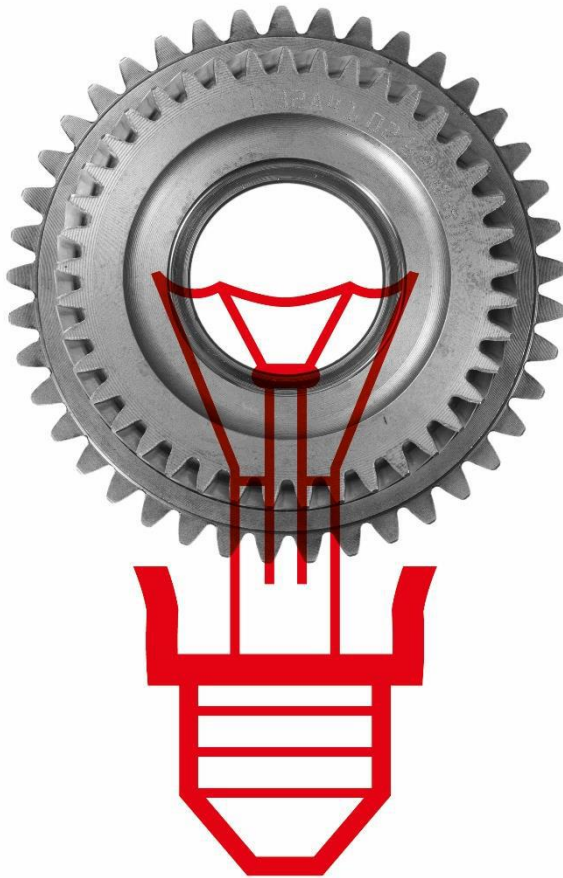


**BBC**

**Equal Pay Audit Report**

**April 2023**



## 1. Introduction

- 1.1 Eversheds Sutherland (International) LLP ("ES") and PricewaterhouseCoopers LLP ("PwC") have been separately instructed by the BBC to conduct an equal pay audit of employees in Career Pathway Framework (CPF) jobs across BBC Public Service and BBC Studios.
- 1.2 ES and PwC have undertaken separate and clearly defined roles as set out in more detail below.
- 1.3 In completing this audit the five stage process contained within the Equality and Human Rights Commission (EHRC) Guide for Large Employers conducting equal pay audits, a summary of which is attached as Appendix 2, was followed by PwC and ES.<sup>1</sup>
- 1.4 In summary, PwC's role in the equal pay audit involved working with the BBC to source, validate and review the quality of the data that ES then used for the audit. Their role included suggesting potential lines of investigation based on the data. PwC also sought to identify appropriate sample male and female comparisons where on the face of it one might have expected the pay to be the same but where it differed by more than 5% or 3% where the pay gaps were identified in the 2017 audit and could be considered to be repetitive<sup>2</sup>. Samples of individual case comparisons were selected from every job role where there was a greater than 5% median (or 3% where repetitive) base pay gap. This enabled ES to conduct a more detailed examination of the reasons why, in those cases, the pay was different.
- 1.5 These cases were examined not only to see if they might reveal potential areas of discrimination but also to test the procedures which have been used to determine an individual's pay. A detailed explanation of the respective roles of PwC and ES is set out in Appendix 1. The process for selection of individual comparisons is also set out in Appendix 1.
- 1.6 ES also considered the current pay policies operated by the BBC which are listed at Appendix 3, and the progress made on the recommendations made in the 2017 Equal Pay Audit. As this is a second audit PwC has included the data for the 2017 audit in brackets for comparisons purposes in order to show progress made.

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<sup>1</sup> The equal pay audit is in line with EHRC Guide for Large Employers conducting equal pay audits. The International Standards on Auditing do not apply to this kind of audit.

<sup>2</sup> The Equality and Human Rights Commission suggests that differences of 5% or more merit further investigation. unless there is reason to believe pay gaps could be repetitive in which case differences of 3% are recommended

## 2. **Executive Summary**

2.1 This Executive Summary is provided to identify key conclusions and recommendations – further detail is set out in the body of the report.

2.2 The high level job role data does not indicate that systemic gender discrimination is present:-

1.1.1 There are 879 (575 in 2017) distinct job roles of which 337 (190 in 2017) have a single gender represented and are therefore not applicable for pay gap calculations.

2.2.1 117 (123 in 2017) job roles have a median pay gap (as defined by base salary) of greater than or equal to 5% in favour of men.

2.2.2 131 (100 in 2017) job roles have a median pay gap of more than or equal to 5% in favour of women.

2.2.3 The remaining, 294 (162 in 2017) job roles have a pay gap in either direction of less than 5%.

A more detailed analysis of the statistics as set out in the body of the report supports this overall conclusion.

2.3 Overall, as set out more fully in the section below outlining the outcome of the sampling investigations, the information provided to support this exercise was also much improved as were the findings. In the 2017 Audit, there were 8.6% of cases investigated where ES was unable to identify a material factor defence. In the 2022 Audit this figure was reduced to 4 cases out of 265 comparison, 1.5%

2.4 ES would recommend that the cases where no material factor defence could be identified to date are investigated further immediately, and either a material factor defence is evidenced or, if one cannot be evidenced, urgent remedial action to reduce/close any pay differential be taken.

2.5 The BBC has already progressed a review of job titles and terms and conditions. This has provided much greater clarity in relation to roles and contractual arrangements.

2.6 Clear guidelines are in place to ensure that management discretion is supported by robust pay policy and HR support and that grading decisions are managed within the CPF. The BBC Pay Guidelines document which ES was provided with is undated but ES understands that this was produced in 2018 and reviewed in February 2021. ES recommends that when the Pay Guidelines are updated these are clearly dated to avoid any confusion and issues with version control.

2.7 The BBC Pay Guidelines make it clear that when recruitment of “new hires” is progressed, careful consideration should be given to their position on the pay range by reference to their individual factors. ES welcomes this approach. However, whilst progressing the audit ES was not always provided with rationales capturing the factors taken into account when this decision making took place. Also, some (usually historic) CVs had not been retained which meant that there was often no written documentation to demonstrate experience recognised on appointment, which resulted in a particular position on the pay range. In these cases the BBC would be reliant upon the memory of managers and/or HR Business Partners. Reliance on information from managers

and/or HR Business Partners, which has not been captured in writing, creates a degree of risk as memories fade and/or people may leave the employment of the BBC and the information would then not be readily available. ES would recommend that if CVs are not to be retained then a note be placed on a personnel file recording the reason for the position on the salary range identified as appropriate to reflect experience and a short summary of what that experience was so that there is a written record to mitigate against this risk.

