

# UKRI Equal Pay Audit



UK Research  
and Innovation



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# Foreword



At UK Research and Innovation, our people are our most important asset. The commitment, professionalism and expertise that our staff bring to their work is core to everything we do and underpins our ability to deliver for the UK's Research and Innovation system. We are committed to creating a working environment where everyone is treated with dignity and respect, and where diverse views are voiced, heard and valued. As part of this commitment, UKRI is keen to understand and eliminate unfairness in its pay and reward system. We support the principle of equal pay and use a pay and grading system that ensures roles are evaluated consistently against objective criteria to help us operate a transparent pay system, free from bias.

In March 2022 UKRI published its third Gender Pay Gap report (GPG), an important component of understanding our workforce data which provides the evidence base for

our wider Equality, Diversity and Inclusion action plans. Within that report we made a commitment to undertake further analysis on the links between pay and gender by conducting an Equal Pay Audit. This will enhance and complement our work to identify and eliminate bias within our pay arrangements.

The audit, presented in this report, has not drawn out any areas of significant concern according to the Equality and Human Rights Commission (EHRC) definition of differences above 5%. However, it has highlighted some areas to explore further. As Chief Executive Officer I am committed to ensuring that we continue to monitor progress and take evidenced action to ensure we create a positive and enabling research environment.

**Professor Dame Ottoline Leyser**  
*Chief Executive UKRI*

# Executive summary

In line with its statutory obligations, UKRI has published its Gender Pay Gap since 2018. We are now taking this analysis further and have conducted an equal pay audit in line with the methodology published by the Equality and Human Rights Commission (EHRC). This is an important next step in understanding our workforce better and in helping us to create the conditions in which all our staff can thrive and develop, creating fulfilling careers which are rewarded appropriately.

Our Equal Pay Audit (EPA) and annual Gender Pay Gap (GPG) report are components of the reward and equality, diversity and inclusion (EDI) strategies and policies we are developing and implementing across UKRI. It is important to understand the nuances between the two reports.

The Equal Pay Audit looks specifically at any differences in pay for men and women for equal work, as set out in the Equality Act 2010. The EHRC suggests that any gap

found of  $\pm 5\%$  or more is significant and should be explored further. Gaps greater than  $\pm 3\%$  but less than  $\pm 5\%$  should be reviewed and monitored.

The audit has found that no grade is showing a difference in pay between men and women of 5% or above. However, there is no room for complacency. We will continue to monitor our data regularly and measure progress as part of our wider EDI plans. The current findings highlight areas for particular focus. Part-time employees are less likely to receive end of year performance bonuses, which has a particular impact on women who make up the majority of part time workers. There are plans already underway to address this.

The GPG is a measure of the difference between men's and women's average earnings across an organisation. In contrast to the EPA data presented here, which assesses equal pay for equal work, the GPG is influenced by the representation of

women at various levels in the workforce. UKRI's current GPG report, published in March 2022 showed a median gap of 12.3%. It is expressed as a percentage of men's earnings. Both the EPA and the GPG analyse pay differences based on legal sex, but UKRI is committed to expanding this to other characteristics, such as disability and ethnicity. Currently, we do not have robust enough data to perform this analysis but we aim to improve this significantly by the next audit as part of our wider Equality, Diversity and Inclusion action plans.

Note on data: the EHRC states that an equal pay audit 'compares the pay of men and women doing equal work'. While we recognise that 'men' and 'women' are terms used to describe gender identity, our data is by legal sex, which we are required to collect for HMRC and to monitor sex as a protected characteristic under the Equality Act (2010).



## Introduction

By law, 'employers must not pay an employee less, or give them terms and conditions that put them at a disadvantage, because of their sex, disability, race, religion, sexual orientation or another "protected characteristic". The equal pay provisions of the Equality Act 2010 are aimed specifically at ensuring that men and women who are performing equal work should receive equal pay.

This makes equal work the foundation of an Equal Pay Audit. Employers are responsible for providing equal pay and for ensuring that pay systems are transparent. Pay systems that reward people equally and fairly have significant benefits not just for UKRI and all our employees, but also for wider society and for the environment for research and innovation in the UK.

