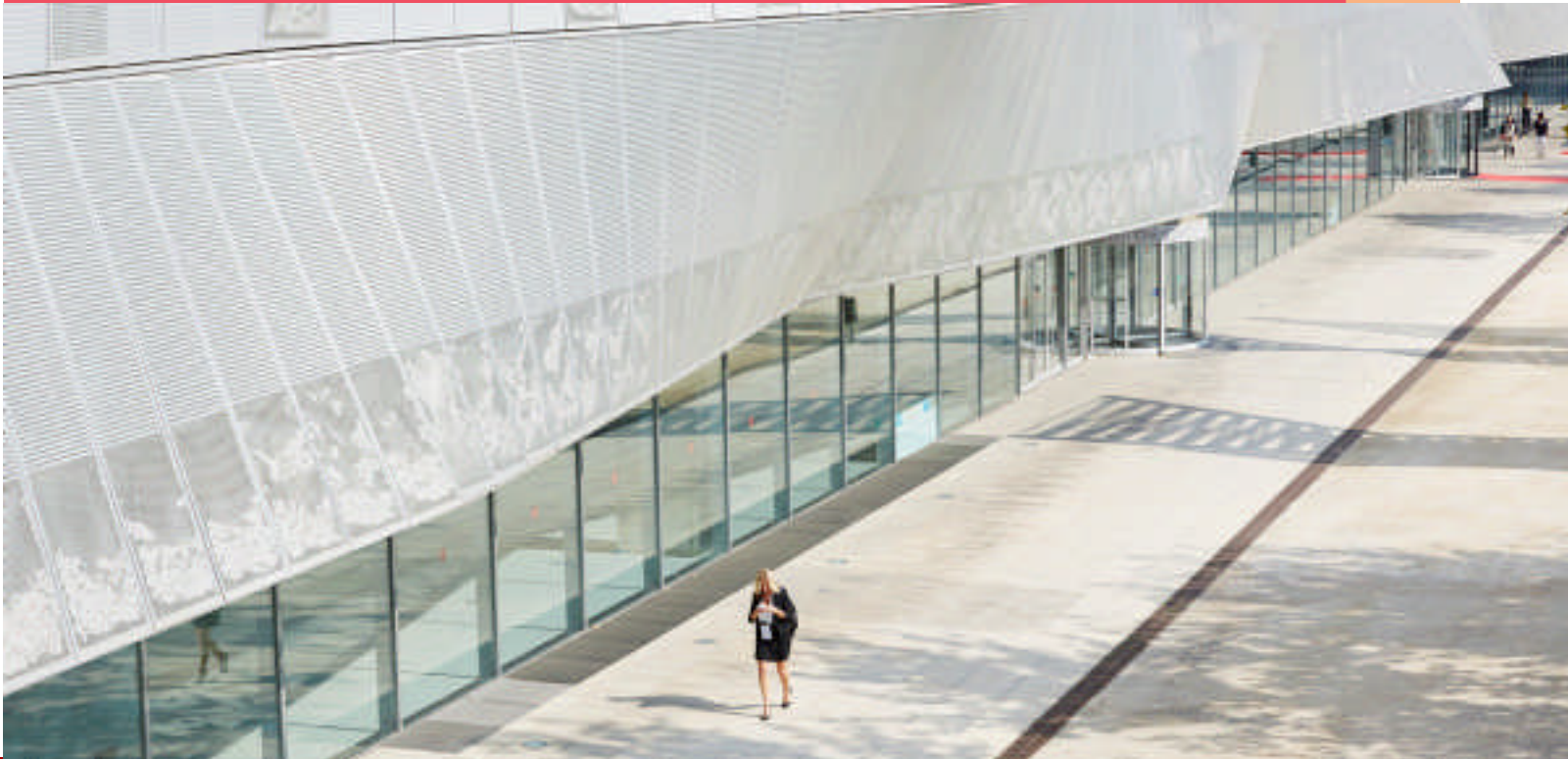


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On-air review

*British Broadcasting
Corporation
30 January 2018*



pwc

Executive summary

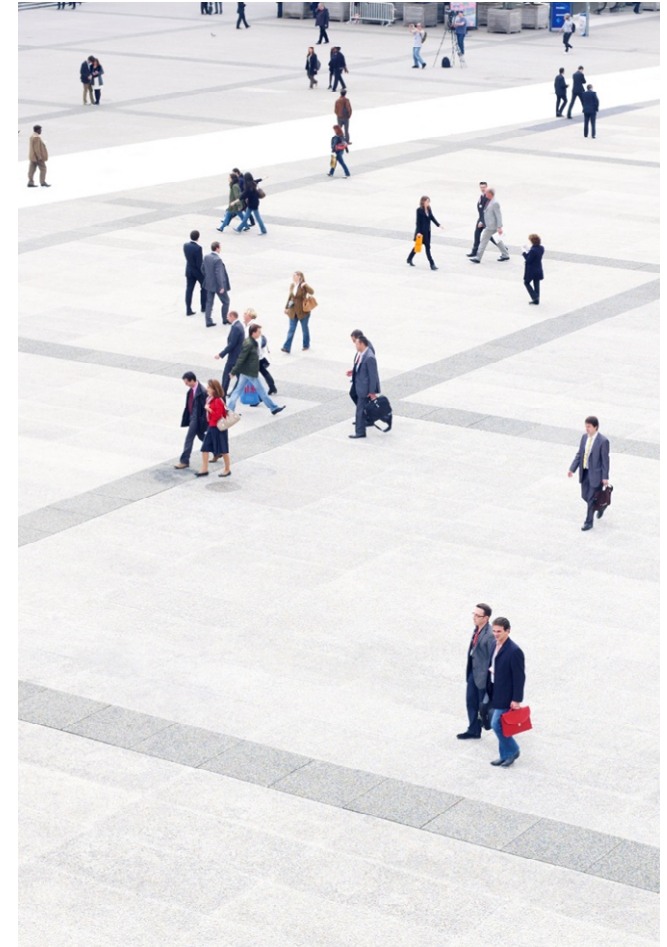
We have been asked by the British Broadcasting Corporation (BBC) to assist it with understanding the fairness and equality of pay for 824 people who appear on the television or radio, working across its Network News, Radio Continuous Programmes, Nations, English Regions, World Service and Sport programmes. In October 2017, PwC supported the BBC with a review of Equal Pay for around 96% of its graded staff in Public Service Broadcasting. This review covers remaining staff outside of the Senior Manager group. We have been asked to explain our methodology and to make recommendations for change. The BBC will consult its employees on both these aspects of our work.

We have found that the BBC has a set of pay arrangements for this group which lack a consistent evaluation and governance framework. This is not uncommon for a highly skilled and diverse group of this type, but it falls below the high standards that the BBC sets for itself and which the licence fee paying public expect.

As a result of this lack of consistent framework, the BBC's approach to pay for this group has historically lacked rigour and this has resulted in anomalies for both men and women. We believe the BBC should act quickly to correct these. This is likely to involve reducing the pay of some and increasing the pay of others.

In terms of gender equality, we have performed detailed analysis and a thorough equal pay sampling exercise. Our analysis has shown that, where pay differences have been identified amongst employees in similar roles, these are typically driven by material and justifiable factors unrelated to gender. Examples that we have seen include level of experience, skills and market influences. Not everyone is paid the same, and in some cases men and women in comparable roles are paid differently. While there are some differences to address, we have not seen anything in our work which leads us to believe this is as a result of gender bias in the setting of pay.

All of the right foundations are being put in place and we have seen real commitment at the BBC to addressing both the underlying pay structure and perceptions of that structure. It is something which the BBC has already started doing and we support the steps they are taking to consult with staff on this important issue.



Executive summary



We have found no evidence of gender bias in pay decision making, but the BBC's approach to setting pay for the group that we have considered in this report (defined on page 7 as the "on-air group") historically has been far from perfect. We have identified the following findings in relation to pay:

- **The absence of clear frameworks and pay market anchors** has resulted in pay decisions being made at a local level without a consistent BBC-wide structure. The BBC's historic decentralised and programme-led approach to managing the on-air group has resulted in pay and contracting decisions that may make sense within individual programmes, but are not always consistent across the on-air group.
- **The absence of pay ranges** has led to a lack of clarity and openness about the basis for making pay decisions. It has also created a sense of unfairness because individuals are not aware of where they are paid in a range.
- **The current spans of pay** for each of the groups within our proposed framework are too wide and we believe the BBC needs to correct this and review pay differentials within spans.
- **Slower rate of pay progression for both men and women during a period of significant pay restraint** with individuals who have joined since 2008 never having had the benefit of historic higher pay increases.
- **More men than women in the upper half of the pay distribution** Our analysis for the majority of on-air individuals finds that a slightly higher percentage of men compared to women are paid above the midpoint for their job.
- **Pay for the highest profile individuals needs to be addressed** The BBC has recognised and rewarded very highly those individuals whose skills often enable them to work across genres and/or whose profile with the audience is high, which, right at the top, are mostly men. Whether or not this has been appropriate historically, the news market has changed and the BBC has started to adapt to this.
- **Range of contract types** The decentralised approach to the on-air group, as well as the impact of legislative changes (such as IR35) on traditional "freelance" contracting models, has led to a range of contracts in operation across the population which has contributed to inconsistency in contractual terms. This has contributed to a lack of transparency and made it difficult to readily compare or correct pay.