- 2.8 The Pay Guidelines refer to retention of a rationale on the Applicant Tracker System (ATS) record. However, ES understand that the ATS has limited ability to retain rationales and instead rationales are captured in the Contract Request Form (CRF). However ES has seen very little in terms of rationales using the CRF. ES recommends that when the Pay Guidelines are next updated, the method used for the retention of rationales is updated to reflect current practice.
- 2.9 The BBC does retain salary histories back to 2012 (and sometimes prior to that) which can be helpful evidence to show an individual's progression through different roles and indicate experience. However, where there are external recruits who come with relevant experience which would influence the position on the pay range, the salary histories do not assist. Therefore the retention of CVs or detailed rationales for pay positioning constitutes important evidence.
- 2.10 ES believes that it is good practice to have a consistent performance appraisal system in operation to enable individuals to be assessed in terms of their overall development. ES understands that a new framework for development discussions ('myConversation') has been introduced by the BBC since the last audit. These discussions will be recorded on the SAP HR system. ES welcomes this development. Performance documentation is very useful evidence when performance pay is operated. However, as the BBC does not rate performance nor operate performance related pay in its Public Service Division, in pay terms the appraisal system is less important. Therefore no recommendations are made in this Audit report in relation to performance appraisals.
- 2.11 In light of some gaps in documentary evidence which has been highlighted by this Audit, ES recommends that Line Managers within the BBC continue to undertake a regular review of individuals within teams to consider why pay differentials are present and to ensure that appropriate documentation is retained to explain why pay for a particular individual is at the correct level. ES appreciates that this work has already started but recognise that this needs to continue.
- 2.12 Since the last audit the BBC has progressed Fair Pay Checks and ES saw a number of confirmations of these on personnel files as ES progressed the sampling investigation within this Audit. ES welcomes this development. However, ES was not always provided with a rationale for the pay decision that then followed in every case where there had been a Fair Pay Check; in some cases ES was just provided with the note confirming a Fair Pay Check had been progressed. ES would recommend that in every case where there is a Fair Pay Check there is a short rationale for the individual's position on the pay range and for any adjustment which is subsequently made which is then retained on that individual's personnel file.
- 2.13 Whilst the recording and retention of rationales for pay decisions can still be improved, the level and quality of contractual documentation retained and provided for consideration as part of the

audit is much improved since 2017. ES understands that a “success factors” RCM system is due to be introduced in April 2023, which will enable all rationales to be captured centrally improving the availability and ability to review and improve rationale quality.

- 2.14 In two cases where ES undertook opposite sex comparisons, the potential material factor defence was pay protection which had been operated since a buyout of terms and conditions some years previously where overtime entitlement had been incorporated into basic salary. As this arrangement had been in place for a number of years, ES would recommend that these arrangements be reviewed to ensure there is no potential for discrimination to arise.

### 3. **Background and Observations**

- 3.1 The BBC conducted its first equal pay audit in 2017 when it had already begun developing a fundamental set of reforms in relation to its pay and grading systems which included analytical, non-discriminatory job evaluation using the Civil Service Job Evaluation and Grading Scheme (JEGS), proposed new terms and conditions and more transparent market informed pay ranges. Following an investigation into pay practices at the BBC by the EHRC, and in response to the EHRC investigation report, the BBC issued a statement in which the Director General committed to a number of measures to continue the Corporation's drive to ensure equality of pay. These measures included the conduct of an equal pay audit every five years. The BBC has therefore commissioned this equal pay audit to meet this stated commitment. These measures are all part of the modernising of the BBC's pay system and working towards a simpler, fairer and more consistent BBC.
- 3.2 ES has considered documentation issued to employees including contracts, job descriptions and policies governing pay, including Pay Guidelines introduced in 2018 following the 2017 Audit, which replaced the previous pay policy which had been in operation since 2009. ES (with PwC's support in providing the relevant data as set out above) has considered pay distribution and pay gaps across job roles.
- 3.3 ES considered management and/or HR commentary, salary histories and documentation held on personnel or recruitment files for the individual comparisons. Typically this would include offer letters, employment contracts, appraisals, attachment/promotion details and pay information. In some cases CVs were available. It is recognised that documentation may be retained elsewhere, and that managers and/or HR often know the background to pay decisions which may not have been recorded but which can be provided orally. This review was a desk top exercise and interviews were not held with employees or management (although short written commentaries were provided).
- 3.4 This exercise of course is an audit, not a comprehensive review of the pay of each and every individual employee. 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.

### 4. **Analysis**

- 4.1 The first exercise PwC undertook was to consider a range of statistical information, which casts some light on the explanation for pay differences in particular grades, in favour of either men or women. The table below sets out these statistics, using data from the BBC as at 31 March 2022 when the audit commenced<sup>3</sup>. PwC provided information on both base pay and base plus allowances, but the focus of this report is on base pay given the fact that allowances are generally allocated by job or location (see section on allowances below). Bonuses are only payable in

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<sup>3</sup> The data in an organisation the size of the BBC will change on a regular basis. The data in this report is frozen as at 31 March 2022

commercial subsidiaries of the BBC. Therefore PwC and ES have not undertaken any analysis or comparisons in relation to bonus payments.

4.2 The high level job role data does not indicate that systemic gender discrimination is present. There are 879 (575 in 2017) distinct job roles of which 337 (190 in 2017) have a small number of individuals or have a single gender represented. 117 (123 in 2017) job roles have a median pay gap (as defined by base salary) of greater than or equal to 5% in favour of men. 131 (100 in 2017) job roles have a median pay gap of more than or equal to 5% in favour of women. The remainder, 294 (162 in 2017) have a pay gap in either direction of less than 5%.

4.3 In the tables below PwC show the figures in this 2022 Audit and in brackets provide the 2017 Audit figure for comparison purposes. The following analysis excludes jobs containing employees of only one gender.

#### 4.3.1 Base salary – all individuals

Job pay gaps:	Median		Mean	
	Jobs	Headcount	Jobs	Headcount
>=5% in favour of female	131 (100)	2030 (2666)	121 (81)	1318 (1465)
<5% in favour of female	129 (65)	5031 (2857)	139 (83)	5709 (3925)
No pay gap	14 (14)	654 (365)	2 (3)	5 (6)
<5% in favour of male	151 (83)	8635 (8881)	163 (90)	9543 (9478)
>=5% in favour of male	117 (123)	1752 (2889)	117 (128)	1527 (2784)

When assessing base salary only, the table above shows that 11% of employees currently sit in jobs with a median pay gap of over 5% in favour of women and 10% of employees sit in a job with over 5% median pay gap in favour of men. The table above also demonstrates that 7% of employees sit in roles with a mean pay gap of over 5% in favour of women, and 8% sit in roles with a mean pay gap of over 5% in favour of men.

#### 4.3.2 Base salary plus allowances – all individuals

Job pay gaps:	Median		Mean	
	Jobs	Headcount	Jobs	Headcount
>=5% in favour of female	145 (103)	2388 (2532)	137 (91)	1858 (1736)
<5% in favour of female	126 (73)	5169 (5152)	132 (85)	6714 (3669)
No pay gap	7 (10)	2536 (158)	1 (3)	2 (6)
<5% in favour of male	133 (73)	5589 (6501)	141 (80)	7283 (9154)
>=5% in favour of male	131 (126)	2420 (3315)	131 (126)	2245 (3093)

When assessing base salary plus allowances, the table above shows that 13% of employees currently sit in jobs with a median pay gap of over 5% in favour of women and 13% of employees sit in a job with over 5% median pay gap in favour of men. The table above also demonstrates

that 10% of employees sit in roles with a mean pay gap of over 5% in favour of women, and 12% sit in roles with a mean pay gap of over 5% in favour of men.

