

Financial Services Inquiry: Follow-up report

Introduction

1. Early in 2009 the Equality and Human Rights Commission (the Commission) initiated the Financial Services Inquiry under section 16 of the Equality Act 2006 into sex discrimination and unequal pay in the financial services sectorⁱ. In 2008 the sector employed 4 per cent of the British workforce and provided 1.3 million jobsⁱⁱ. Employment in the industry is dominated by banks (43 per cent) and other insurance activities (21 per cent).
2. We initiated our Inquiry largely because we knew that the financial services sector had a bigger overall pay gap than any other part of the economy and that occupational concentration by gender was more intense than in the economy as a whole. Women working full time earned up to 55 per cent less annual average gross salary than their male colleagues, compared to the economy-wide gender pay gap of 28 per cent (Metcalf and Rolf, 2009) and while women were highly concentrated in administrative and secretarial jobs, they were substantially under-represented in the higher-paid managerial jobs, including at the most senior level.
3. Approximately half of all recruits to the industry are female, but as recruitment is disproportionately high in lower-skilled jobs, the sector cannot rely solely on the recruitment of new entrants to increase the proportion of women in higher-paid occupations. Other challenges to increasing the proportion of women in higher-paid occupations include: the long hours working which is a particular feature of City firms; the more general lack of opportunities to work flexibly; a perception that the workplace culture is more amenable to men and the effects of unwritten assumptions about 'whose face fits' – meaning that women often find themselves assigned to less prestigious roles and business divisions.
4. Of particular concern is the fact that the pattern of differential earnings is being reproduced among new entrants to the sector. A critical evaluation of male/female starting salaries and subsequent progression would help, but we found very few examples of pay on appointment being analysed by gender.
5. Despite sometimes extraordinary efforts to develop outstanding women professionals, the overall rate of progress of women in general is disappointingly slow. The disparities in earnings and in opportunities between men and women represent a major asymmetry which must be redressed.

Our Inquiry powers

6. The Commission conducted its Inquiry using powers granted by s16 of the Equality Act 2006, which include:
 - adherence to published terms of reference when collecting evidence, reporting and making recommendations
 - arranging the facility for any parties implicated to make representations which we did through a targeted call for evidence
 - requiring some organisations to produce information, documents, or evidenceⁱⁱⁱ, and
 - publishing a report of findings and recommendations.

7. The Inquiry focused primarily on the financial services sub-sectors of banking and building societies, the so-called auxiliary activities (which include insurance) and holding companies. The scope of the Inquiry extended from regional high-street banks to investment houses in and around the City of London, and in terms of jobs, from high-street bank cashiers to investment bankers. The Inquiry covered four geographical areas: London; England outside London; Scotland, and Wales. Investment banking is concentrated mainly in the City of London, with companies headquartered in Scotland and Wales being predominantly focused on retail banking.

Our Terms of Reference

8. The Terms of Reference of the Inquiry were:
 - To inquire into the gender pay gap and pay trends across the financial services sector.
 - To inquire into the extent and nature of sex discrimination in relation to recruitment, terms and conditions, promotion, career paths, retention and workplace culture across the financial services sector.
 - To examine measures used by employers and other organisations to address sex discrimination and inequalities in pay and status, and to assess the effectiveness of such measures.
 - To assess and analyse the differential impact of job losses in the sector.
 - To consider any other matters as appear to the Commission to be relevant to the above.
 - To make such recommendations as are appropriate.

The nature and scope of the inquiry

9. The Inquiry was carried out under s16 of the 2006 Act and was not therefore an inquiry into individual organisations. This means that there is nothing in any of our Inquiry reports that implies that a particular organisation or individual has committed an unlawful act. However, companies operating in the sector should be aware that, as a regulator, where organisations are in breach of the law and in denial of their responsibilities, the Commission would not hesitate to take legal action and we look in more detail at the potential scope for legal action in our concluding paragraphs.

10. Our Inquiry aimed to consider the range of recruitment, development, retention and reward practices on a sector-wide basis and to make findings and recommendations applicable across the sector. We used our powers under paragraph 9 of schedule 2 of the 2006 Act to issue notices to companies within the sector requiring them to answer questions about their pay systems, grading structures and other arrangements that affect women in the workforce. In addition we commissioned a statistical profile of the sector and a literature review on gender equality, and we issued a public call for evidence, which resulted in substantial input in the form of written submissions.

11. We also had extensive discussions with interested parties; including regulatory bodies, human resources and reward managers, lawyers, remuneration specialists, and trade union and staff associations. We intend to keep working with organisations and individuals from across the four geographical areas coming within the scope of our inquiry. Litigation, as outlined above and in our concluding paragraphs, is not the only route open to us and we see joint working as the crucial element in the sector deciding for itself how best to tackle the issues of inequality that our Inquiry has identified.