UKRI supports the principle of equal pay for equal work of equal value. We recognise that there should be a pay and grading structure and supporting processes that are free from bias and based on objective criteria. As it matures, UKRI is keen to understand

better its pay data, in order to assure itself and its stakeholders that it is meeting these requirements and to address any equal pay differences and/or risks that are identified. This is the first EPA that UKRI has undertaken since its creation in 2018. In order to continue to monitor our progress, we will repeat the EPA at least every three years.

Our EPA and our annual GPG report are distinct inter-related activities to progress our important objective to deliver fair and equal pay in UKRI and to monitor progress toward that goal. It is important to be clear about the difference between them.

The GPG is the difference between the mean or median pay for men and women in the organisation. In our last GPG report the median gap across all employees in the organisation was found to be 12.3%.

This largely reflects the representation of men being higher in more senior, and consequently higher paying, roles and the representation of women being higher in more junior roles.

This gap is below the national median (15.5%, ONS, 2020). We are working hard with a plan of action to reduce our GPG and this is a critical component of our Workforce Equality, Diversity and Inclusion plan.

UKRI was created in April 2018 when the seven Research Councils, Innovate UK and Research England were brought together to form a single organisation and employer. As such UKRI inherited multiple pay frameworks and work has been ongoing to create a coherent, transparent and fair single pay framework, which recognises and reflects the complexity of the organisation and of the multiple roles it encompasses.

We have been carrying out work to harmonise our approach to pay and reward across all our councils and it is a measure of the progress in this, with more than 80% of our employees now on the same pay and grading structure, that we are now able to carry out our first EPA.

The audit emphasises our commitment to monitor and review pay transparently, to test for equity and determine whether further action is required to assure this. The findings and recommendations are key to our work to promote and assure equitable practice.

## Scope and approach

The EHRC sets out a clear, staged and recommended process for an effective EPA and we have followed this five-step sequence of stages in our audit. In addition, recognising the relatively early stage in our formation and in partnership with our trade unions, we have agreed a phased approach to the audit and this report represents the findings from the initial phase.

# Stage 1:

## Deciding the audit goals and scope

The focus of this audit is:

- Analysis across the whole of UKRI, rather than investigating the detailed situation in any individual part of the organisation.
- An equal pay analysis of base pay and allowances by band across the whole organisation, by legal sex, to include occupational and discretionary allowances, such as recruitment and retention allowances.
- Analysis of end of year bonus awards by legal sex and by working pattern.



# stage 1

## Stage 2 & 3:

### Determining equal work and collecting pay data

In order to assess equal work, UKRI uses the Job Evaluation and Grading System (JEKS) to evaluate roles for bands A–H (with band A being the most junior and H being the most senior). This is a reliable and well tested objective points factor job evaluation system, which is the most common method used across the UK Civil Service and has a clear read across with other well-known systems such as Hay. Based on their job evaluation points score, jobs are allocated to common pay bands of equal job weight, and our analyses focused on any differences within these pay bands.

#### **In terms of the detail of the pay data gathering and analysis:**

- We have reported on pay differences by legal sex. It is to be noted that we have recently implemented changes to our recruitment and staff data storage platforms to collect data on gender in addition to binary legal sex, to be fully inclusive and explore how we can conduct equality analysis on this in the future.

- The data has been gathered as of 30 June 2021 following the implementation of the 2020 pay award. All values used for salary and allowances are full-time equivalent (FTE) to allow for comparison between employees.
- Calculations are based on the mean and median average FTE annual base pay for each employee group specified.
- Preserving the confidentiality of individual pay levels has been an important underpinning principle for this EPA and, in line with external convention, no group size of below five individuals has been analysed or has been shown.



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**In terms of the UKRI workforce that has been included in the analysis:**

- There are 7,356 employees contained within this audit. It excludes those on specialist arrangements like Mariners, Pilots, Antarctic Employment Pool and staff on senior contracts. This is because these populations of staff are too small to conduct meaningful analysis using the EHRC methodology.
- This audit does not include individuals that are not employees of UKRI such as agency staff, contractors and staff seconded into UKRI from an external organisation who continue to be paid on their external organisation's terms and conditions and payroll systems.
- Representation of women within each band decreases as the seniority of the band increases, with only 15% of women occupying roles in Bands F–H compared to 21% of men. Both factors help to explain the legal sex pay differences shown in our annual GPG report.