In the light of these findings, our recommendations are therefore:

1. Introduce an appropriate framework that differentiates between jobs of different sizes and can be linked to pay
2. Introduce narrow pay ranges attached to job titles or job groups that are market informed and appropriate to the BBC
3. Improve transparency by publishing pay ranges, ensuring individuals are paid at the appropriate point and communicating to individuals where they sit within them
4. Address the small number of highly paid individuals and those paid outside of the established ranges
5. Review current approach to contracting and simplify where possible
6. Simplify allowances and harmonise anomalies in reward
7. Introduce greater oversight of on-air roles
8. Conduct regular reviews and report regularly

Context for the on-air review

The BBC has already recognised that it has work to do to bring more structure to its workforce from a pay and contracting perspective. To this end, in consultation with staff and unions, the BBC has been undertaking a major programme of work to modernise its employment practices and ensure it is a fair place to work. A central part of this has been to review and reform its approach to the pay and associated policies for roles across the entire organisation. This underpins a broader strategy which the BBC describes as being to “reinvent itself for the next generation, to be a great place to work and to encourage new voices, new talent and new ideas by reflecting the diversity of its audiences”.

The BBC has started to reform how it rewards its people through the implementation of a more structured approach to pay and progression. To date, this has included:

- Introduction of the BBC’s Career Path Framework (CPF). The CPF is an industry standard broad banded structure within which sit the vast majority of individual jobs at the BBC. This provides employees with clarity as to where they sit and how they can progress through the BBC. This has been a fundamental change which seeks to provide greater transparency of pay progression and development pathways for the vast majority of individuals within the organisation. The majority of individuals whose role involves working on-air were not included when the CPF was published in October 2017. The evaluation of these on-air roles was identified at the time by the BBC as more challenging due to their complex nature and the evaluation, analysis and proposals for these roles has required more time to get right.
- The development of proposed market based pay ranges for each job created within the CPF. Last year, the BBC communicated to individuals in the CPF both the pay range for their job and their position within the proposed range. This allows individuals to understand their pay level relative to the overall job pay range, and their line managers have been equipped to hold conversations about this. This moves the BBC to a market standard approach to setting pay for the vast majority of its population. The approach to rolling out the CPF has been iterative, to allow for feedback from staff and the joint unions.
- A review of BBC Terms and Conditions with a proposal to modernise and harmonise pay policies, contracts and arrangements across the organisation.
- The publication of the BBC’s fair pay principles: Fair; Transparent; Consistent; Competitive; Clear. These principles now underpin all pay decisions made by the BBC and we have included them for completeness in Appendix 1.

In addition, in October 2017, the BBC published the results of an independent Equal Pay Audit conducted by Eversheds Sutherland and PwC, and also reported on its gender pay gap, together with its management response.

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Background and introduction

Scope of the review

The BBC is now focussing on bringing structure to those who perform either a significant part or all of their work on-air. PwC have been asked to assist with historic pay analysis, development of an appropriate pay structure and to make observations and recommendations in relation to this complex group. Our original Terms of Reference are set out in Appendix 2.

This group is broader than the original group referred to in our Terms of Reference. This has led to more people having their pay and contracting arrangements considered than was originally intended.

The overall population in-scope for the purposes of our review is around 824 individuals consisting of Presenters, On-Air Editors and Correspondents. These individuals work within one of the following areas: Network News, Radio Continuous Programmes, Nations, English Regions, World Service or Sport. For simplicity, in the remainder of this report we shall refer to these individuals as the “on-air group”.

This on-air group is made up of:

- **271 Journalists** who were “mapped” into the CPF when it was initially introduced but who, due to their significant (i.e. 80% or more) on-air responsibilities, have been re-categorised by the BBC as Presenters for the purposes of this review. We understand the BBC plans to consult upon proposals to “remap” this group as part of the CPF.
- The remaining group of **298 Presenters, On-Air Editors and Correspondents** on three types of staff contract who were not originally included in the CPF.
- **211 Correspondents** who were mapped into a career level within the CPF in November 2017, but were not part of the Equal Pay Audit completed in October 2017.
- **44 freelance presenters** who we have identified as in-scope on high profile programmes and whose roles are similar to the staff identified above.

In addition, there is a group of around 200 freelance presenters, working mostly in English Regions in news & non-news roles which the BBC is considering in parallel. We comment on these at page 22.

The BBC’s consultation with staff may change the boundaries of the populations considered, as judgements are needed on the allocation of jobs most closely aligned to entertainment genres on the one hand, and between CPF Career Levels on the other. Nevertheless we consider our approach and findings valid.

Purpose of the review

The complex way in which the on-air group has historically been managed by the BBC, together with an associated lack of transparency, has given rise to a number of concerns about equality of pay between men and women in this population and a general perception of unfairness. This has been, and continues to be, well publicised.

Part of the aim of our review is to understand whether there is any basis to these concerns, drawing on analysis of the available pay data against an evaluation framework. The BBC has had no single consistently adopted job evaluation framework in place for the on-air group. To complete our analysis, it has therefore been necessary for us to collate and “normalise” pay data in order to make reasonable comparisons – we have described this process in more detail later in the report. It has also been necessary to group roles into jobs which are broadly comparable, so as to assess pay fairness and equality amongst individuals performing the same or similar work.

The remainder of this report is focussed on how our analysis has been carried out, what conclusions we have reached and what recommendations we make to the BBC.

There are two key aspects to our work:

1. We have conducted analysis to help the BBC understand whether it has paid the on-air group fairly. In addition to considering overall fairness, we have, wherever possible carried out an equal pay analysis exercise in line with the broader Equal Pay Audit in October 2017. This has enabled us to assess the BBC’s likely compliance with its equal pay obligations and draw a number of conclusions about how the BBC has historically managed and paid the on-air group.
2. We have set out recommendations for the development of a future reward framework for the setting of pay and management of people and pay across the on-air group which is fair, robust and objective. Our aim in making these recommendations is to support an approach to pay that is workable and consistent with the BBC’s core fair pay principles: fairness, consistency, transparency, competitiveness and clarity, which are included in Appendix 1.

We understand that the BBC intends to consult with its workforce in relation to the methodologies we have used and our recommendations before deciding whether to adopt them (or any variation of them). We agree with this approach to employee engagement, given the complexity of the analysis required and the industry specialist nature of the roles in question.

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Approach and methodology

Our approach

Grouping jobs

In developing an approach to recommend to the BBC in relation to the on-air group, we first considered whether the CPF could be appropriate for some or all of that group.

The CPF is an evaluation based system which provides individuals with a job within a broad career level band and sets out a market-based pay range for each job. This helps to assess pay equality and provide a basis to review pay fairness. Furthermore, mapping roles into the CPF provides for greater transparency as pay ranges for individual jobs can be communicated. It also enables the organisation to review where individuals sit relative to their peers and ascertain whether their pay position is appropriate, relative to their skills and experience.

Having looked more closely at the on-air group, we were able, in conjunction with the BBC, to identify a further significant group of on-air roles which had clear points of comparison across a number of common individual jobs and for which we consider a standard job description should apply. Within each job the requirements of the role are similar and there is potential movement between roles. It is also possible to obtain some market data and develop market informed pay ranges for these jobs.

The Career Path Framework – how the on-air group sit within this

On air job sizing applied to Career Level F <i>(19 jobs)</i>	F	Chief Presenter (16 specific job types based on programme, genre etc. described at Appendix 3)	Senior Correspondent	Senior On-Air Editor On-Air Editor		
		BBC broad career level bands <i>(12 jobs)</i>	E	Senior Lead Presenter Lead Weather Presenter Lead Presenter	Correspondent (Network) Correspondent (Sport) Correspondent (Nations & Regions)	On-Air Editor – Specific Output
				D	Senior Presenter Sports Presenter Senior Weather Presenter	
C	Presenter Weather Presenter					

In November 2017, the BBC took some initial steps to map a number of Correspondents into the CPF. Working with the BBC, we have been able to identify a further 178 Presenters, Correspondents and On-Air Editors whom we believe can also be brought within the CPF structure. An additional group of Senior Journalists who spend the majority of their time on air have also now been brought into the Presenter job.

There are 168 Presenters, On-Air Editors and Correspondents who do not fall into CPF Career Levels C-E. These individuals have the highest profile due to the nature of the work they do and the programmes they work on.