Three key themes

12. Our findings about the marked and persistent sex discrimination, which permeates the industry, are set out in our two previous reports^{ivv}. In this short concluding report we concentrate on three key themes:

- Transparency of reward.
- The management of gender inequalities.
- Effective engagement with employees who are also parents.

The recommendations that follow are put forward on the basis not only that their adoption across the sector will reduce gender inequalities, but that they will also improve business performance. The business case is supported by a growing body of evidence:

‘Research has shown that strong stock market growth among European companies is most likely to occur where there is a higher proportion of women in senior management team. Companies with more women on their boards were found to outperform their rivals with a 42 per cent higher return in sales, 66 per cent higher return on invested capital and 53 per cent higher return on equity.’ Women on Boards, Report of the Independent Review by Lord Davies of Abersoch

Transparency of reward

13. Differences between the average earnings of men and women are much higher in financial services than in the economy as a whole, particularly for full-time staff. For full-time employees, we found that gender pay gaps in gross annual, weekly and hourly pay in the finance sector ranged from 39 per cent to 55 per cent, around double those in the economy as a whole. The part-time gender pay gap for annual and weekly pay was similar to that in the economy as a whole (around 80-90 per cent). The hourly part-time gap was smaller in percentage terms (53 per cent), but was still higher than the national average. Both basic pay and additional annual elements contribute to these gaps.

14. The impact of annual incentive pay (bonuses) on earnings was particularly striking, with female full-time employees on average receiving only a fifth of the annual incentive pay of men working full time in the sector. There are marked differences between investment banking and the rest of the sector, with retail banks and companies engaged in auxiliary activities such as insurance, having more structured and sometimes more transparent reward systems, less reliance on incentive pay, and generally lower pay gaps.

Solutions: Admiral Insurance

Launched in 1993, Cardiff-based Admiral specialises in providing low-cost car insurance for younger drivers, people living in cities and those driving performance cars. This FTSE 100 company has operations in Germany, France, Italy and Spain as well as the UK – it also runs Confused.com.

Admiral's pay structure is based around everyone starting at the same level. Roles are advertised internally first before being advertised more widely in the public arena. Progression upwards in the Welsh firm is dependent on achievement and individuals are measured against certain performance criteria. Each member of staff has a tailored development plan which encourages them to acquire the skills to rise to the next level of their particular role. Unusually for business, all Admiral employees receive training **before** they are promoted and not after. This means that even if they are unsuccessful in one promotion bid, they have still acquired the skills for another one in the future. There is a culture of using an 'open plan' system for recruitment so that staff from the lowest grades to the most senior levels are involved in interviews. Admiral offer many other benefits to its staff such as: dealing informally with requests for flexible working; regular salary checks to make sure anyone falling through the net is identified, and the removal of its mandatory retirement age.

All jobs are graded and all employees regardless of whether they were full or part time receive shares as part of a sharesave scheme.

Solutions: Clydesdale Bank

Clydesdale Bank has carried out Equal Pay Audits annually for the past few years. It believes it is important in its drive to be recognised as an Employer of Choice.

The profile of equal pay is raised through diversity awareness and is discussed on a regular basis with the union Unite. The audits compare pay for females and males in the same clustered roles taking into account time in position, experience and performance ratings. Any significant variations are investigated with the Business Unit as well as any factors affecting female progression. Action plans are put in place following each audit. As a consequence of the audits, the human resource function has increased its involvement in reviewing new salaries and adjustments by continually monitoring starting salaries and interim pay awards. Training is given to managers and one-off salary increases made throughout the year to address particular cases.

15. The timing of our Inquiry coincided with a period of extreme turbulence in the financial services sector. This turbulence helped to surface the issue of transparency of reward, or *who gets paid what and why?* When a ‘gender lens’ is applied to these questions the answers help to elucidate the reasons for the difference between the average earnings of men and women, and we welcomed the opportunity to locate the findings of our Inquiry within the context of the broader public debate.

16. The Inquiry also coincided with work that the Commission was doing to promote greater visibility of the gender pay gap. Both visibility of a company’s overall gender pay gap and transparency of pay systems (the latter being a requirement of equal pay legislation) are powerful tools for challenging unjustifiable earnings disparities, but as the questionnaire responses confirmed, parts of the financial services sector are characterised by opaque pay systems, which are over-reliant on managerial discretion to determine the allocation of discretionary bonuses. Where evidence of a lack of transparency in pay determination exists, companies are vulnerable to legal action, both by individuals and by the Commission.

17. The importance of transparency of pay, both in relation to the gender pay gap and more generally, has been stressed by the influential Walker Review, by the Treasury Select Committee and by government.

