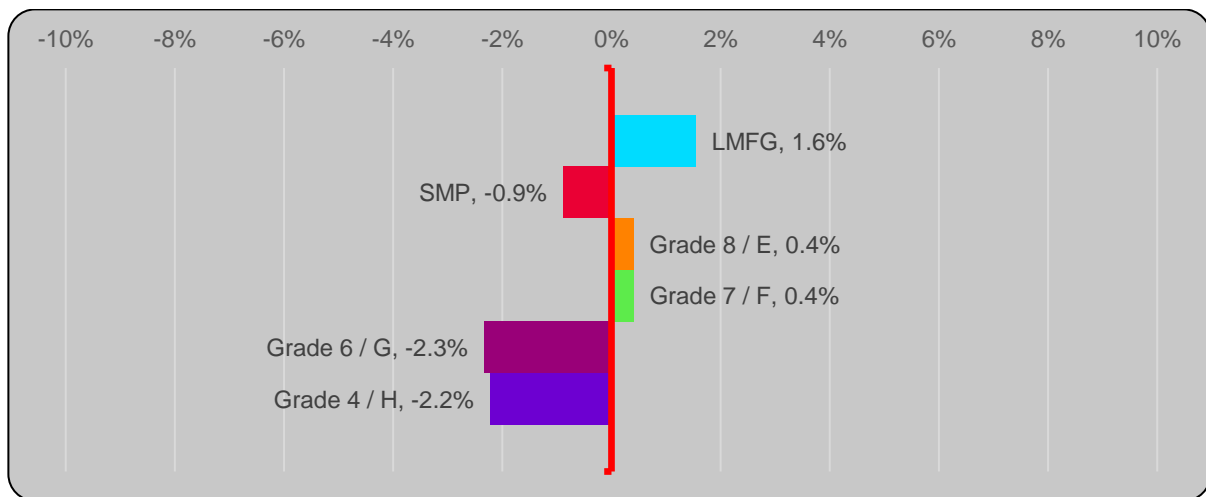


Figure 5: British Council Gender 'average' equal pay gaps 2018/19

British Council grade	Average equal pay gap
Leaders of major geographies and functions (LMFG)	1.6%
Senior management professionals (SMP)	-0.9%
Grade 8 / E	0.4%
Grade 7 / F	0.4%
Grade 6 / G	-2.3%
Grade 4 / H	-2.2%

Table 13: British Council Gender 'average' equal pay gaps 2018/19

<sup>1</sup> For data confidentiality and statistical relevance reasons we only report the equal pay gap if there are at least four people from an equality group at that level

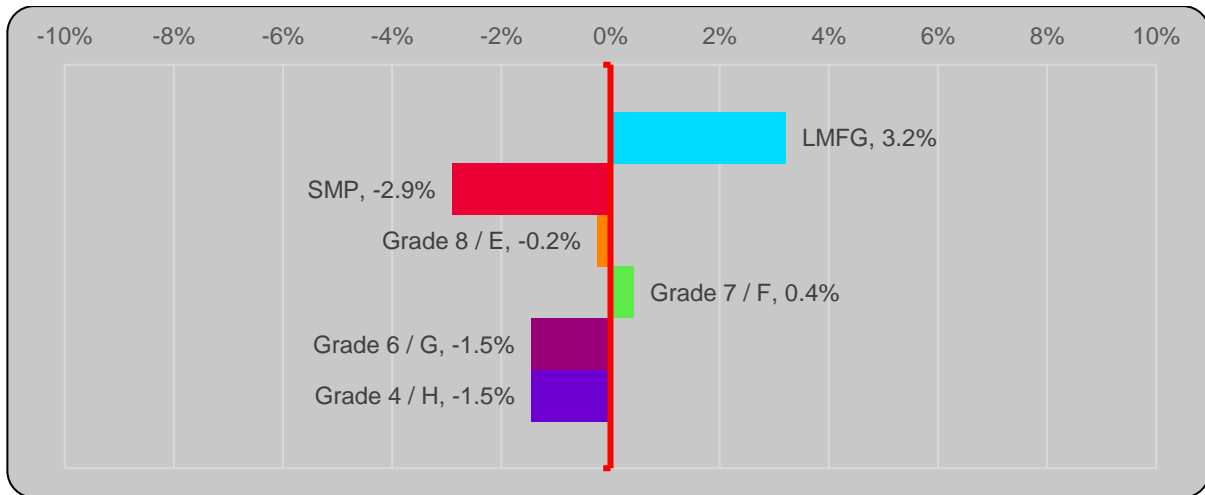


Figure 6: British Council Gender 'median' equal pay gaps 2018/19

British Council grade	Median equal pay gap
Leaders of major geographies and functions (LMFG)	3.2%
Senior management professionals (SMP)	-2.9%
Grade 8 / E	-0.2%
Grade 7 / F	0.4%
Grade 6 / G	-1.5%
Grade 4 / H	-1.5%