To define a set of jobs for this group that can be appropriately compared, we have recommended that a bespoke approach is adopted. This will ensure that the BBC remains consistent with its aim to use the CPF wherever possible, but recognises that a modification to the standard approach is needed for a limited number of jobs which sit above CPF Career Levels C-E. We have set out our recommended approach later in this report and this is something upon which the BBC now intends to consult. This group is described for convenience as “Career Level F”.

Our approach

Analysing fairness and equality



To date, the BBC has carried out two exercises to measure and report upon pay equality across its workforce in 2017. These were:

1. a statutory Gender Pay Report
2. a voluntary Equal Pay Audit, conducted by Eversheds Sutherland with input from PwC, and assured by Sir Patrick Elias, QC.

The Gender Pay Report followed a mandatory statutory process and provided statistics on gender related pay gaps across the entire BBC workforce including all staff roles in the on-air group. The Equal Pay Audit was an independent audit covering those roles which, at the time it was conducted, had already been mapped into CPF. The Equal Pay Audit therefore covered the vast majority of the BBC's workforce – circa 18,000 - but it did not include all of those on-air roles that are the subject of this review. The BBC is keen to ensure that these roles are also assessed from an equality perspective and has therefore asked us to assist with this. We have taken two different approaches: one for those jobs that it has been possible to map into the CPF Career Levels C-E; and another for those jobs provisionally grouped into Career Level F. The details of each are set out below.

For Career Levels C to E

Our analysis considered each Career Level to identify the median and mean pay gap, overall gender representation and distribution, and range of pay. We then adopted the same approach to sampling as was used for the broader Equal Pay Audit in October 2017 using the methodology set out in Appendix 4.

We identified a number of samples and tested reasons for pay differentials, as follows:

- For each job where we identified a median gender pay gap of 3% or more, we then identified a male and female “comparator”: (i) whose pay differed by 3% or more; (ii) who work at the same or similar locations; and (iii) who have similar tenure with the BBC. This approach is in line with the Equality and Human Rights Commission Statutory Code of Practice on Equal Pay, which indicates that gaps of 5% and over should be investigated. Given the small number of jobs, we used 3% as the threshold for investigation.
- Where the median job pay gap favoured men, we selected comparators where the male was paid more, and vice versa. We verified pay and tenure data objectively to ensure an appropriate comparison.
- We then sourced data on each sample, and tested that data with the BBC using a structured set of questions to identify potential reasons for the pay differences and determine whether these are gender-related.

For Career Level F

This population is a very diverse group with a small number of people in each job. Not all jobs in this group are equal, nor do they each have the same value to the BBC. We have therefore developed a “job sizing” approach to assess those on-air roles falling within Career Level F, to enable appropriate differentiation between these roles which sit outside Career Levels C-E. Our assessment included reviewing gender representation and pay gaps amongst employees in similar sized jobs, and has focussed on the distribution of pay in more detail since pay averages are less helpful in assessing equality of pay due to the small population size.

Our approach

Analysing fairness and equality



In identifying appropriate groupings for the purposes of comparing pay, it has also been necessary to “normalise” two factors to enable fair comparison:

Time commitment: We developed a methodology to adjust for the time commitment made to the BBC by each individual, to ensure that pay is being compared historically on as equal a basis as possible. This is necessary in particular for the group at Career Level F, because this group is made up of individuals with a mixture of programme and time commitments. It also contains some individuals who do a limited number of programmes and others that span a number of programmes, meaning that it is more complicated to compare jobs.

Rates of pay: This is necessary because the BBC has a variety of pay and contractual arrangements for the on-air group, which range from full benefits provision for those on Graded Staff contracts, limited benefits for some of those on On-Air Talent (OAT) contracts and Freelancers. This means that to compare pay accurately adjustments are required to ensure consistency in valuing total reward and benefits. The factors used to compare pay have been set out in Appendix 5.

Our approach

Summary of the data

The overall numbers are set out in the table for each Career Level for the on-air population addressed in this review – the approach to the groupings are set out in more detail in the next sections.

The overall median pay gap for this group is 6.8%. The nature of the data, when summarised for such a population, can conceal issues within the data. Therefore, in the sections that follow, we also look at the pay gaps by job group, distribution and spans of pay.

Population under review	Total	% Female	Pay Gap (pay and allowances)	
			Median	Mean
All	824	41%	6.8%	4.3%
C	115	53%	7.4%	8.4%
D	222	44%	0.8%	3.5%
E	319	33%	-3.6%	-2.9%
C to E	656	40%	12.6%	7.3%
F	168	43%	0.4%	4.6%

Key:

- *Median Pay Gap: The difference between the median earnings of men compared to the median earnings of women relative to the median earnings of men.*
- *Mean Pay Gap: The difference between the mean earnings of men compared to the mean earnings of women relative to the mean earnings of men.*
- *Earnings: Salary/Fees and allowances which have been adjusted to reflect full-time working.*

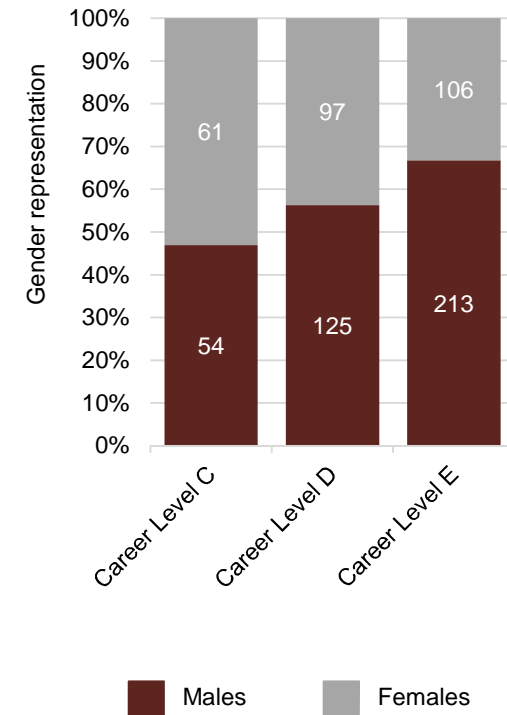
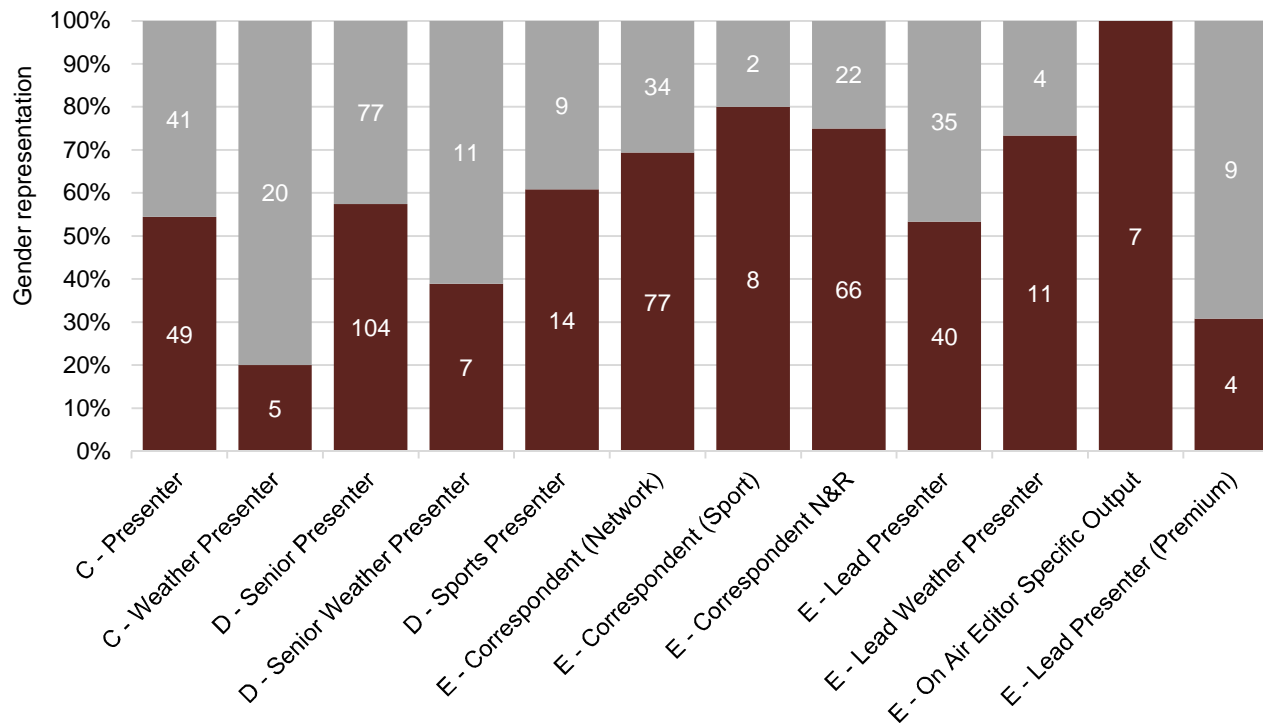


Analysis and observations: Career Levels C to E

We have first looked at those roles which it has been possible to map into CPF Career Levels C to E – for this group we have performed statistical gender pay analysis, conducted sampling and drawn conclusions from this exercise

Review: Career Levels C to E Representation

The first piece of analysis we performed looks at overall gender representation across the jobs into which this group has been mapped. The 656 individuals that have been mapped into Career Levels C to E span 12 individual jobs which sit within the broad-banded structure. Across these jobs, women represent overall 40% of the population as shown below. This is slightly lower than female representation across the BBC as a whole (48%) and within the BBC’s leadership population (42%). The most significant underrepresentation is across the Correspondent jobs graded E. There is greater representation of women at the lower Career Levels (C and D), which will have an impact on the overall gender pay gap for this population.