4.4 The above figures paint a broad picture, not least because some of the jobs are undertaken by a very small number of individuals. In order to test the position more rigorously PWC has considered the situation where there are at least 50 individuals in a particular job and minimum gender representation of at least 10%. That produces the following statistics:

4.4.1 Base salary – 50+ individuals, minimum of 10% representation of both genders

Job pay gaps:	Median		Mean	
	Jobs	Headcount	Jobs	Headcount
>=5% in favour of female	9 (10)	870 (1599)	4 (6)	278 (785)
<5% in favour of female	25 (15)	3295 (1905)	28 (18)	3829 (2727)
No pay gap	4 (2)	533 (207)	0 (0)	0 (0)
<5% in favour of male	28 (20)	6583 (7449)	33 (21)	7128 (7443)
>=5% in favour of male	5 (12)	350 (1016)	6 (14)	396 (1221)

When assessing base salary only, in a sample of jobs with 50+ individuals and with a minimum of 10% representation of both genders, the table above shows that 7% of employees in the sample currently sit in jobs with a median pay gap of over 5% in favour of women and 3% of employees sit in a job with over 5% median pay gap in favour of men. The table above also demonstrates that 2% of employees in the sample sit in roles with a mean pay gap of over 5% in favour of women, and 3% sit in roles with a mean pay gap of over 5% in favour of men.

4.4.2 Base salary plus allowances – 50+ individuals, minimum of 10% representation of both genders

Job pay gaps:	Median		Mean	
	Jobs	Headcount	Jobs	Headcount
>=5% in favour of female	10 (8)	868 (1400)	4 (6)	393 (773)
<5% in favour of female	25 (20)	3600 (4047)	29 (14)	5123 (2363)
No pay gap	3 (1)	2497 (63)	0 (0)	0 (0)
<5% in favour of male	21 (17)	3768 (5636)	31 (25)	5564 (7823)
>=5% in favour of male	12 (13)	898 (1030)	7 (14)	551 (1217)

When assessing base salary plus allowances, in a sample of jobs with 50+ individuals and with a minimum of 10% representation of both genders, the table above shows that 7% of employees currently sit in jobs with a median pay gap of over 5% in favour of women and 8% of employees sit in a job with over 5% median pay gap in favour of men. The table above also demonstrates that 3% of employees sit in roles with a mean pay gap of over 5% in favour of women, and 5% sit in roles with a mean pay gap of over 5% in favour of men.



- 4.5 ES was able to conclude that, overall, the high level job role data does not indicate that systemic gender discrimination is present.
- 4.6 ES notes that in 2017 the BBC undertook a job evaluation exercise with external support whereby each job profile was evaluated under JEGS and grouped using the previous 2 to 11 grading system. Roles in those grades (2 to 11) were mapped into new broad bands A – F on the basis of at least a 70% match to the responsibilities in the CPF job description (grades 2 to 9 would generally fall within bands A to D, whilst grade 10 was generally mapped to the proposed band E and grade 11 was generally mapped to new band F) which the BBC had implemented. ES understands that the BBC has not treated jobs with the same/similar JEGS scores as being rated as equivalent, but the core CPF jobs have been evaluated under an analytical non-discriminatory job evaluation scheme, and grouped into broad CPF bands based on those scores. The pay ranges for each individual broad band is then supplemented by job specific pay ranges. These have been developed taking into account external market data (see paragraphs 7.1 and 7.2 below for detail of the market informed data relied upon) and recruitment pressures to ensure they facilitate ongoing internal pay progression and external competitiveness. This Audit has considered pay data for each of the core jobs and whether there are any anomalies which require investigation. In terms of possible factors which can explain difference of pay within jobs, this can include experience, specialist skills, external market factors, and additional or specific duties.
- 4.7 PwC has therefore also analysed the statistics by focusing on the gender pay gaps in the broad bands A – F, FP & SL as set out in the table overleaf, which identifies the median and mean pay gaps by band, current base pay and base pay plus allowances (minus figures indicating pay gaps in favour of women in line with the ONS' approach):-

Grade	Head-count	Salary				Salary pay gap		Salary plus allowances				Salary plus allowances pay gap	
		Male Median	Female Median	Male Mean	Female Mean	Median	Mean	Male Median	Female Median	Male Mean	Female Mean	Median	Mean
A	309	£24,013	£23,000	£24,406	£23,362	4.2%	4.3%	£25,729	£23,441	£26,638	£24,353	8.9%	8.6%
B	2258	£27,151	£27,726	£27,962	£28,144	-2.1%	-0.7%	£29,760	£30,089	£30,563	£30,619	-1.1%	-0.2%
C	6519	£36,400	£35,318	£36,086	£35,368	3.0%	2.0%	£40,087	£38,378	£40,116	£38,674	4.3%	3.6%
D	6367	£46,952	£47,066	£48,199	£48,008	-0.2%	0.4%	£51,748	£51,448	£52,496	£52,007	0.6%	0.9%
E	2098	£66,060	£64,495	£69,196	£67,077	2.4%	3.1%	£69,606	£68,247	£72,623	£70,531	2.0%	2.9%
F	864	£89,324	£88,000	£93,667	£94,108	1.5%	-0.5%	£91,225	£91,712	£96,484	£97,346	-0.5%	-0.9%
FP	86	£138,875	£142,804	£170,460	£185,472	-2.8%	-8.8%	£143,604	£146,644	£173,139	£187,994	-2.1%	-8.6%
SL	287	£149,859	£152,682	£160,819	£158,725	-1.9%	1.3%	£149,859	£152,682	£160,939	£158,761	-1.9%	1.4%

4.8 The table shows that out of the 8 pay bands, 4 have median pay gaps in favour of men and 4 have median pay gaps in favour of women in relation to salary only and salary plus allowances. Only Band A, which is in favour of men, has a mean and median pay gap for salary and allowances of above 5%. Band FP has a pay gap at the mean level (for salary and salary plus allowances) of above 5% favouring women. From these statistics it is difficult to reach any definitive conclusions, however the data does indicate that men in Band A seem disproportionately likely to have allowances than women which drives the difference in the gender pay gap statistics between salary and salary plus allowances.

The table overleaf looks at length of service in more detail.

Job pay gaps:	Median				Mean			
	Jobs	Headcount	Avg. male length of service in role (years)	Avg. female length of service in role (years)	Jobs	Headcount	Avg. male length of service in role (years)	Avg. female length of service in role (years)
>=5% in favour of female	131 (100)	2030 (2666)	5.9 (4.1)	5.3 (5)	121 (81)	1318 (1465)	5.9 (4)	5.3 (4.9)
<5% in favour of female	129 (65)	5031 (2857)	6.7 (4.7)	5.7 (4.9)	139 (83)	5709 (3925)	6.3 (4.5)	5.8 (5)
No pay gap	14 (14)	654 (365)	4.9 (3.7)	4.6 (4.9)	2 (3)	5 (6)	1.5 (2.7)	1.7 (2.7)
<5% in favour of male	151 (83)	8635 (8881)	7.1 (4.7)	6.0 (4.7)	163 (90)	9543 (9478)	6.8 (4.7)	5.7 (4.6)
>=5% in favour of male	117 (123)	1752 (2889)	5.8 (4.4)	4.0 (3.6)	117 (128)	1527 (2784)	7.2 (4.5)	4.5 (3.7)

4.9 This table demonstrates that male length of service does tend to be marginally higher across all categories of pay gaps. The biggest differential (1.8 years) is in the jobs with pay gaps greater than 5% in favour of males. However, there is no notable correlation between differences in length of service and pay gaps. Length of service itself is not an appropriate basis for determining pay, however it may reflect increased knowledge and experience, and therefore the value to the organisation. In the majority of the sampling investigations it was found that experience, including increased responsibility and remit, was the provided reason for the pay differentials. This often did correlate with length of service but in a number of cases, benefiting both men and women, the pay level was determined by experience gained externally prior to joining the BBC. Our overall conclusion is, therefore, that although in some cases there is a meaningful correlation between tenure and pay, this does not appear on a pure statistical analysis to place men or women at a particular disadvantage.