## Stage 4:

### Findings and analysis of key themes and causation

#### UKRI Workforce Profile as of 30 June 2021

In order to understand better the equal pay data, we have also looked at our workforce profile by legal sex and band, with A being the most junior band and H being the most senior. **Figure 1** (page 11) shows that the proportion of each band who are men increases as the band increases. At Bands B and C 56% of the population are women, reducing to 52% at Band D and 43% at Band E. This percentage falls to 28% of the population being women at Band H. This distribution of men and women across the organisation is largely responsible for the UKRI GPG, which in 2021 showed a mean

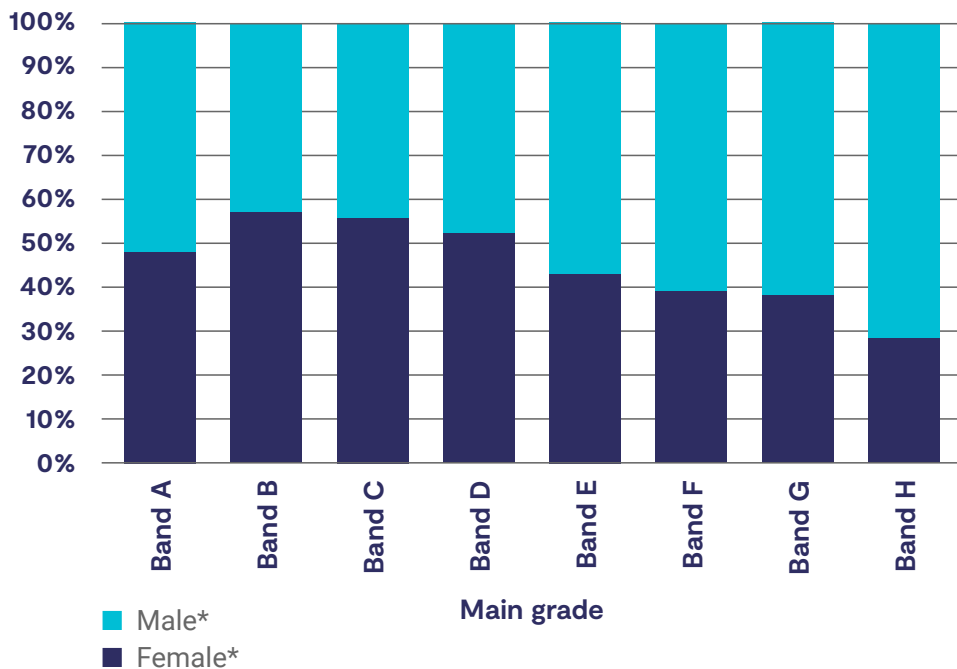
value of 10.2% and a median value of 12.3%. **Figure 2** (page 11) shows that 59% of women are at Band D or below while 46% of men are at Band D or below.

As part of its commitment to equality, diversity and inclusion, UKRI encourages flexible working options. 13% of employees in Bands A-H work part-time. Of these, 77% are women and so any inequality which may impact part-time employees disproportionately impacts women (**Figure 3** on page 12).



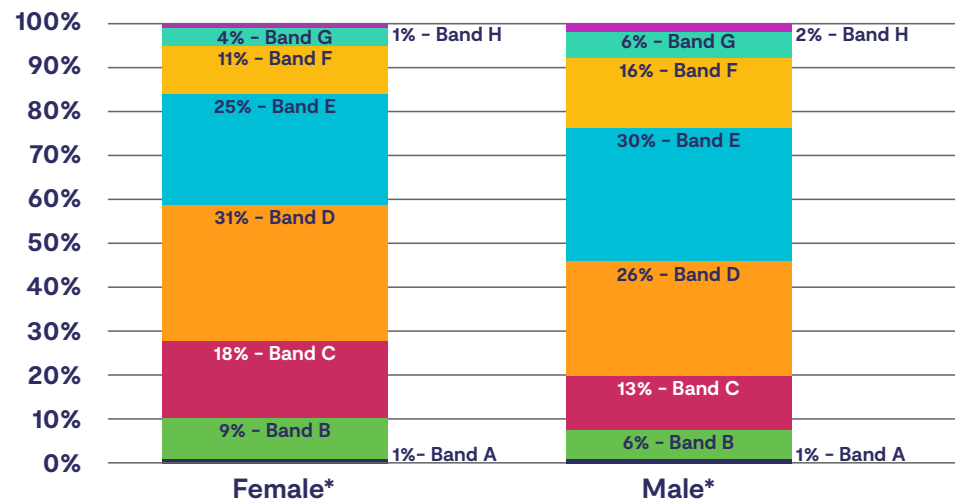
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Figure 1: Proportion of male/female UKRI staff in each band