Review: Career Levels C to E

Gender pay gaps

The overall median pay gap for this population is 12.6% in favour of men across all three bands (covering pay and allowances). This is more than the gender pay gap for the BBC overall as at April 2017, which was 9.3%. It is less than the pay gap for the UK as a whole, which is just over 18%.

The mean pay gap is 7.5%. This is in line with the BBC's gender pay gap mean figure of 7%.

Overall the data shows that, of the population, 115 individuals were in Career Level C, the lowest paid band where there was a median pay gap in favour of men and 319 individuals were in Career Level E, the highest paid, with a pay gap in favour of women. Female representation is, however, lowest in higher paid Career Level E jobs.

While the pay gaps by Career Level are lower, the overall pay gap is higher at 12.6%. This is due to fewer women at senior levels resulting in lower overall average pay.

Career Level	Headcount	of which female	Pay Gap	
			Median	Mean
All	656	264	12.6%	7.5%
C	115	61	7.4%	8.4%
D	222	97	0.8%	3.5%
E	319	106	-3.6%	-2.9%

* Negative pay gap are in favour of women.

* Positive pay gaps are in favour of men.

This data is sourced as at January 2018 and covers salary and allowances at full-time equivalent.

We have also looked at the patterns within the 12 job titles that sit across the three Career Levels:

- There are six jobs where the median pay gap is more than 3% in favour of men, some by a significant margin.
- A similar proportion applies to the mean pay gaps.
- One job has a median pay gap of over 10% in favour of women, while three jobs have a median pay gap of between 0% and 3% in favour of women.

Review: Career Levels C to E Distribution

We have analysed the presence of female staff within the population above the median and upper quartile of the pay distribution to understand where they are positioned within the band range. This helps us understand whether women are proportionately represented at the upper end of each Career Level.

If women were represented completely equally at all levels, we would expect to see an even distribution of women in each quartile. That would mean that there would be a quarter of the total population of women in each quartile. So, for example, in a group of 100 men and 100 women, the standard distribution of women would be 25 in each quartile.

The table below shows the percentage of women paid above the midpoint and upper quartile in the pay distribution of each Career Level.

For ease of illustration, we have normalised the expected number (one quarter per quartile) to equal 100%. Where the percentage shown is less than 100%, it indicates that fewer women are paid above the median and above the upper quartile than in a standard distribution. Following the above example, 25 women in a quartile would equal 100%, 20 women would equal 80% and so on.

The figures show that for Career Levels D and E, the distribution is at or better than the standard. This means that women are represented at least proportionately at the top end of these Career Levels. For Career Level C, the distribution across the quartiles is less than standard distribution.

Career Level	Headcount	of which female	Female representation above midpoint	
			Above midpoint	Above UQ
All	656	264	89%	92%
C	115	61	76%	85%
D	222	97	97%	114%
E	319	106	104%	98%

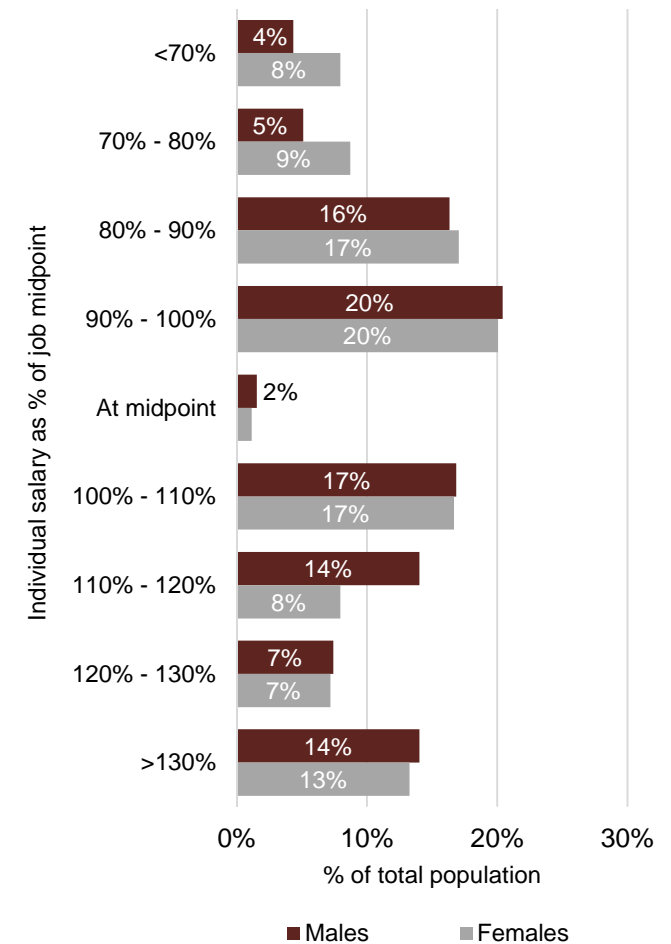
Review: Career Levels C to E

Spans and individuals paid outside the normal pay range

We have considered the span of pay and the presence of men or women at different points in the job pay range, which helps us identify patterns of distribution for each job. While the Career Level data on the previous page showed relatively positive representation of women in the top half of the pay range' distribution, analysis of individuals' pay as a percentage of their job's midpoint shows that:

- 34% of women are paid below 90% of the midpoint of the pay range for their job compared to 25% of men
- 38% of women and 39% of men are paid within 10% of the midpoint for each job pay range showing a relatively even split
- 28% of women are paid above 110% of their respective job pay range compared to 35% of men

In the case of this population, the span between the top and bottom of a population's pay range is broader than might generally be expected. On average the lowest paid individual is paid at 40% of the highest paid. While this may be unsurprising for such a population with a range of specialisms among them, these distributions are wider than is normally found in the market more generally.



Review: Career Levels C to E

Additional sampling

As our analysis identified a number of pay gaps within this population, we have followed the Equality and Human Rights Commission Statutory Code of Practice on Equal Pay which says that pay gaps of 5% and over should be investigated and recurring pay gaps of 3% and over should also be investigated. We used 3% as our threshold because of the small size and complexity of the group. Therefore, for each job where we identified a median pay gap of over 3% in favour of men or women (as well as some jobs which had a gap of less than 3% but where gender distribution is below standard distribution), we have performed a detailed analysis of data (tenure, time in role, contract) and also sought information from a number of sources to understand how such differences were identified for a sample of roles. This was to understand:

1. in individual cases where a pay disparity was identified, the reasons behind this and whether these reasons are justifiable (i.e. whether they represent a “material factor”)
2. broader trends in terms of the reasons for pay differences.

Our analysis is not, and nor is it intended to be, a comprehensive review of the pay of each and every individual employee and a comparison of each of them with each possible equal pay comparator. Therefore the conclusions reached below are based on comparisons undertaken and should not be read as concluding that there are no individual potential equal pay issues within the BBC. Any individual pay concerns should be raised with HR/line management and investigated appropriately and we understand that a number have already been considered to date. The BBC has confirmed it will continue to deal with all individual pay concerns in accordance with its internal processes and make adjustments in appropriate cases.

Our sampling research found the following:

- In all sampled cases, non-gender related reasons for the pay differentials were provided by the BBC. In some examples, the evidence to support these reasons was very strong, whereas in others the objectively verifiable evidence available was more limited. However, we did not see anything which indicated that pay decisions had been subject to gender bias.
- In a number of our sampled cases, the higher paid individual had a particular specialism or skill which has resulted in that individual receiving higher pay at appointment and/or more rapid advancement.

- Additionally, individuals who work on higher profile programmes in any capacity tend to be more highly paid in their respective pay ranges. For example, we found that TV presenters are typically paid more than radio presenters due to the generally higher profile and wider audience reach associated with television.
- In some areas, external market influences have had an impact on pay levels. In more competitive markets, there are greater opportunities for individuals to move to another broadcaster, which has the effect of increasing the market value of individuals in such roles. For example, we identified certain areas of broadcasting where the BBC has a number of significant competitors, whereas in other areas there is more limited flight-risk of individuals due to the absence of external opportunities.
- An individual’s level of experience, which we assessed by reference to their time in role and previous roles at the BBC and externally, will also have influenced their pay. As well as it being justifiable to pay an individual in reflection of their experience level, those very long-serving individuals (some of whom have many decades of experience with the BBC) will also have benefitted from annual pay increases and historic periods of above-inflation pay adjustment.