## 5. **Sampling**

- 5.1 PwC identified sample male and female comparisons where it was appropriate for ES to conduct a more detailed examination of the reasons underlying their pay differential.
- 5.2 Appropriate sample male and female comparisons were identified from every job role where the median pay gap was 5% or above or, where there were gender pay gaps identified in the 2017 audit, over 3%. Male and female comparators were selected from each identified job role where a pay gap existed between the two individuals of 5% (or 3% where relevant) favouring the same gender as the overall pay gap, and accounting for extraneous factors as length of service as much as possible. ES sampled comparisons provided by PwC (in line with the audit process outlined at Appendix 1) by considering documentary evidence for 265 (300 in 2017) individual comparisons involving 530 employees (c.600 employees in 2017) and made proportionate additional enquiries in writing which enabled ES to reach the conclusions outlined below. Comparisons were made for those in the same job.
- 5.3 ES has analysed the reasons for any pay disparities which exist, and whether they are gender related. ES found the following:
- 5.3.1 In 98.5% comparisons there appears to be a non-gender reason for the pay differential; whilst the quality of the evidence varies (in some cases being particularly strong and in others less so) it is sufficient for ES to draw the conclusion that it is unlikely that the difference in pay is by reason of gender. As set out more fully in the sampling investigation there was a fairly even split of these cases benefitting men (134) and women (127).
- 5.3.2 In 4 cases (1.5%) of comparisons there was insufficient information to understand whether there was a non-gender reason for the pay differential; further investigations have therefore been recommended.<sup>4</sup>
- 5.3.3 Examples of the reasons identified for the pay differentials were primarily experience, specialist skills and role responsibilities. This accounted for 232 of the 261 cases where a potential material factor was identified. In some cases there was a reference to market forces, pay protection, TUPE protected terms and conditions, profile of programmes and contractual arrangements.
- 5.3.4 It is important to note that the comparisons selected covered differentials in favour of both men and women (136 in favour of men and 129 in favour of women). The reasons identified explained why both men and women in the comparisons received higher pay. There were men with more experience and greater role responsibility but importantly the reverse also applied. Furthermore it is important to note that in the case of both men and women alike, there was sometimes a gap in the relevant information. As set out below, in the cases where there was less strong evidence there were 39 men and

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In 4 cases out of 265 we were not provided with any evidence to support a potential material factor defence

41 women. In the cases where no evidence was provided to support a material factor defence, these were equally split between men and women at 2 cases each.

## 6. **Allowances**

6.1 Allowances are paid in addition to basic pay, provided individuals meet specific criteria. PwC and ES have not reviewed in detail the allowances paid but ES reviewed some documentation setting out the basis of these allowances and reviewed statistical information generated by PwC regarding the payment of these allowances. These can be summarised as follows:-

### 6.1.1 London Weighting Allowance (LWA)

6.1.1.1 The payment of an additional allowance to employees based in London is an established allowance which, whilst originating in the public sector has since also been applied in the private and third sectors. No challenge has been made to payment of the LWA given the recognition of the increased cost of living in London and its surrounding areas, thus providing a legitimate basis for payment.

6.1.1.2 The statistical analysis provided by PwC, together with the files ES has reviewed, demonstrate that payment of the LWA is consistent in its application, and does not discriminate in favour of males or females. ES has seen no evidence to suggest otherwise, nor does the LWA appear to be in any way inherently discriminatory.

6.1.1.3 On this basis, ES has not reviewed in detail the application of the LWA to individuals, but recommend that the payment of LWA is kept under review to ensure that it is applied consistently and only paid in appropriate circumstances. This is particularly important in the current climate when remote working, which was implemented in the COVID-19 pandemic has continued meaning that, in reality employees who were previously based in London no longer work in the city.

### 6.1.2 Unpredictability Allowance / Flexibility Allowance

6.1.2.1 The BBC operates a ring-fenced legacy Unpredictability / Flexibility Allowance which in principle is justified to pay more for increased flexibility in the limited number of roles where it was operated.

### 6.1.3 Other allowances

6.1.3.1 There are a small number of other legacy allowances. Because of the number of employees in receipt of these and the total amount involved, they have not been looked at in detail.

## 7. **Market Informed Pay**

- 7.1 The job pay ranges operated within the BBC since 2017 have been devised from reviewing external market data obtained from market leading external sources in order to ensure that pay benchmarking is fit for purpose. Willis Towers Watson (WTW) survey data is used to help set the pay ranges, primarily using the Technology Media and Telecommunications UK Survey and General Industry. Supplementary data is sourced from the most appropriate surveys such as Xpert HR data for the charities sector, Mercer and Korn Ferry for certain international locations and McLagan for Pension Investment roles. The job pay ranges are broad in order to accommodate people with different individual specialisms, skills, and knowledge. ES understand that they are also positioned to attract and retain talent, and reward individuals as they develop within their job.
- 7.2 The sampling undertaken has demonstrated that market factors dictate pay differentials in a number of different areas. Pay differentials may be legitimate where, all other things being equal, a man is paid more than a woman doing equal work because the pay range for his role is higher than the pay range for her role due to the market (known as a material factor defence). In addition, factors such as experience or skills may explain why a particular employee is paid towards the top of the pay range for his or her job. In many cases, there is not one cause for a pay differential, but a combination of factors (e.g. external market forces and experience) which explain the differential.

## 8. **BBC Pay Policies**

- 8.1 The BBC recognises that it must attract, motivate and retain the very best people so that the BBC can continue to make brilliant content for its audiences. Alongside this, the BBC recognises its role as a publicly funded company with commercial subsidiaries that delivers value to licence fee payers.
- 8.2 As such, the BBC has implemented a number of pay policies to support the BBC in balancing these needs.
- 8.3 As part of the Audit, ES has reviewed the pay policies set out in Appendix 3. ES has provided an overview of each of these policies below.

### BBC Pay Guidelines

- 8.4 This document, which was introduced in 2018 and reviewed in February 2021, outlines the BBC's pay principles and the ways in which the BBC rewards its employees. It provides helpful background in respect of how each job within the BBC is grouped. For instance:
- 8.4.1 Each job at the BBC has a formal Career Path Framework (CPF) job title (save for Trainees/Apprentices and Performing Groups).
  - 8.4.2 Each job is grouped into a broad band career level (A to SL).
  - 8.4.3 Each job has a job pay range which starts within the broad band pay range. These are broad enough to accommodate people with different individual specialisms, skills and

experience, to attract and retain talent, and to reward employees as they develop within their role and progress to more senior jobs. What someone will be paid within the job pay range will be based on three key factors:

8.4.3.1 External/Market factors – specialist skills, supply and demand.

8.4.3.2 Role factors – scope, complexity, responsibilities and impact.

8.4.3.3 Individual factors – knowledge, skills, values and experiences.

8.5 All jobs at the BBC have been categorised into job families. Job families are defined as a series of related jobs comprising progressive career paths.