Table 14: British Council Gender 'median' equal pay gaps 2018/19

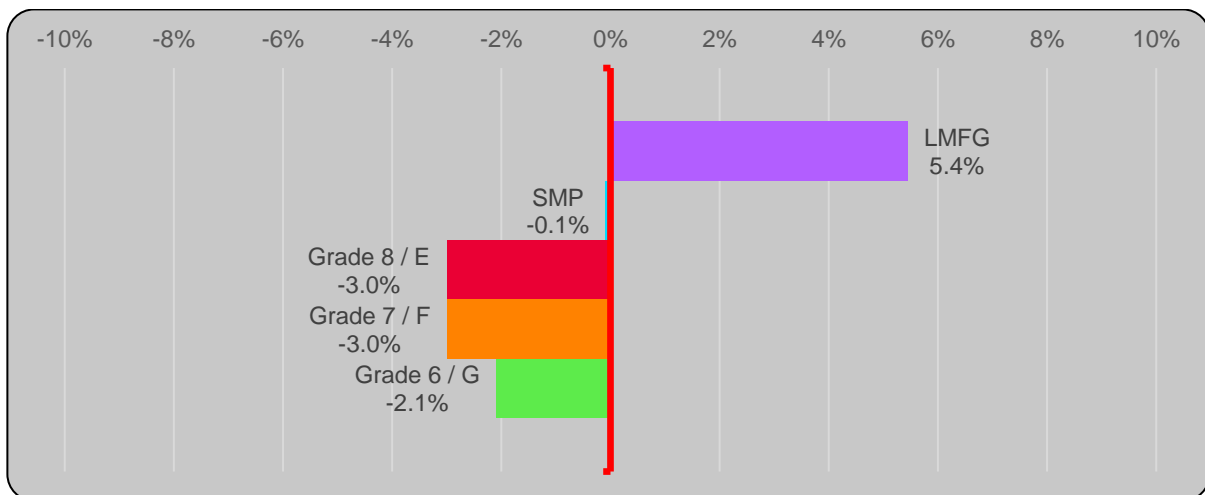


Figure 7: British Council Ethnicity 'average' equal pay gaps 2018/19

British Council grade	Average equal pay gap
Leaders of major geographies and functions (LMFG)	5.4%
Senior management professionals (SMP)	-0.1%
Grade 8 / E	-3.0%
Grade 7 / F	-3.0%
Grade 6 / G	-2.1%

Table 15: British Council ethnicity 'average' equal pay gaps 2018/19

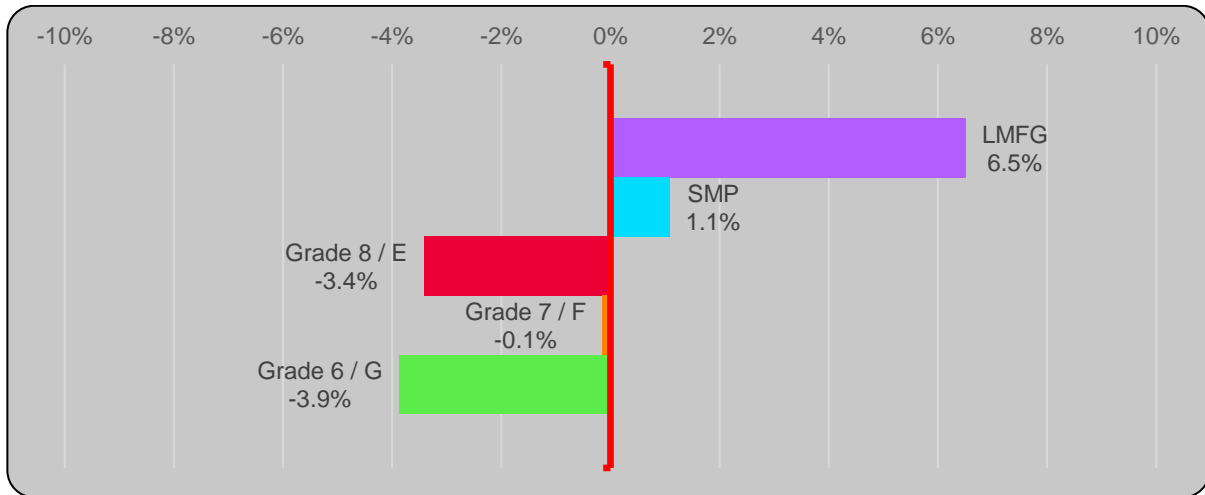


Figure 8: British Council ethnicity 'median' equal pay gaps 2018/19

British Council grade	Average equal pay gap
Leaders of major geographies and functions (LMFG)	6.5%
Senior management professionals (SMP)	1.1%
Grade 8 / E	-3.4%
Grade 7 / F	-0.1%
Grade 6 / G	-3.9%