Review: Career Levels C to E

Findings

Based on our analysis we have set out on the right our findings for the C to E population. Much of this can be attributed to the absence of an overall framework in which to manage pay across a diverse organisation with a historically devolved approach. In the absence of external and internal market information (which is a common factor in this industry), it has prevented line managers having a clear benchmark against which to make pay decisions

- **There are more men than women in higher Career Levels.** Women are less present in Career Level D and E of the CPF, notably in the Correspondent jobs at Level E. This therefore impacts the overall pay gap.
- **There are wide spans of pay.** The differentials between the lowest and highest paid in each job are very wide. This impacts both men and women - but slightly more women are paid at the lower end when compared to others in their job.
- **There is a greater representation of men at the upper end of pay distribution** and greater female representation at the lower end.
- **Sampling shows** logical and non-gender related reasons for individuals paid within the band. While the overall pay gaps within this population can be explained, we understand that the BBC's objective is to reduce such gaps over time. There are some anomalies which have prompted further investigation and where appropriate, we understand that the BBC is making further adjustments.

Review: Career Levels C to E

Next steps

Following the recent mapping of roles to job titles and proposed pay ranges within the proposed on-air structure, the BBC has undertaken an initial review of pay for those roles. The BBC has, so far, identified 188 roles where upward pay adjustment to position them appropriately within range subject to consultation is proposed.

One of the key reasons for this is that the new proposed framework and associated pay ranges for those journalists and senior journalists who spend the majority of their time on-air would see a number of individuals moving to the new proposed pay range. This is similar to the approach that the BBC has taken to other jobs previously mapped into the CPF.

These proposed adjustments would impact both men and women and are non-gender related. Of the 188 individuals identified so far, 98 are male and 90 are female.

Modelling the proposed changes through show the potential impact upon the pay gap as follows, because of the mix of the populations involved:

	Before	After
Median pay gap	12.6%	11.1%
Mean pay gap	7.3%	5.5%

It also impacts the distribution of men and women against their respective midpoints and reduces the distribution span issues identified earlier. As a result, the median pay gap also reduces.

While adjustments under the new framework have an effect, under representation of women in higher paid E Roles, particularly Correspondents (which has 28% female representation) accounts for much of the remaining gap.

Review – Freelancers mapped within levels C to E

Summary

There are around 200 freelance individuals (i.e. those brought into the BBC to work on either a “worker” or self-employed basis) working across news (55 individuals) and non-news (141 individuals), primarily in English Regions Radio.

The gender mix of this group is 72% male and 28% female.

Their status and pay is subject to a parallel BBC review. Pay is currently negotiated locally under a highly devolved model and some rates for both men and women appear low. The BBC is reviewing this with a view to introducing a more transparent and fair “rate card” and more standard contracting approach to these engagements.

Because this group specifically is subject to change, and the BBC is undertaking an exercise to review the contractual terms and pay framework under which such individuals are engaged, we have not considered this group in detail.





Analysis and observations: Career Level F

We have next looked at those individuals on Staff Contracts whose roles have been evaluated to be above Career Levels A-E. We have included freelancers in the same analysis.

Career Level F: additional job sizing Context

The job evaluation process identified 168 individuals whose jobs were evaluated and assigned, subject to consultation, to sit above Career Levels A-E in the CPF. This group we have described as Career Level F across the on-air group. These are Presenters, On-Air Editors and Correspondents working on the BBC's highest profile output working on Freelance, Graded Staff and "On Air Talent" ("OAT") contracts. The split is 26% freelancers, 55% graded staff and 19% on OAT contracts. For this group, the range of programme types and genres has meant that the standard job evaluation does not sufficiently recognise the unique demands of each job.

PwC has worked with the BBC to develop a job sizing approach which places emphasis on the key factors of presentation to enable a more detailed analysis of the respective size and value of these roles.

In our experience, the existence of a distinct population or jobs for which the standard framework does not easily apply is not unique to the BBC. We see this across many industries but, in particular, within those businesses engaged in performing arts, technology, sports and financial services.

In such organisations there will commonly be a small group, typically up to 1% of employees, whose roles put them in a unique category. This is the case for part of the on-air group. This population as initially identified represents 0.6% of the workforce.

For this group, the outcomes of the initial CPF evaluation are no longer relevant once a job is identified as sitting above Career Level E. Instead, four factors are used to assess job size. These are objective where possible and they are not equally weighted to place greater emphasis on the key elements of presentation that are critical to the BBC for these individuals. Details of the proposed Presenter Job Sizing approach will be the subject of detailed staff consultation but are summarised as follows:

Range and variance of skills required

- Nature of the output
- Extent to which live/breaking
- Editorial/production input required
- Duration
- High risk deployment work

Specialism

- Breadth of knowledge
- Depth of specialist knowledge

Editorial and Reputational impact

- Significance of the output to the BBC's editorial agenda
- Level of impact on the news agenda
- Level of responsibility the role has to impact the reputation of the BBC

Audience impact

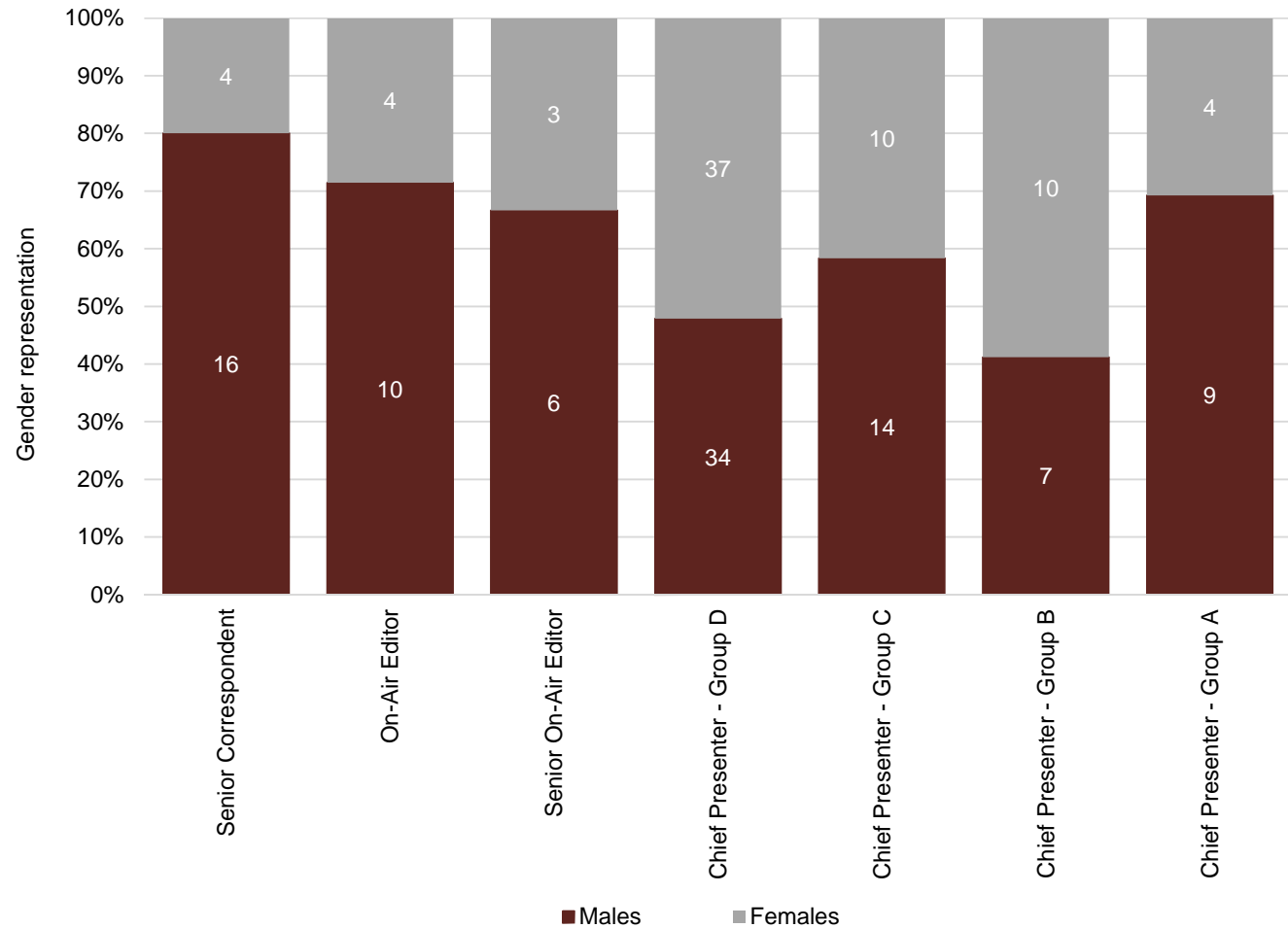
- Based on audience for the relevant output

This proposed approach to job sizing has been provisionally applied to jobs in Career Level F. The results of this analysis have identified 16 individual Chief Presenter jobs set out in Appendix 3 which we have put into four broad groups of different but similar sized jobs (under the headings A to D for reference), two On-Air Editor jobs and a Senior Correspondent job. This is preliminary analysis only, as the proposed approach to evaluating the programme related jobs is something over which the BBC wishes to consult directly with its workforce.