\*As defined by legal sex

Figure 2: Proportion of bands for male/female UKRI staff



\*As defined by legal sex

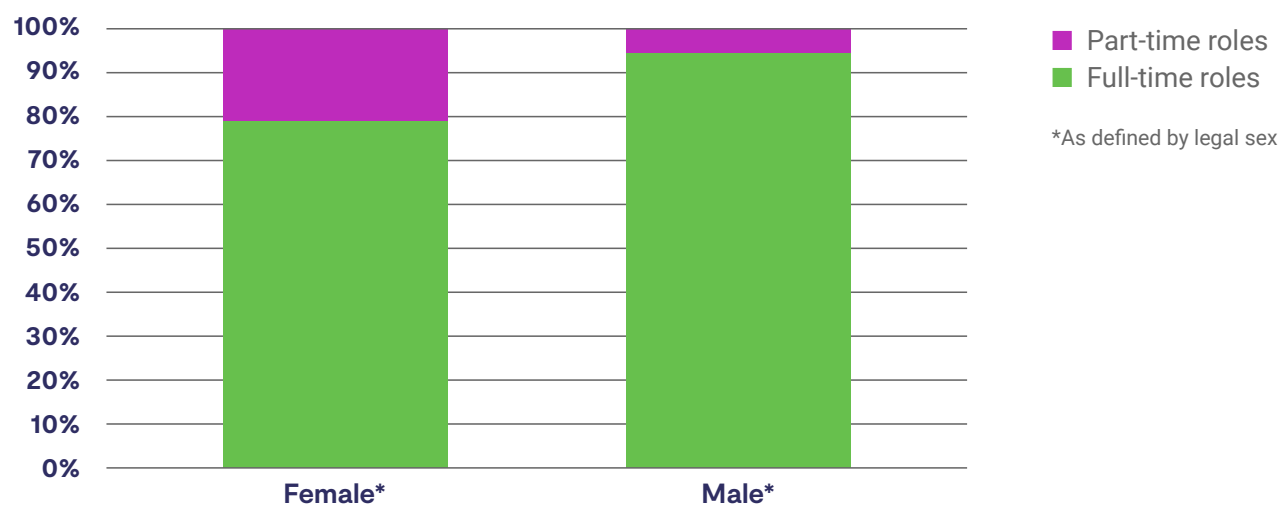
## Equal Pay Analysis – Salary

Within UKRI, salaries include base pay which is determined by Band. They may also include Recruitment and Retention Allowances and Specialist Allowances which reflect specific market challenges for some occupations. Some individuals may also receive Responsibility Allowances where business need requires them to perform some elements of their role at a higher level. The pay difference for each band by legal sex including Recruitment and Retention Allowances and Specialist allowances is detailed in **Table 1**.

The Equal Pay Analysis looks at the average earnings of each Band and compares them between men and women. A positive figure indicates a difference in favour of men and a negative figure indicates a difference in favour of women. The EHRC states that a pay difference of more than 5% should be considered as significant, and a recurring difference of more than 3% merits further investigation.

Within UKRI the pay difference by legal sex of each Band A–H is less than 5%, including base salary and allowances. The highest pay difference is at Band E at 4% and we

**Figure 3: Proportion of male/female UKRI staff working in part-time or full-time roles**



**Table 1: Pay difference by band and legal sex on 30 June 2022**

Band	Average Salary Female	Average Salary Male	Overall Average Salary	Difference £	Difference %
A	£ 17,949	£ 18,120	£ 18,038	£ 171	0.9%
B	£ 21,358	£ 21,257	£ 21,314	£ -101	-0.5%
C	£ 27,257	£ 28,154	£ 27,651	£ 897	3.3%
D	£ 33,734	£ 34,797	£ 34,246	£ 1,063	3.1%
E	£ 42,784	£ 44,518	£ 43,770	£ 1,734	4.0%
F	£ 53,435	£ 55,144	£ 54,474	£ 1,709	3.2%
G	£ 66,849	£ 69,374	£ 68,417	£ 2,525	3.7%
H	£ 90,013	£ 89,527	£ 89,664	£ -486	-0.5%

will continue to monitor this, and other differences above 3%, over time to assess if it is a recurring difference.