The Walker Review

18. In its July 2009 report^{vi} the Walker Review noted that:

‘The taxpayer has provided UK banks with nearly £1.3 trillion in support in the form of direct loans, asset purchases, collateral swaps, guarantees, asset insurance and direct equity injections, equivalent overall to some 90 per cent of UK GDP. Political, taxpayer and social tolerance of practices, including unsafe remuneration policies, which led to this calamitous state, is understandably low. If banks are to be able to contribute to the nation’s economic recovery and wellbeing, it is of critical importance that remuneration practices be reconstructed to provide incentives in support of sustainable performance.’

19. To this the Commission would add that for reasons of equity and public policy it is also of critical importance that remuneration practices should not discriminate on grounds of sex.

20. The Walker Review looked at the structure and fuller disclosure of remuneration in banks and other financial entities and made a number of recommendations, including that financial institutions should disclose the number of employees earning more than £1m, broken down by bands of pay, and that Remuneration Committees should disclose the right of high-paid employees to receive enhanced benefits. These measures, while not specifically directed at the gender pay gap, will help to increase gender pay transparency by making public information about the highest paid earners, the vast majority of whom are men. However, the Commission remains of the view that, despite the due diligence now shown by financial services companies in determining and accounting for the salaries of key workers, it is still the case that insufficient attention is being paid to the gender pay gap.

21. We have explored with the Financial Services Authority the possibility either of the regulatory framework itself, or of the associated guidance, specifying the form and content of information to be disclosed in respect of the gender pay gap, but we accept that the Companies Act in its present form cannot be adapted to accommodate obligations in respect of equal pay.

22. However, we see no good reason why Remuneration Committees should not as a matter of good practice monitor the extent and structure of the gender pay gap. Given not only the public policy interest in closing the gender pay gap, but also the risks of legal action, whether from aggrieved individuals or from the Commission, such an approach would be consistent with existing responsibilities on remuneration policies, procedure and practices that are consistent with and promote effective risk management. Such an approach is also consistent with the Walker Review's recommendation that the remit of Remuneration Committees should be extended, where it is not already sufficiently wide, to cover firm-wide remuneration policy.

The Treasury Select Committee

23. The Treasury Select Committee, in its examination of sex discrimination in the financial services sector, concluded that transparency and public scrutiny are important ways to ensure that discrimination does not persist^{vii} and recommended that its successor should continue to monitor levels and structures of remuneration in the City.

Government policy on transparency of the gender pay gap

24. Ministers take the view that increasing the visibility of the gender pay gap and promoting transparency of pay determination will allow employers, employees and

investors to see where gender pay differentials give cause for concern, prompt examples of best practice, and encourage all parties to take appropriate action^{viii}.

25. The government announced that employers will be asked to help tackle the gender pay gap by publishing equality data about their workforce on a voluntary basis^{ix}. The government also clarified its intention to let s78 of the Equality Act 2010 remain on the statute^x. S78 is the clause empowering the government, at some future date but no earlier than 2013, to require private and third-sector organisations employing at least 250 employees to report on their gender pay gaps. The government has said that while it intends to encourage voluntary publication of equality data by employers employing at least 150 employees, and will work with employers to encourage publication, it will neither commence, amend nor repeal s78. The government has also said that each year it will review how many companies are publishing such information and its quality in order to assess whether alternatives are required, including using a mandatory approach through s78 of the Equality Act.

Recommendation 1

The Commission recommends that boards should ensure that effective processes are put in place to ensure both visibility of the gender pay gap and transparency of pay determination.

These processes should include the periodic measurement and publication of information on the gender pay gap and a requirement for Remuneration Committees to present to the board a formal and rigorous analysis of the company's gender pay gap every second or third year. A summary of the analysis of the gender pay gap and progress towards reducing this should appear as a separate section in the company's annual report. The summary should present a measure of the gap, an outline of the factors that contribute to it and an outline of the steps the company is taking to reduce it. Where external consultants are used to carry out the analysis the report should make this clear.

26. We consider that if progress towards closing the gender pay gap is to be accelerated, board level scrutiny is essential. We are satisfied from the evidence that we obtained during the course of our inquiry that a rigorous analysis of the gender pay gap will also expose the extent of occupational segregation, and in particular, the barriers to women's entry into higher-paid jobs. The narrative set out in the report should include sufficient meaningful high-level information as is necessary to enable employees and their representatives, managers, shareholders and the wider public to understand the reasons for a continuing gender pay gap and that there is an

ongoing process for narrowing the gap on a year-on-year basis. The narrative should also indicate the nature and extent of communication about the gap with employees, in other words how the differences in the average earnings of men and women are made transparent.