Career Level F Representation

As for those in Career Levels C to E, the first piece of analysis we have undertaken is to look at overall representation across the provisional jobs that the proposed job sizing approach would create. We have provisionally identified 16 jobs for Chief Presenters which we have grouped under four broad groupings A to D for the purposes of analysis. Details of these groupings are set out in Appendix 3.

We show gender representation by provisional job groupings in the table on the right. Overall female representation is 43% across this population which is comparable to the 42% representation of female leaders across the organisation. However, the graph shows a mix across provisional jobs and job groupings with some pockets of low female representation.



Career Level F

Pay gaps

Those on-air roles in Career Level F have a range of contract types and we have sought to adjust the data as far as possible to compare jobs on a like-for-like basis given the nature of time commitments and preparation for programmes. This analysis gives us a set of equivalent rates of pay from which to compare the jobs. At individual proposed job level, the data shows us that:

- On the face of it, the overall pay gap of 0.4% in favour of men compares well with the BBC as a whole and the UK more generally.
- Four of the seven jobs have median pay gaps in favour of women and two in favour of men.
- However on a job basis, the gaps are much wider, and we note the median pay gap in three jobs are at or above 5%. Also, the means are typically higher; this points to a number of highly paid individuals.
- Furthermore, the small size of these groups means that the pay gap analysis is less conclusive than for larger groups. We have therefore considered distribution and relativities within this group further on the next page.

	Headcount	of which female	% pay gap	
			Median	Mean
All	168	72	0.4%	4.6%
Chief Presenter - Group A	13	4	9%	-4%
Chief Presenter - Group B	17	10	20%	23%
Chief Presenter - Group C	24	10	0%	-10%
Chief Presenter - Group D	71	37	-3%	7%
Senior On-Air Editor	9	3	-3%	-8%
On-Air Editor	14	4	-3%	6%
Senior Correspondent	20	4	-23%	-20%

* Negative pay gaps are in favour of women.

* Positive pay gaps are in favour of men.

Career Level F Distribution

We have performed the same distribution analysis for these provision groups as for Career Levels C to E. For ease of illustration, we have normalised the expected number (one quarter per quartile) to equal 100%. Where the percentage shown is less than 100%, it indicates that fewer women are paid above median and above upper quartile than in a standard distribution. Following the previously used example of 100 women overall, 25 women in a quartile would equal 100%, 20 women would equal 80% and so on.

We have used medians of the current pay distribution of individuals within a job rather than any new pay ranges that the BBC may propose.

Across the seven job groupings, the representation of women above the median of the pay distribution is at or greater than the standard (ie.100%) in all but two presenter groups where it falls below the level that we would expect on a standard distribution, in one case very significantly.

- This means overall women are in the main distributed proportionately through the pay ranges.
- However, further analysis of spans and pay outside the normal pay range follows.

	Female representation above midpoint	
	Above midpoint	Above UQ
All	100%	111%
Chief Presenter - Group A	75%	108%
Chief Presenter - Group B	90%	85%
Chief Presenter - Group C	120%	160%
Chief Presenter - Group D	103%	75%
Senior On-Air Editor	100%	150%
On-Air Editor	100%	175%
Senior Correspondent	100%	200%

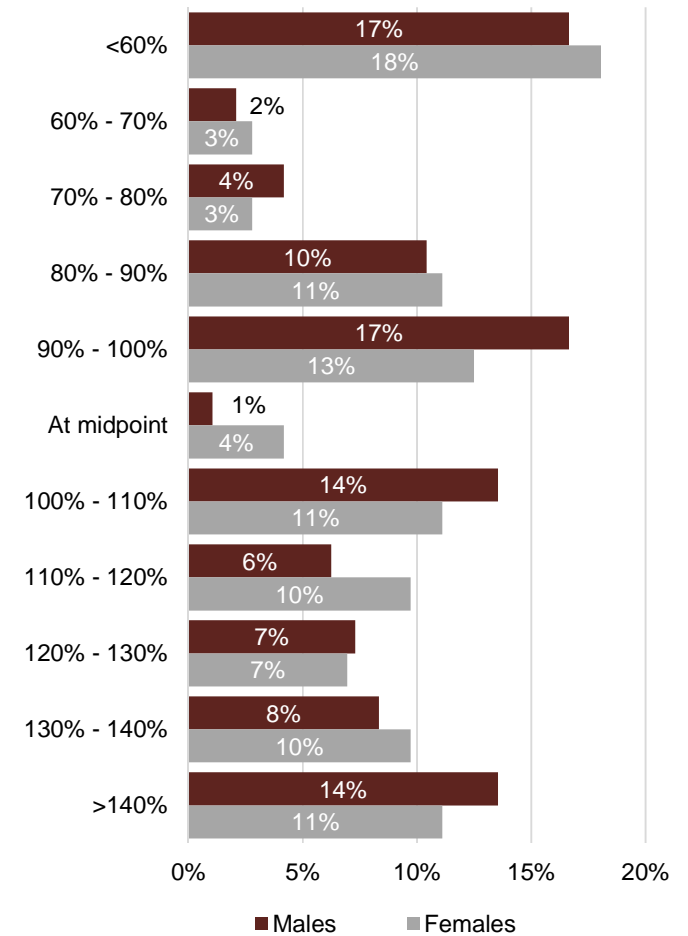
Career Level F Spans

We have analysed the distance from the midpoint for each job by gender for Career Level F.

From this chart, we can see that:

- The span of pay is very broad with a relatively large proportion of men and women paid at the extremes of the pay span. Whilst a broad span might be expected for a group of this type, we believe this is too wide given all of the members of the group are by definition, high performing specialists in their field. The broad span is symptomatic of a decentralised pay structure that has been programme led.

- There are slightly more women than men who are paid 80% or less of the midpoint of the distribution for the job group. There are 23% of men, compared with 24% of women.
- Again a similar picture emerges for men and women who are paid at the very top of the pay ranges. There are 21 men and 15 women who are paid at more than 130% of median for their group.
- As well as higher numbers of men in the highest paid group, a small number of individuals, mainly men, are paid relatively very highly. The BBC has already begun to address this.



Career Level F

Summary of findings

We sought to understand the process by which approvals for pay are made and have been provided with explanations for pay differences across this population. We conclude the following:

- **As for Career Levels C to E, the absence of a clear framework** in which to manage pay has resulted in locally made decisions for a population that is highly paid and complex to assess. The lack of framework is evident in the larger pay spans within the groupings we have reviewed.
- **The differentials are amplified for this group due to the larger sums paid to individuals** in Career Level F and the relatively small number of individuals at this level. It is also to be noted that the relativities are to an extent artificial, because we have grouped together roles which span different programmes and have historically had little interaction with each other in the setting of pay. Nevertheless, whilst there are explanations for differentials, both the span of pay and the scale of the differences appear wide given the nature of these high performing specialist groups.
- **In setting pay, the BBC has placed different value on programmes. Reference is made to peers within programmes** and internal relativities at a local level are considered but there is less oversight of what is happening outside of a particular programme area and very little internal communication of decisions made.
- **Individual profile is a factor and decisions have been made about pay for individuals who may attract significant audiences.** Indeed there are a small number of individuals which are predominantly household names and synonymous with their programme and the BBC, often appearing across different genres. They are consequently paid at a higher rate than colleagues in the same job due to these individual factors.
- **In some cases there has been insufficient recognition of different contracts or time required** in setting pay.



Overall findings and recommendations

Overall findings

Although we have not found any evidence of pay decisions being based on gender, it is clear that a devolved approach has meant there has historically been a lack of structure in order to help set pay for the on-air group, particularly in the highest paid Career Level F. In our view, too much weight has been placed on the prominence and profile of certain individuals (both male and female, but mostly male), which has resulted in instances of very high pay. The BBC has started to reduce pay for some individuals in these circumstances.

The above approach has understandably created a perception of unfair pay amongst members of the on-air group. In some cases, this apparent unfairness has been interpreted by individuals as unlawful gender bias in the setting of pay. We have found no evidence of this, but the BBC's lack of consistency and transparency has fed these perceptions and the BBC needs to work hard to rebuild trust and ensure transparency and consistency as it moves forward.

To expand on the above, there are a number of contributing factors to the current approach to pay and these feed into our recommendations in the next section:

- **The absence of clear frameworks and pay market anchors** for decision-making has resulted in pay decisions being made at a local level. The BBC's historic decentralised and programme-led approach to managing the on-air group has therefore resulted in pay and contracting decisions that largely make sense within individual programmes and are not affected by gender, but are not always consistent across the on-air group.
- **The absence of pay ranges** has led to a lack of clarity and openness about the basis for making pay decisions. It has also created a sense of unfairness because individuals are not aware of where they are paid in a range.
- **The current spans of pay** for each of the groups within our proposed framework are too wide and the BBC needs to correct this.