## Equal Pay Analysis – Performance Related Pay

The Performance Related Pay (PRP) 'pot' for Bands A–H is 1.83% of the total payroll for these bands.

### The majority of this pot is allocated to three main schemes:

- **Instant Awards:** nominations can be made throughout the year and awards of £70 vouchers or £100 cash (taxable) can be given for one off achievements, performance, or contribution, linked to demonstration of UKRI values.
- **In-Year Awards:** nominations are sought twice a year and awards ranging from £250 to £1000 can be given to recognise a contribution above and beyond normal duties and the delivery of specific pieces of work.
- **End of Year Awards:** are linked directly to the appraisal process outcome within the performance year in question

and are designed to reward sustained performance throughout the year. Values are determined annually and 70% of the performance related pay 'pot' is used for end of year awards. End of year awards are linked to three performance ratings. Employees may be rated as 'Exceeding expectations', 'Meeting expectations' or 'Not meeting expectations' (with slight variation in terminology for those on legacy MRC and IUK End Year schemes). For all employees the distribution of the ratings between men and women is similar with slightly more women 'exceeding expectations' than men.

When considering End of Year ratings for part-time employees the analysis raises more significant concerns. Part-time employees are less likely to receive an 'Exceeds expectations' rating than full-time employees and, as 77% of part-time employees are women, this has a disproportionate impact on women. UKRI will review its guidance on end of year ratings and ensure that the scheme itself does not introduce bias on working patterns. We will also ensure that future End of Year moderation includes the requirement for consideration of the distribution of ratings to working patterns.

**Table 2: Distribution of Performance Ratings (all employees eligible for UKRI End of Year Performance Related Pay)**

	Female* employees	Male* employees	All eligible employees
<b>Exceeds expectations</b>	23.5%	22.1%	22.8%
<b>Achieves expectations</b>	76.2%	77.5%	76.9%
<b>Not meeting expectations</b>	0.2%	0.3%	0.3%

\*As defined by legal sex

**Table 3: Distribution of End of Year Ratings, by working pattern**

	Full-time employees	Part-time employees	All eligible employees
<b>Exceeds expectations</b>	23.7%	16.6%	22.8%
<b>Achieves expectations</b>	76.0%	83.1%	76.9%
<b>Not meeting expectations</b>	0.3%	0.3%	0.3%

## Stage 5: Conclusions

Overall, the outcome of the Equal Pay Analysis contained in this audit is reassuring. UKRI has robust pay policies with effective controls and good governance. We are committed to fair and transparent pay decisions which support UKRI's commitment to creating the conditions by which our staff can thrive.

The EPA and the GPG are closely related. The EPA confirms the conclusions of the 2021 GPG report that the current GPG is a result of the distribution of men and women in the organisation and not as a result of equal pay concerns. Our wider workforce EDI work will take action to remove any barriers of progression for women into senior roles.

We are concerned to see the inconsistency in end of year ratings for part-time and full-time employees. This is an issue which disproportionately impacts on women and one which we will seek to address as a matter of urgency.

We would like to be able to conduct a meaningful and credible EPA to include other protected characteristics such as ethnicity and disability. Currently, our data on these

characteristics is insufficient to enable us to draw meaningful conclusions. Improving this data, by exploring and addressing the reasons for under-reporting, will enable us to also interrogate data intersectionally and give further insights into our workforce profile and pay landscape. Consequently, UKRI has included this as a key deliverable of the UKRI Workforce Plan for EDI.

We are of course cognisant of the current challenges in the rising cost of living which impact on our staff, and of the many years of below inflation pay increases received across the Public Sector as a whole. The EPA cannot solve this problem. We hope that the audit will provide reassurance to staff that the pay flexibility that we do have is utilised fairly.