8.6 The Pay Guidelines provide the procedures in respect of setting pay as part of the recruitment process in different internal and external recruitment scenarios. The Pay Guidelines also set out approval requirements and provisions for recording pay decisions together with a governance framework for approvals for specific levels of role. The Pay Guidelines anticipated that rationales for pay decisions would be retained in the Applicant Tracking System but ES understands that this system does not have the ability to do so.

8.7 As ES progressed the Audit ES considered how the Pay Guidelines had been applied in practice.

#### Pay Assurance Form Guidance

8.8 As noted in the BBC Pay Guidelines, the Pay Assurance Form is a key document when evidencing the reason for a pay change. The Pay Assurance Form Guidance provides information in respect of how the Pay Assurance Form should be completed.

8.9 The key points to note are:

8.9.1 The form should clearly outline the reasons for arriving at the salary offer and how the amount was decided upon. The policy notes that the justification should be thorough in that "Someone reading the justification section should not have to scrutinise the rest of the data included on the form to understand the basis of the decision".

8.9.2 The form should state the current salary and proposed salary in the justification and include what the % increase is and where this places the individual in the job pay range.

8.9.3 The form should make clear what roles in the cohort have been considered.

8.9.4 The form should make clear if the individual has specialist or rare skills and why these are needed for the role if these justify a salary that is higher than others in the cohort.

8.9.5 The pay decision should only take into account the following three factors.

1. External/Market Factors

2. Role Factors

### 3. Individual Factors

- 8.10 The Pay Assurance Form Guidance provides some examples on what the BBC would expect to see in the justification section.

#### Guidance on determining the cohort

- 8.11 A key part of the pay decision making process is to check the pay relativities between individuals in the same CPF job and to ensure that the pay range guidance is being applied consistently.
- 8.12 This policy sets out the process for determining the appropriate cohort and the BBC has a Tableau reward tool which enables a cohort table to be created.

The policy notes that a record should be kept, in particular in respect of the reasons why the cohort was chosen, why the person was positioned at a particular point in the pay range and what cross checks were undertaken to other cohorts.

#### SL Exceptions Committee – Terms of Reference

- 8.13 This documents sets out the process in respect of SL Exceptions Committee meetings. In summary:
- 8.13.1 There is a fortnightly meeting with the Group Chief Operating or Finance Officer, Group HR Director and Senior HR Business Partner (Reward) to approve recruitment and salary requests for band SL employees.
  - 8.13.2 An assurance form is submitted by the relevant division for any recruitment/salary changes. The HR directors for their respective divisions present their papers during an allocated timeslot providing context of their proposals where necessary.
  - 8.13.3 The Committee makes a decision based upon the BBC's current policy. The Secretary shall minute the proceedings and resolutions of all Exceptions Committee meetings.
  - 8.13.4 The corresponding case will then be approved with a note confirming the meeting which the approval took place.
  - 8.13.5 To help maintain a clear audit trail any assurance forms are uploaded to the corresponding employee's file in Opentext.

#### BBC London Weighting

- 8.14 The policy confirms that if an employee's role is based in the London Metropolitan Police District or Brookmans Park, the BBC will pay the employee extra to cover the cost of living.
- 8.15 The amount that will be provided will be £4,729 for full time employees or the pro-rata equivalent for those working part-time. This is a set amount applying to both men and women and ES is therefore satisfied that it does not discriminate between the sexes.

#### Pay changes when moving roles



- 8.16 As stated in the BBC Pay Guidelines, this policy also confirms that when an employee moves up a pay band, an employee should always be paid at least the job pay range minimum regardless of how much increase this requires.
- 8.17 When an employee moves job within the same band, the employee should always be paid at least the job pay range minimum regardless of how much increase this requires. Any other increase depends on where the employee's current salary positions the employee within the new job pay range. An employee should be positioned appropriately taking into account other internal comparators doing the same or similar roles, in similar supply and demand markets and with the same level of relevant knowledge, experiences and skills relevant to the job.
- 8.18 When an employee voluntarily moves down a band, the salary will be set appropriately, according to others in the same job pay range.

## 9. **ES Conclusions**

- 9.1 As noted above, the audit is a sampling exercise which is intended to be diagnostic in terms of identifying system issues. It is not a comprehensive review of each and every employee's pay. It should not be read as implying that there are no individual equal pay issues within the BBC. Any individual equal pay concerns should be raised with HR/Line management and investigated appropriately. Equally an audit is not a litigious process.
- 9.2 Therefore whilst ES, in the course of the Audit has considered in the sampling investigations if objective justification of the potential material factor defences is likely to be required in those individual cases, the Audit has not considered in detail any potential wider pools for indirect discrimination comparisons.
- 9.3 ES has established that there is much more clarity in job titles now that CPF has been implemented. The Fair Pay Checks are also improving transparency in relation to the operation of the pay system.
- 9.4 Contracts are much more standardised than they were in 2017. More contracts were available for review.
- 9.5 There is now a much clearer policy for the management of discretion and for recording pay decisions although there were very few rationales provided for review as part of the Audit.
- 9.6 A common issue in equal pay audits, which was also identified in the 2017 audit is the regular lack of documentation contained on either personnel or recruitment records. Often managers have background information which has not been documented. It is good practice to ensure that this is captured in a document, ideally contemporaneous but if necessary retrospectively, as heavy reliance on oral evidence is not recommended. Managers may leave the business and if their rationale for pay decisions has not been captured that valuable evidence can be lost.
- 9.7 Having a well-documented system showing contractual arrangements in force and demonstrating pay decisions taken, and other relevant factors such as appraisal decisions, is important in operating a fair and consistent pay process which can demonstrate that decisions have been taken

for justifiable reasons and were not related to gender (or indeed any other protected characteristic).

9.8 ES notes that the BBC put in place an HR Service Centre in 2017, thereby implementing a system whereby core documentation can be retained and is readily accessible by HR in a controlled manner; line managers are therefore able to obtain information on request from the HR Service Centre. Notwithstanding the new record retention system, there were still some gaps in information and delays in receiving information requested. However, ES believe this is not as a result of the operation of the HR Service Centre but more in relation to the consistency of passing information to the Centre to be stored. The operation of the HR Service Centre has, however, improved the accessibility of information requested by this 2022 Audit compared to the audit progressed in 2017. In particular, the availability of salary history information has been much improved and is essential information for a pay audit. However, ES did find that some important documents, such as CVs to demonstrate the experience of individuals, were not retained by the HR Service Centre and some historic CVs were not retained at all. This made it difficult at times to fully understand any alleged differences in experience of individual comparators.