Table 16: British Council ethnicity 'median' equal pay gaps 2018/19

## 4.2 British Council headcount by grade

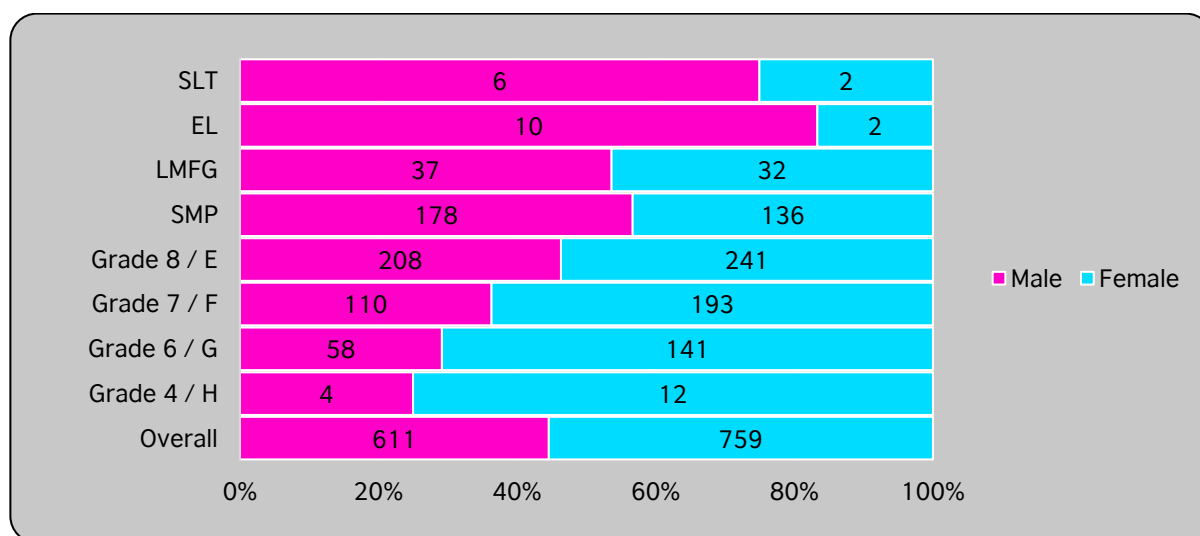


Figure 9: Gender headcount by pay band as of 31 March 2019

British Council grade	Male headcount	Female headcount
Senior leadership team (SLT)	6	2
Enterprise leadership (EL)	10	2
Leaders of major geographies and functions (LMFG)	37	32
Senior management professionals (SMP)	178	136
Grade 8 / E	208	241
Grade 7 / F	110	193
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Grade 4 / H	4	12
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Table 17: Gender headcount by pay band as of 31 March 2019

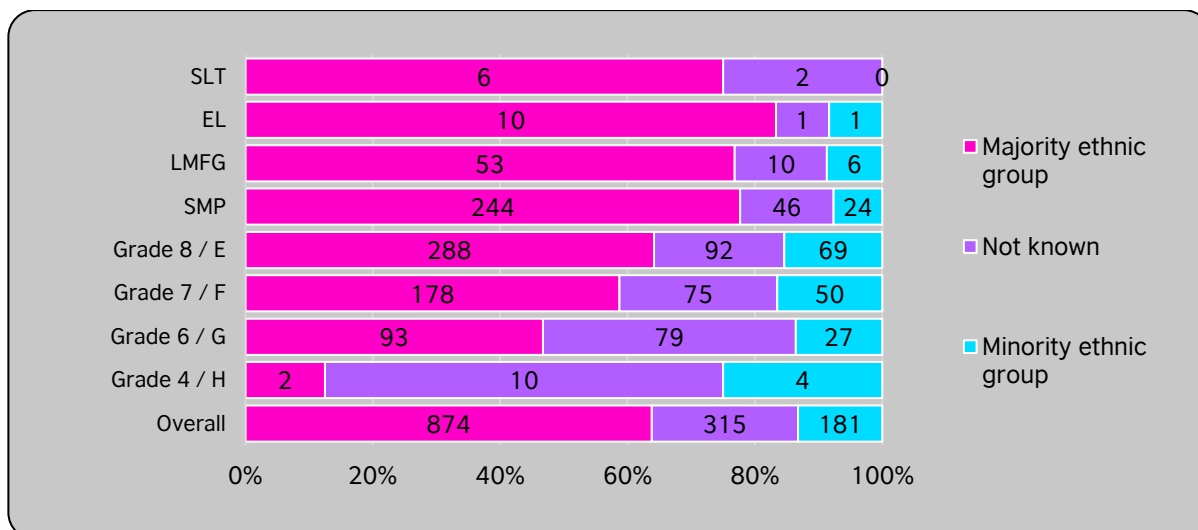


Figure 10: Ethnicity headcount by pay band as of 31 March 2019

British Council grade	majority ethnic group headcount	not known headcount	minority ethnic group headcount
Senior leadership team (SLT)	6	2	0
Enterprise leadership (EL)	10	1	1
Leaders of major geographies and functions (LMFG)	53	10	6
Senior management professionals (SMP)	244	46	24
Grade 8 / E	288	92	69
Grade 7 / F	178	75	50
Grade 6 / G	93	79	27
Grade 4 / H	2	10	4
Overall	874	315	181

Table 18: Ethnicity headcount by pay band as of 31 March 2019