- **Slow rate of progression for many during a period of restraint on pay.** The overall tenure data for the group on staff contracts as a whole shows that average tenure with the BBC for women is 12 years compared with 17 years for men. The pay restraint under which the BBC has operated for a number of years more recently will have had an impact on individuals of both genders. Furthermore many of the most highly paid contracts were agreed a number of years ago, since which time the news market has changed and the BBC's approach to individuals seen as a flight-risk has changed.
- **More men than women in the upper half of the pay distribution** In particular, for the main Career Levels in which the majority of on-air individuals sit, our analysis has found that a slightly higher percentage of men compared to women are paid above the midpoint for their job.

Overall findings



- **Pay for the highest profile talent needs to be addressed** The BBC has recognised and rewarded those individuals whose skills often enable them to work across genres and/or whose profile with the audience is unusually high. Where a small number of individuals work on, for example, entertainment shows, this is evident. This has contributed to enhanced pay in a handful of cases, particularly for men. The BBC may consider that a future framework should limit the level of recognition given to these attributes for news work, particularly given how the news market is changing.

- **Range of contract types** The decentralised approach to the on-air group, as well as the impact of legislative changes on traditional “freelance” contracting models (such as IR35) has led to a range of contracts in operation across the population which has led to complexity and inconsistency in contractual terms. This is particularly the case in relation to working hours and the makeup of pay. Our analysis showed that the award of contracts has been gender neutral. Nevertheless, this complexity contributes to the difficulty of ensuring fair and equal pay and should be considered further. The same is true around inconsistent application of the presenter allowance and other benefits.

Changes are being implemented We note that among the many reforms the BBC has implemented, the BBC has provisional plans to adjust pay for some 188 people in the CPF bands to address non-gender related issues, including remapping in CPF certain Senior Journalist jobs with significant on-air responsibilities. These proposals are subject to consultation but if implemented would reduce the overall median pay gap for the Career Level C to E on-air group to 11.1%.

Representation of women in certain jobs is also something the BBC is addressing. The median pay gap for Correspondents alone would be 7.5%, which is a job in which women are significantly underrepresented. We understand the BBC will seek to address challenges in representation for this and other jobs where the gender split is significantly out of balance.

Recommendations for the BBC to consider and consult upon



Introduce an appropriate framework that differentiates between jobs of different sizes and can be linked to pay

1

For the purpose of assessing pay fairness and consistency across comparable jobs in the on-air group, the BBC should use the CPF as far as possible. This structure will continue to provide a basis for transparency of pay, enhancing fairness, pay equality and consistency in decision making.

We have recommended a modified framework is used to assess those on-air roles (Freelance and Staff) within the Career Level F. Our recommended approach is to job size roles which sit at Career Level F in order to recognise the distinct nature of these jobs, and to apply a similar approach to sizing them against each other objectively.

Introduce narrow pay ranges attached to job titles or job groups that are market informed and appropriate to the BBC

2

The BBC should implement pay ranges that allow for progression and provide sufficient flexibility to operate effectively in a competitive market. However, these should be as narrow as possible. Across the BBC, a pay range of 20%-25% either side of a market related midpoint has been used which is best practice. We recognise that solid market benchmark data is rare for this group but the use of job sizing will make it easier to draw on market anchors to construct these ranges across the jobs and ensure appropriate internal differentials exist.

Improve transparency by publishing pay ranges, ensuring individuals are paid at the appropriate point and communicating to individuals where they sit within them

3

As well as identifying appropriate job pay ranges, the BBC should carry out careful analysis to ensure that the pay for each individual is set at the appropriate point within the applicable range for their job.

Within a pay range, a combination of factors related to both the individual (audience profile, subject matter expertise as well as market value), supply and demand and organisational factors need to be considered. There could, therefore, be justifiable differences between the pay of two individuals performing similar roles based on objective criteria.

This positioning will require the BBC to develop an approach for normalising both pay and contract types to ensure pay remains comparable and appropriate.

The BBC should be transparent with the on-air group about where individuals sit in their applicable pay ranges. There will be no substitute for full and frank conversations between management and individual Presenters.

Recommendations for the BBC to consider and consult upon



Address the small number of highly paid individuals and those outside of the proposed ranges

4

Our work has shown that, in a number of cases, there are people who are paid considerably above their peers and would likely be outliers in any pay range that the BBC might in future introduce. These outliers will need to be addressed if pay is to be consistent with the new framework we have proposed.

This will involve increasing pay for those below the bottom of the job pay range or at the incorrect point within a range as well as taking steps to reduce pay for those who are out of line with the appropriate market informed pay range for their job, applying whatever pay ranges the BBC believe appropriate following consultation.

Review the current approach to contracting and simplify wherever possible

5

The complexity of the BBC's contractual arrangements has made, and will continue to make, the comparison of pay across individuals complicated. Wherever possible, we recommend simplifying and centralising the current approach to contracting, introducing a clear and straightforward method which is consistent across all programmes and genres.

The IR35 changes, whilst challenging for organisations such as the BBC which engage freelancers, also provide an opportunity to address long-standing issues. The BBC should revisit the wide range of contract types currently in place to identify a centralised approach to contracting which allows for consistent treatment of individuals, but also provides sufficient flexibility to allow the BBC to effectively work with this population.

Simplify allowances and harmonise anomalies in reward

6

Our research has identified a number of inconsistencies in the operation of Presenter allowances and other reward elements across the on-air group. To ensure pay fairness and transparency going forward, the BBC should continue to harmonise its approach to allowances and implement clear and consistent policies which control the:

- situations in which allowances may be paid
- duration that such allowances should be used for.

Recommendations for the BBC to consider and consult upon



Introduce greater oversight of on-air roles

7

To further its aims of developing on-air roles and ensuring progressive and dynamic programming, the BBC should review its approach to managing talent across the on-air group. A greater level of BBC-wide oversight would help decision-making across this group, ensure consistency of approach in respect of pay levels, contracting and other benefits and improve communication.

Conduct regular reviews and report regularly

8

Alongside its commitment to transparency and disclosure, the BBC should conduct regular reviews of the on-air group as it does for the rest of the population, with the aim of:

- ensuring that the job sizing for Career Level F roles remains accurate and up to date
- paying individuals fairly and appropriately within their respective job pay ranges and, where applicable, by reference to a range of relevant factors including audience profile, skills and experience/track record. In assessing these factors, the BBC should take appropriate steps to mitigate the impact of any subjectivity in the review process
- checking that pay practices are and remain in accordance with the principles of equal pay.

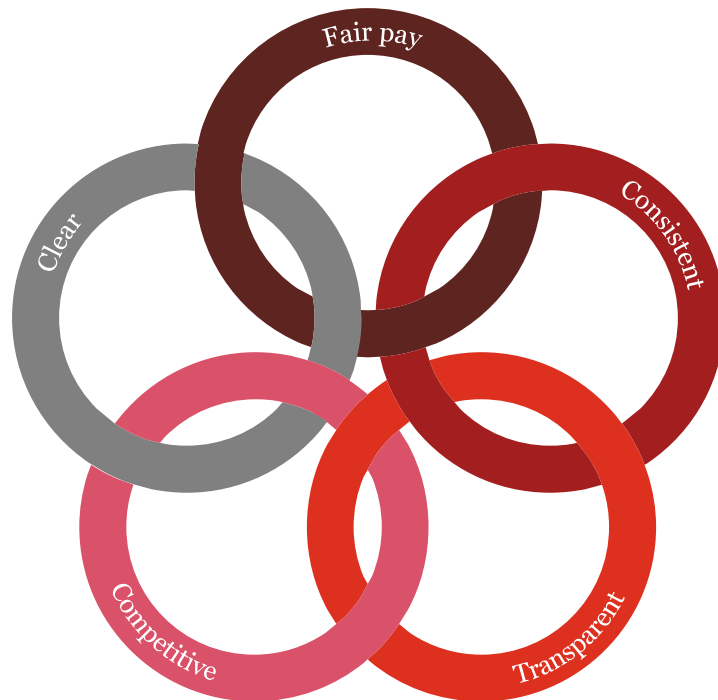
The BBC will continue to report on the gender pay gap annually and provide pay disclosure information above a pay level of £150,000. Given the scale of reform, the BBC should consider conducting a further equal pay audit within an appropriate time scale.