## 10. **Sampling Investigation**

10.1 As set out above, where there was a gender pay gap in a job role of either 5% or 3% (where such a pay gap could be considered to be repetitive), ES undertook a comparison of a male and female in the role. In total ES considered 265 opposite sex comparisons (a total of 530 employees). Of these 136 of the pay gaps identified favoured men and 129 of the pay gaps favoured women. 25 of the 265 comparisons were in relation to pay differentials of only 3% but were looked at as these were considered to be repetitive pay gaps because these roles had previously had a pay gap above 5% in the 2017 Audit. The remaining 240 opposite sex comparisons were in relation to roles that had a pay gap above 5% for the first time in this 2022 Audit.

10.2 ES identified 261 opposite sex comparisons where a potential material factor defence for the pay differential was identified. 181 of these comparisons had both management/HR commentary and documentary evidence to support a potential material factor defence. ES categorised the strength of the evidence in those comparisons to be strong. 80 of the opposite sex comparisons had HR/management commentary only to support the potential material factor defence and ES categorised these as moderate. ES sets out overleaf the potential material factor reasons identified in both the strong and moderate categories.

Material Factor Defences – Strength of Evidence	Experience	Pay Protection	TUPE protection	Market Forces	Other
Strong (181)	167	7	3	2	2
Moderate (80)	66	6	0	2	6

10.3 The main reason by far, as demonstrated above, which was driving pay differentials, was “Experience”. In this category ES included experience in role, BBC or external experience, remit of role and responsibility. Those in the small “Other” category including reasons related to the profile of programme, different contractual provisions and buy out arrangements.

10.4 In comparisons where there was strong evidence of a potential material factor defence, of 181 comparisons, 95 of these favoured men whereas 86 favoured women.

10.5 In comparisons where there was moderate evidence of a potential material factor defence, of 80 comparisons, 39 of these favoured men whereas 41 favoured women.

10.6 There were 4 comparisons, out of the 265 in the sampling investigation, where the audit was unable to identify a material factor defence from the information provided. 2 of these favoured men and 2 favoured women. ES recommend that these comparisons are investigated immediately with a view to identifying if there is a potential material factor defence. If there is no potential material factor defence identified then ES would recommend urgent remedial action to close the pay gap between the opposite sex comparators. ES makes reference to “immediately” and “urgent remedial action” as ES is conscious that one of the observations of the EHRC investigation in relation to the 2017 Audit was that those comparisons (8.6% in 2017 when 300 comparisons were subject to the sampling investigation) where ES identified there was no potential material factor defence should have been progressed sooner than they were.

## 11. Recommendations

11.1 ES has considered the Audit recommendations made in 2017 and the progress reported by the BBC which has been made since then by the date of this Audit. These are set out in the table overleaf.

<b>Pay Area</b>	<b>2017 Recommendation</b>	<b>BBC Information on 2022 Position</b>
<p>Job Titles and Roles Comparisons</p>	<p>Where job title issues are identified in an equal pay audit, a job title review would normally be recommended to ensure that the job titles properly reflect what work an individual employee is undertaking and enable more consistency between colleagues.</p> <p>The BBC has already progressed a job title review as part of the Career Path Framework process. ES understands that this has not yet been implemented and ES would recommend that it be completed as soon as possible to provide more clarity in relation to job titles.</p>	<p>Job titles were reviewed with the implementation of the Career Path Framework (CPF) in 2018. The review resulted in the simplification and standardisation of c.5,000 job titles to c.875 once the CPF had been fully rolled out by the end of 2019. There are currently 845 active job titles.</p> <p>Every job in the CPF is supported by a detailed job description covering the job purpose, key responsibilities and accountabilities of the role, knowledge and skills required and the job impact. This helps us to ensure that we are mapping the right roles to each job title.</p> <p>The CPF is managed by Reward with clear governance for the addition of any new roles, requiring sign off from the Job Family Owner (a senior leader in the job family) and relevant HR Director. Any new pay ranges are set by Reward. The CPF is reviewed bi-annually by the CPF Governance Group which looks at trends across the whole framework. The CPF is evolving as roles change in line with our strategic objectives.</p> <p>Pay ranges are reviewed annually against latest external market data as well as internal data and feedback.</p> <p>Everyone can see their own salary and how it compares to others' (fully anonymised) in the same role or band (if there is insufficient data for a role analysis to be provided, data by career band is provided), split by gender and ethnicity. All job pay ranges are visible to everyone, along with the job description for each role on PeopleView (part of our intranet). This is part of our commitment to the highest levels of pay transparency.</p> <p>Our gender pay gap analysis shows that the pay gap is driven by the distribution of men and women across the career bands, with close to equal distribution in most</p>

<b>Pay Area</b>	<b>2017 Recommendation</b>	<b>BBC Information on 2022 Position</b>
		<p>career bands but more women than men in Bands A and B (our most junior bands) and more men than women in Bands D to F. Gender distribution of our Senior Leaders is close to 50:50. We also have some job families where market rates are higher than average where we have more men than women (e.g. Technology, Systems and Delivery). Our female representation in this job family is above the UK industry representation however it is an area of focus for us to increase our diversity in this job family. We also have a higher proportion of women in some job families where market rates are lower than average (e.g. Production Management). Our gender distribution is in line with the market distribution. We have clear actions which are expected to reduce our pay gaps over the longer term, for example through greater flexible working for all, harmonised parent leave, a focus on diversity in our hiring and targeted progression activities for all our underrepresented groups.</p>
Contractual Arrangements	<p>The BBC has already progressed a review of terms and conditions which has been combined with a job evaluation process to ensure that roles are properly evaluated and that appropriate terms and conditions are applied to achieve consistency. Whilst this has not yet been completed, it is recommended that this is implemented as soon as possible, and documentation issued is retained on personnel files for future reference.</p>	<p>As part of the Terms &amp; Conditions reform in 2018, we removed outdated conditions of service based previous ways of working and introduced one core employment contract for all UK staff (Bands A-Fp). The arrangements for contract type, working pattern, notice periods and overtime were all simplified as part of the review. A single rate of London weighting was introduced to bring consistency and remove the variability in base salary level.</p>

<b>Pay Area</b>	<b>2017 Recommendation</b>	<b>BBC Information on 2022 Position</b>
<p>Management Discretion in Grading Allocations and Starting Salaries</p>	<p>It is important to have a balance between management discretion on grading and starting salaries and control over pay systems. ES would recommend that clear guidelines are put in place to ensure that there is a robust pay policy and guidelines within which management make decisions and that grading decisions are managed within the Career Path Framework. ES would also recommend that the rationale for starting salary decisions is considered by reference to agreed job role pay ranges and properly recorded and retained for future reference. ES would also recommend that template documentation is developed to capture pay decisions as much as possible to achieve consistency in decision making and record retention.</p>	<p>Use of the WTW Global Grading job evaluation methodology has now been implemented globally. All roles have been evaluated by members of the Reward team who have been trained by WTW. The job evaluation and resulting global grade informs the BBC Career Band. It also provides the benchmarking match for the role in the WTW pay surveys. The WTW pay survey data is used to help set our job pay ranges. Job evaluation decisions are role related not person related and are captured in the WTW Global Grading system and in a central file held by Reward.</p> <p>Jobs are allocated to Career Bands based on the WTW Global Grade as assessed by a full analytical non-discriminatory job evaluation (under JEGS) which is undertaken by the Reward team. The Reward team are fully trained and each evaluation is peer reviewed before it is finalised. The Reward team refer to job information provided via the job description with supporting discussions as needed with the divisional HR Business Partner and/or line manager to fully understand the role. Job evaluation decisions are captured in the WTW Global Grading system and in a central file held by Reward.</p> <p>Pay is set within job pay ranges for each role. Job pay ranges reflect market rates (based on external market data provided by WTW) as well as internal relativities between roles to ensure sensible progression steps.</p> <p>Individual pay and position in job pay range reflects individual factors (skills, knowledge and experience), role factors (complexity, specialisms, additional responsibilities) and market factors.</p>