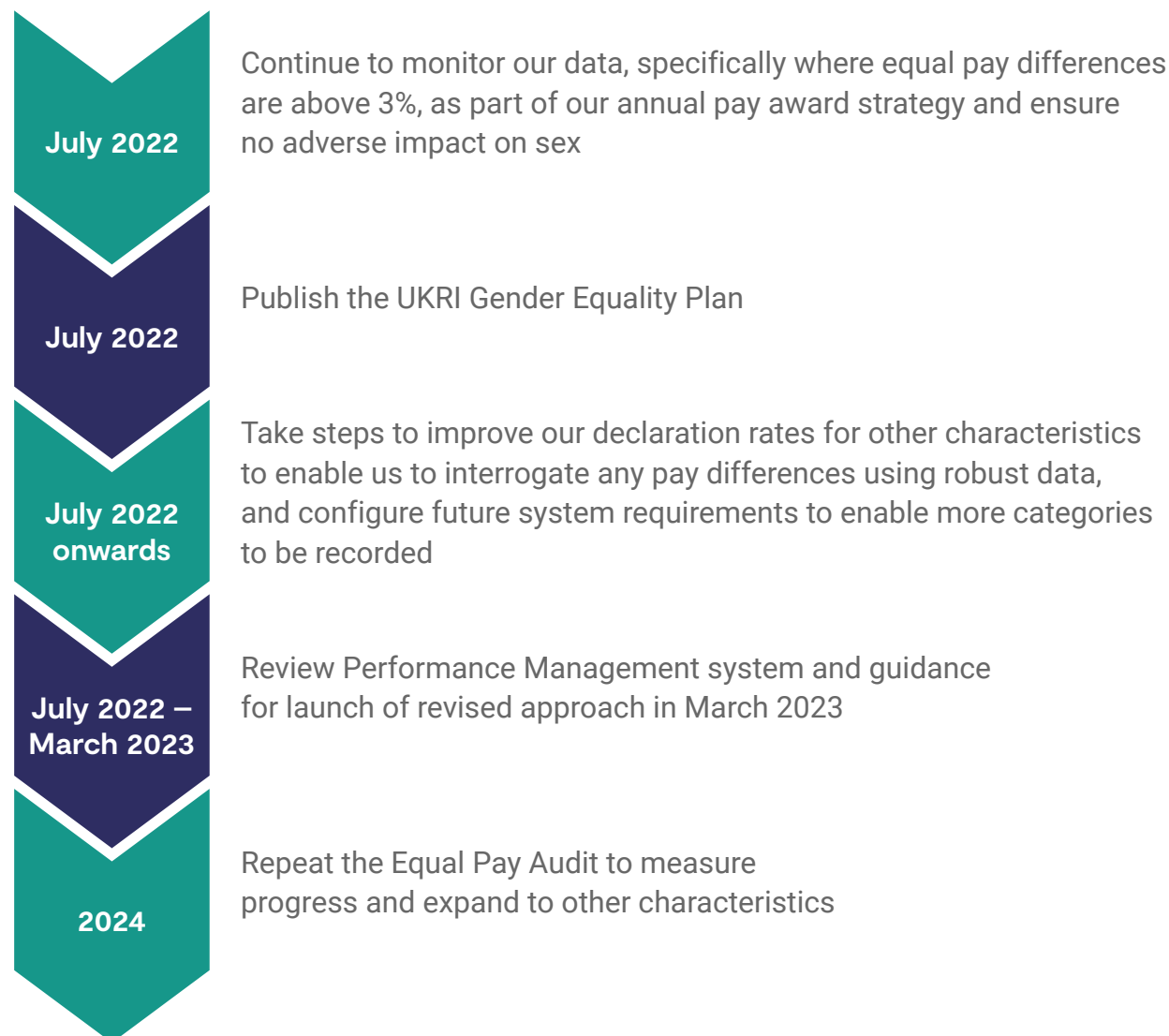
This exercise, of course, is an audit, not a comprehensive view of the pay of each individual employee. Therefore, the conclusions reached below are based on comparisons by band and should not be read as concluding that there are no potential equal pay issues within UKRI.

# stage 5



# stage 6

## Stage 6: Next steps



# Abbreviations

**UKRI:** United Kingdom Research & Innovation

**GPG:** Gender Pay Gap

**EPA:** Equal Pay Audit

**EHRC:** Equality and Human Rights Commission

**JEGS:** Job Evaluation Grading System

**FTE:** Full Time Equivalent

**PRP:** Performance Related Pay

**PM:** Performance Management





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