Appendices

Appendix 1: The BBC's fair pay principles

The following were put forward in October:



- Fair Pay:** Fairness is a responsibility we take very seriously – it goes to the heart of our values and it's critical to our creative ambition and success. We also have a legal responsibility to our employees; equal pay is enshrined in law and everyone is entitled to equal pay when doing equal work. That doesn't mean that everyone gets paid the same, but any differences between individuals must be justified.
- Consistent:** We have consistent frameworks such as the CPF and market informed job pay ranges that underpin our approach to pay and that enable us to be clear and consistent in our approach to individual pay decisions and ensure that we never pay below the minimum of a job pay range. Additional governance is provided through established 6 month reviews and approval mechanisms at Divisional and Corporate levels
- Transparent:** We are more transparent in our reporting on pay than required by law and commit to a degree of transparency about pay that we believe is more wide-ranging than other organisations. We have, of course, to make sure that the data of individuals is protected but aside from that, our aim is to make sure that the vast majority of staff can see how they, as an individual, relate to other people across the organisation doing the same job and to what the market is paying.
- Competitive:** We balance the need to pay competitively with the need to ensure value for money for our Licence Fee payers. Together with our strong BBC brand and breadth of opportunities this enables us to attract and keep the great talent we need to create the best content and services for our audiences.
- Clear:** We are clear on how pay adjustments are made. Outside of our annual union negotiated pay settlement we have clear policies on promotions, moves to another job within the same band and short term acting assignments. We also have a clear approach to where we would expect individuals to be positioned in their job pay range related to individual factors (knowledge, skills and values, experience) and external organisational factors

Appendix 2: PwC's terms of reference



Background and purpose

PricewaterhouseCoopers ("PwC") has been asked by the BBC to conduct a review of the On-Air population.

The BBC has historically engaged, in a complex and varied way, with those people who perform on-air roles. This complexity includes different contractual engagements, different working practices and differing approaches to pay. The On-Air Review is looking at how the BBC can simplify these and bring greater consistency to approaches and will involve full consultation with the joint unions.

PwC's role is to support this process by providing appropriate resource to gather and analyse data, review the current pay positioning from a fairness perspective, and work closely with the HR and Legal teams to recommend changes in ways of doing things for the future.

Alongside this, PwC will produce a report setting out their findings. They will work with the independent reviewer, Naomi Ellenbogen QC, through the provision of data and information from their project to support her in her report.

Scope of work

The scope of the On-Air Talent review focuses on on-air roles carrying out the role of Presenter, Correspondent and On-Air Editor, broadly defined as those that involve being seen or heard by the BBC's audiences. Individuals in these roles may be contracted as graded staff, contracted on on-air talent contracts (OATS) or be engaged through a freelance arrangement. They will work within one of the following areas: Network News; Radio Continuous Programmes; Nations; English Regions; World Service; or Sport.

Within the broad definition of on-air roles, there are three different groups. PwC will be supporting with the final group listed below:

- The first are those (other than Correspondents) that are within the Journalism job family of the Career Path Framework and that may spend part of their time on-air. As part of the ongoing Terms and Conditions review process these individuals were provided with personal 'PeopleView' panels on 5 October showing their proposed job title positioning, broad band mapping and market informed job pay range. The BBC continue to consult on these together with other proposed changes linked to the Terms and Conditions review that we have been conducting jointly with the unions.

- The second group of on-air roles are the majority of Correspondents. The BBC are writing separately to these individuals and are providing them with their individual PeopleView panels showing proposed job title, broad band and market informed job pay range. They are able to give feedback on these as part of the ongoing Terms and Conditions review consultation process.
- The final group of on-air roles are Presenters, On-air Editors and a small number of Correspondents. Across these roles there are currently multiple variations in working practices, contractual arrangements and reward mechanisms.

Appendix 2: PwC's terms of reference



The PwC report

The PwC report will focus on the final group mentioned above and will provide expert input and oversight to assist the BBC in reviewing these roles and coming up with fair and objective frameworks for contracting and reward.

A large part of our work in doing this is to gather data on the roles covered under this review, work with the business to group similar roles into cohorts, develop a comparable base-line “unit of work” for each group adjusting for the nature of the arrangement and compare these from a fairness perspective. From these, we will work with the BBC to recommend changes for the future. The BBC will have these new frameworks independently assessed by Naomi Ellenbogen, QC.

A more detailed report structure has been prepared but the main focus of the PwC report will be the following:

- Overall purpose of the review and scope
- The approach
- How data has been analysed and compared
- Factors drawn upon to make comparisons and groupings of jobs
- Analysis of findings focussing on fairness and gender differentials
- Pay ratio analysis
- Contract type analysis
- Assessment of equal pay risks
- Framework for the future including pay principles, pay ranges, pay ratios and other dimensions.

Appendix 3: Jobs and groupings within Career Level F

The Job Sizing approach applied to those Chief Presenter jobs above Career Level E identified 16 different proposed jobs as set out on the right.

For the purposes of our pay analysis, given that there were typically only a small number of individuals within each job, we have identified four Groups (A to D) in which A contains those jobs scoring the highest.

On-Air Editors were sized into two groups, and Senior Correspondents were evaluated separately.

The jobs themselves and groupings are subject to consultation.

Chief Presenter	Job Grouping for the purposes of pay data analysis
Network Bulletins (10 & 6) Today Radio News Sequence (Tier 1)	A
TV Specialist News Radio News Related Magazine Radio Rolling News (Tier 1)	B
Radio News Audience Discussion TV General & Audience Discussion TV General Magazine Network Bulletins (1 & Weekend) Radio Specialist News	C
Radio Factual & News Programmes Radio News Sequence (Tier 2) TV Politics Radio Rolling News (Tier 2) TV News Channel	D
Other jobs	
Senior On-Air Editor	
On-Air Editor	
Senior Correspondent	

Appendix 4: Equal Pay Review of Career Level C to E on-air jobs

The legal framework against which our review has been undertaken is the Equality Act 2010 (as amended) (the **Act**), and the review followed the approach to reviewing equal pay that is set out in the Equality and Human Rights Commission (Statutory Code of Practice on Equal Pay) (the **Code**), which recommends the following approach:

- Step 1 Decide the scope of the audit and identify the data required
- Step 2 Identify “like work”, “work rated as equivalent” and work of “equal value”
- Step 3 Collect pay data to identify gaps
- Step 4 Establish the cause of pay gaps and decide whether they are free from discrimination
- Step 5 Develop an action plan

In broad terms, the Act provides that men and women should have “equal pay” if they perform “equal work”. The law considers work to be equal if it is “like work”, “work rated as equivalent” or “work of equal value”. As a starting point in our review, we have assumed for Career Levels C-E that individuals within the same job within a Career Level are performing “like work”. This may not always be the case, but given the diversity of jobs in the on-air group taking this approach has allowed us to perform initial equal pay analyses.

Our analysis was based on an aggregate of base salary and relevant allowances for each individual, as this allowed us to accurately and fairly compare and understand pay across the in-scope group, on the basis that these are the pay elements that make up the vast bulk of BBC employees’ remuneration.

The BBC’s use of allowances has been considered more generally by our review and addressed in our recommendations. It was also analysed and commented upon by Eversheds Sutherland as part of the broader Equal Pay Audit in October 2017.

Where pay gaps were identified, we investigated these further in line with the Code by reviewing a sample of jobs in groups where gaps of over 3% had been identified. Our sampling process interrogated examples of pay disparities and, working with the BBC identified the reasons for the gaps. We then considered these reasons and whether they may constitute potential “material factors” in the context of pay equality - i.e. whether they represent justifiable reasons for paying individuals differently.

Elsewhere in this report, we recommend a number of changes to the way in which the BBC sets and manages pay. We therefore suggest that once the BBC has consulted upon these and determined the approach it wishes to adopt, a further equal pay audit is conducted across the entire population in due course.

Appendix 5: Approach to adjusting for OATS and Freelancers

PwC have assessed the value of the entitlements and benefits for each of the five contract types. This value converts to a percentage discount factor in order to compare equivalent salary/fee levels on an adjusted basis. This means that our analysis of Freelance pay for example applies a discount of 22.7% - which is attributable to the benefits a full staff member receives.

This approach is subject to consultation.

Contract type	Description	Detail	Proposed discount factor to be applied to salary/fee
Graded staff	Full employment contract on standard BBC terms, union-negotiated	All standard BBC terms (DC pension of up to 10% salary, 26 days holiday (34 days including public holidays), BBC redundancy, sick pay etc.)	0%
OAT B	Employment contract similar to graded staff	Identical eligibility to occupational and statutory benefits as for graded staff. Same policies apply, except OAT B also subject to the <i>Changing On-Air Talent Policy</i> .	0%
OAT S	Employment contract with entitlement to statutory benefits only	Statutory redundancy, Statutory maternity/ paternity/ adoption, statutory sick pay, holiday 5.6 weeks paid per year, one month notice up to 5 years, exclusivity applied in News.	10.8%
Freelance	Output-based contract. Not employed or a worker	Individual is paid a fee based on output and is not eligible for any statutory or occupational benefits.	22.7%
Freelance (with NEST)	Output-based contract. Not employed or a worker	Individual is paid a fee based on output and is not eligible for any statutory or occupational benefits, however they are eligible to join the auto-enrolment pension.	21.1%

Executive summary
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