<b>Pay Area</b>	<b>2017 Recommendation</b>	<b>BBC Information on 2022 Position</b>
		<p>Every pay decision on hire, transfer, promotion or out of cycle increase is supported with clear rationale for the pay level and where the individual will be positioned in the pay range. This is captured on either the Hiring Request form, Salary Change form or Pay Assurance form.</p> <p>Cohort information is provided by the HR Business Partners to decision makers through Tableau (a data visualisation tool using latest data on SAP).</p> <p>Pay Assurance Forms are saved centrally in the HR Service Centre, linked by a case number. They are saved alongside the employee personnel files.</p> <p>There is a formal approvals framework which applies consistently across the BBC, with the exception of production roles within policy which are approved locally.</p> <p>All out-of-cycle pay decisions are approved at divisional level by the Divisional Approval Groups (DAGs) for Bands A-F.</p> <p>Hiring decisions that are in policy and within budget are made by the team leader and approved by the team leader plus 1.</p> <p>There is additional governance involving the Reward team for any recruitment that brings individuals into the BBC in the top third of the pay range for the role. These hires require additional justification based on individual skills and experience, market conditions and/or additional requirements of the role. A cohort check is undertaken using Tableau by Reward and saved with the Pay Assurance form which accompanies the Hiring Request form.</p>

<b>Pay Area</b>	<b>2017 Recommendation</b>	<b>BBC Information on 2022 Position</b>
		Any recruitment outside budget or policy needs to be approved by the Divisional Approval Group (Bands A-F) or Senior Leader Exceptions Committee for Senior Leaders.
Documentation on Personnel Files	ES would recommend that all personnel files be reviewed against the existing framework for core document retention to ensure that historical documents are available, whether recruitment related, contractual, appraisal or relating to pay protection or increases. ES recognises the steps already taken by the BBC to achieve this, given that the new system ought to ensure more robust document management.	<p>We completed an audit of the personnel files in 2017/18. The purpose of that audit was to ensure that all relevant documentation that should be on personnel files was saved there (as opposed to being saved in other places locally) and to identify any gaps.</p> <p>The HR Service Centre file any instructions and letters that are issued on the relevant employee's personnel file.</p>
Appraisals	It is good practice to have a consistent performance appraisal system in operation to enable individuals to be consistently assessed in terms of their overall development. Whilst there is such a system in place, ES would recommend a review is undertaken of record keeping so that development discussions can be recorded.	<p>We have introduced a new framework for development discussions (MyConversation) with a minimum expectation around frequency and the quality of these conversations. These are recorded in SAP SuccessFactors. There has been significant investment in manager training to support with this. The data shows a significant increase in the completion of MyConversations to 91% in 2021.</p> <p>With the exception of BBC Studios, ratings do not form part of our performance review. BBC Studios ratings are captured in the SAP SuccessFactors system and are not optional.</p>



<b>Pay Area</b>	<b>2017 Recommendation</b>	<b>BBC Information on 2022 Position</b>
Pay Differentials	<p>ES would recommend that the BBC undertakes a line management review of individuals within their line management remit to consider why pay differentials are present and to ensure that appropriate documentation is retained to explain why pay for a particular individual is at the correct level. This process may include taking any remedial actions which are appropriate to ensure equal pay/fair pay is operated and that there is consistency in decision making which is properly recorded and retained. As noted above, ES appreciate that this work has already started and understand that this will continue.</p>	<p>Since November 2018, we have been running an annual review of individual pay.</p> <p>This process involves Reward briefing Salary Review Managers (who are senior team leaders responsible for reviewing pay across an area of the business) and HRBPs to ensure a consistent understanding of the process and areas of focus.</p> <p>The Salary Review Managers supported by HR Business Partners undertake an in-depth review to compare individuals to their cohort (across divisions) as well as within their immediate teams. We use a data visualisation tool (Tableau) to enable Salary Review Managers and HR BPs to do the cohort checking. The data in this tool is refreshed daily to show the latest positioning for each individual and the increases being recommended.</p> <p>Adjustments to pay are made as a result of this review, and rationale for each increase is captured and saved on personnel files.</p> <p>There is also divisional and Group wide calibration to check fairness of decision making and outcomes.</p>

## 12. **Recommendations**

- 12.1 ES can see that a significant amount of progress has been made by the BBC since the 2017 Audit. However, it is always helpful to take stock and reflect upon what further can be done to improve pay systems even more. ES therefore make the following recommendations to assist the BBC continue the improvements they have already made:-

### **Pay Guidelines**

- 12.2 ES understands that the Pay Guidelines are to be updated in 2023 and ES would encourage such an update as it has become apparent during the 2022 Audit that the Pay Guidelines, particularly in so far as they envisage rationales being retained on the Applicant Tracking System, are not applied in practice. ES recommend that these are updated to reflect the new system which will be introduced to hold rationales for pay decisions centrally. ES also recommend that when the Pay Guidelines are updated these are clearly dated to avoid any confusion and issues with version control.

### **Rationales for pay decisions/record keeping**

- 12.3 Whilst ES acknowledges that the BBC Pay Policies are much clearer than they were in 2017, and make specific provision for improved record production and retention in relation to pay decisions, ES was not always provided with the evidence to support the sampling investigation cases reviewed as part of this Audit. In light of some gaps in documentary evidence which has been highlighted by this Audit, ES recommends that line managers within the BBC continue to undertake a regular review of individuals within teams to consider why pay differentials are present and to ensure that appropriate documentation is retained to explain why pay for a particular individual is at the correct level (where there is a material difference in pay). ES appreciates that this work has already started but recognise that this needs to continue.
- 12.4 ES welcomes the regular Fair Pay Checks which help to monitor and identify any particular equal pay (and fair pay) issues which could arise. However some of the fair pay rationales ES saw were so brief and used the same wording for opposite sex comparators that it was not reliable evidence to demonstrate why there was a pay differential between the genders (for example one case merely referred to "experience and performance" as the reason for each individual's position on the pay range without further detail).
- 12.5 ES therefore recommends that sufficient detail, setting out the factors taken into account, be included in rationales for pay decisions (including those recorded as part of Fair Pay Checks) as envisaged by the Pay Guidelines so that a third party can understand the rationale and that these rationales be retained on personnel files, together with supporting evidence, should these ever be required for future reference.

### **CVs**

- 12.6 CVs are a helpful reference when considering a difference in experience. These were not retained by the HR Service Centre and access to them for opposite sex comparisons within CPF roles was sporadic at times with CVs often not being available (or not available for both employees in a comparison). ES would recommend the BBC reviews its approach to the retention of CVs to ensure

consistency in this respect and that these be provided to the HR Service Centre to ensure that they are retained on the relevant personnel file. ES believe this will assist mitigate the risk of the current heavy reliance upon oral evidence from HR Business Partners and/or Management to support a material factor defence.

**Pay Protection**

12.7 In two cases where ES undertook opposite sex comparisons, the potential material factor defence was pay protection which had been operated since a buyout of terms and conditions some years previously where overtime entitlement had been incorporated into basic salary. As this arrangement had been in place for a number of years, ES would recommend that these arrangements be reviewed to ensure there is no potential for discrimination to arise.

**Comparisons where no material factor defence was identified**

12.8 In those cases (4 in number) where ES was not provided with any evidence to support a material factor defence in opposite gender comparisons where the individuals hold the same role, ES recommend an immediate review to either identify and evidence a potential material factor defence or take urgent remedial action to close any pay differential as soon as possible.

13. **Confirmations**

PwC confirms that we have supported the BBC with this audit in accordance with the process recommended in the Equality and Human Rights Commission (EHRC) Equal Pay Audit Guide for Larger Employers and as set out in detail above. In accordance with that process and as agreed with ES, where potential pay inequality was identified, we have selected potentially comparable male and female employees in order to allow ES to test and review whether the pay differentials may be justified.

Signed.....

on behalf of PricewaterhouseCoopers LLP

ES confirms that we have progressed this audit in accordance with the process recommended in the Equality and Human Rights Commission (EHRC) Equal Pay Audit Guide for Larger Employers. In accordance with that process we have reviewed the spreadsheet pay data provided by PwC and personnel documentation provided by BBC Reward/HR for each individual employee within male/female comparisons to assess the reason for any pay differential, ascertain how determination of pay was reached by reference to the applicable pay policy, understand whether causes of pay differences in the sampling cases had potential to be tainted by gender discrimination, considered how management discretion was exercised, and established how decision making in relation to pay was captured/recorded/retained to enable us to reach the conclusions and recommendations outlined above.

Signed.....

on behalf of Eversheds Sutherland (International) LLP

## **Appendix 1**

### **The Audit Process - Roles and Responsibilities of each party**

#### **PwC**

PwC's role in relation to the audit involved the following:

- Gathering, aggregating and analysing data as requested by the BBC and agreed with ES
- Checking the validity of the source data, the correct components of pay used, against the correct individuals
- Checking the overall calculation across job roles and job families. Where additional elements of pay were required, liaising with BBC Reward to collect and blend data required for calculations.
- Identifying at least one male/female comparison sample within each job role who appeared (where possible) to be close in terms of location, time in role and between whom there was an apparent pay differential which on the face required further legal analysis by ES
- Provided such further support in relation to data extraction and review that ES requires during its process of analysis in relation to the underlying pay data.

#### **BBC HR/Reward**

- Supervised the work carried out by ES and PwC.
- Provided a commentary on steps taken by the BBC to implement the recommendations made in the 2017 Audit so that these could be captured in the 2022 Audit Report
- Provided the pay policies that determine pay and allowances and Career Path Framework information required to be considered by ES in their review
- Provided information for each individual employee within the male/female comparisons identified by PwC including:
  - Starting salary with organisation
  - Starting salary in role
  - Salary history in role showing all pay rises and payroll reason given for the same
  - Manager and/or relevant HRBP commentary to support the personnel documentation provided
  - Copies of personnel documentation in scanned document format for each individual employee within a male/female comparison for consideration to explain pay differential which may include :-
  - DAG and/or SMRC approvals
  - Explanation for starting salary in role e.g. recruitment paperwork
  - Documentation issued when pay rises awarded
  - Any performance appraisal documentation
  - Any documentation in relation to any increase in role responsibilities
  - Contract of employment
  - CV or application form
  - Any recruitment and retention information
  - Any individual pay protection information e.g. TUPE/redundancy

## **ES**

Once PwC gathered the data as set out above, ES was then responsible for analysing the data and carrying out the audit.

ES produced an index/evidence collation sheet to assist the provision of the above information by BBC HR/Reward to monitor the information being provided in particular cases and to identify where further information is awaited

ES reviewed all of the information provided by BBC HR/Reward as set out above including pay policies that determine pay and allowances and payroll code/payments information.

In particular ES:-

- reviewed the spreadsheet pay data, HR/management commentary and personnel documentation supplied for each individual employee within male/female comparisons to:
- assessed the reason for any pay differential;
- ascertained how determination of pay was reached by reference to the applicable pay policy;
- understand whether causes of pay differences in the sampling cases had potential to be tainted by gender discrimination;
- consider how management discretion was exercised; and
- establish how decision making in relation to pay was captured/recorded/retained.

ES then prepared and finalised this Audit Report summarising the audit process adopted and confirming its compliance with the EHRC recommended process, setting out conclusions reached and making any recommendations considered necessary to ensure that consistency is achieved and transparent pay systems are operated. The Audit Report included a summary of the recommendations made in the Audit Report 2017 and progress made in the implantation of those recommendations by the BBC by the audit review date in 2022.

### **Selection of Individual Comparisons**

PwC selected the individual comparisons from those job family roles under the Career Path Framework which showed a gender pay gap of 5% or above (or where appropriate 3% or above) either in favour of men or women.

Comparisons were then selected by PwC on the basis that where the job role showed a gap in favour of men, a pay differential would be considered which benefited the male employee; where the job role showed a gap in favour of women, a pay differential would be considered which benefited the female employee.

ES understands that the Career Path Framework has created job families following a job evaluation process implemented by the BBC with support from Willis Towers Watson whereby individual roles were evaluated using an analytical job evaluation process. Neither PwC nor ES were involved in that job evaluation process and did not review it as part of this audit.

## Appendix 2

Equal Pay Audit Process in accordance with the Equality and Human Rights Commission (EHRC) Equal Pay Audit Guide for Larger Employers

### 1. Decide on scope

- Full or staged approach
- who should be involved
- Information needed and tools available
- Bringing the information together for analysis

### 2. Men and Women and “Equal Work”

- like work
- work rated as equivalent in a job evaluation study
- work of equal value

### 3. Collect and compare pay data

- calculate average hourly rates and total earnings – across organisation and across pay bands/job groups
- compare access to and amounts received in each element
- calculate gender bonus gaps
- identify pay and bonus gaps above 5%

### 4. Analyse causes of pay gaps

- consider basic pay and compare other elements of pay package
- examine pay policies and practices to establish consistency and appropriate checks and balances for exercise of management discretion
- undertake individual case comparisons to assess reasons for pay difference and how these are evidenced
- are women placed at a particular disadvantage compared to men, if so can decisions be objectively justified

### 5. Develop and implement an action plan

- decide on remedial action and timescales
- consider if need to change terms and conditions or implement ring fencing
- assess if need to change policies and practices including recording decision making and record retention
- ongoing monitoring/review
- prepare a communications plan

### Appendix 3

Pay policies and documentation considered

<b>Policy Document</b>
BBC Pay Guidelines
Pay Assurance Form Guidance
Guidance on determining the cohort
SL Exceptions Committee – Terms of Reference
London Weighting
Pay Changes when moving roles
Pay changes including internal recruitment cases – Assurance Template
Pay Decision Form Template

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