Weaknesses in the management of gender inequalities

27. By the management of gender inequalities we mean that the principles of leadership, strategic thinking and employee engagement should be applied to all aspects of gender inequality on an industry- and firm-wide basis and at all levels. We see the sometimes hostile environment to which women are exposed, and the sexism and sex stereotyping prevalent in many parts of the industry as outcomes of the absence of strategic oversight of the management of gender equalities: managers do not see themselves as accountable for creating and sustaining an organisational culture which takes women seriously.

28. The overt sexualising of women with career aspirations, which is commonplace in parts of the sector, ill befits companies that seek to be world leaders in the global economy. An industry that cannot accommodate differences between men and women is unlikely to be completely at ease with a global workforce. If women are to have the opportunity to progress to the most senior and highest paid roles then companies need to satisfy themselves not only that their career development programmes are just as accessible to women as to men, but also that female employees are not excluded from outings nor subjected to crude jokes, and that client networking activities are not ones that could cause offence to female colleagues.

29. While we met managers and directors whose understanding of gender inequality and whose ability to tackle its manifestations were second to none, these individuals were both exceptional and operating at one removed from the core concerns of the business. And, as with the gender pay gap, we found that board-level scrutiny of progress towards gender equality was a rarity. The absence of board-level scrutiny was all the more disappointing because we know that during the 1990s, when the sector led the economy in piloting and implementing policies to make the workplace more accommodating to women, board-level engagement was a key factor in the success of those initiatives. Given the extent now of the gender divide within the sector, at a time when the industry urgently needs to diversify its talent base, we consider that board-level engagement in strategies for reducing gender inequality should be increased.

Recommendation 2

The Commission recommends that boards should require a regular report on the comparative positioning of men and women at all levels on at least an annual basis. A summary of these reports should appear in a separate section in the company's annual report, together with an outline of what actions the company is taking to redress any imbalances.

30. The narrative set out in the report should include sufficient meaningful high-level information as is necessary to enable employees and their representatives, managers, shareholders and the wider public to understand the reasons for the differences in representation of men and women at all levels and should summarise the initiatives being taken to enable men and women to compete on equal terms. The narrative should also indicate the nature and extent of communication with employees. Equality and diversity should be incorporated into corporate and individual managerial objectives and managers should be encouraged to challenge sexism and sex stereotyping. To ensure that managers have the skills and know-how to deliver on these objectives, companies should implement a staff training and communications programme on gender equality and diversity and on equal pay.

Solutions: Clydesdale Bank

A mentoring programme was launched specifically for women in pre-management grades in 2008 and, as a consequence, has been a factor in helping women to progress by giving them confidence in their ability and by giving them confidence to apply for promoted roles. In 2010, there was a 15 per cent increase in women recruited into Group C roles (management roles). Women are encouraged to participate in networking activities and to join professional organisations.

'I have found the mentoring programme an excellent source of support and informal guidance. I have had help on my career and day-to-day challenges in the job where I needed some friendly advice. It has really helped with someone highlighting a different option or viewpoint that I may not already have already considered.'

31. We note the similarity between our own recommendation and those of Lord Davies's Review into Women on Boards; in particular, that the Financial Reporting Council should amend the UK Corporate Governance Code to require listed companies to establish a policy concerning boardroom diversity. This should include how they would implement such a policy, and disclose annually a summary of the progress made.

32. In response to the Davies Report, Stephen Alambritis, Commissioner at the Equality and Human Rights Commission, said:

‘At the current rate of change it will take 73 years for women to achieve equal representation on the boards of FTSE 100 companies. We need to speed up progress. This is not just a moral issue. Our businesses are paying a penalty; there is evidence that more diverse boards take better and more responsible decisions.

‘Clearly, we agree with Lord Davies that business needs to put its house in order. We also agree that it would be better for companies to take action themselves without government having to impose quotas upon them. We do, however, need them to demonstrate real progress on this issue – and not just in relation to women but in terms of diversity of all kinds.

‘The Commission will make this a priority for our investigations over the next two years. We hope that our work will show that companies are really taking action.’

Employees who are also parents

33. The financial services sector employs a relatively high percentage of people in the 25 to 39 age range and fewer at older ages. The fact that the industry’s preferred age range coincides with the age at which men and women become parents makes it all the more important for attention to be paid to parental policies and practices. We found that women’s experience of motherhood did not always match the intention of company policies – women encounter a number of penalties for taking maternity leave, some of which could reverberate for several years. Becoming a mother often results in women either being relegated to lower-level jobs, or in leaving the industry altogether.

34. We found that far too often a low priority was attached to redressing the disadvantages experienced by women once they become mothers, and yet at the same time we were also struck by the frequency with which men working in the industry expressed a wish to be given more choice as to the balance to be struck between work and parenting. We urge the industry to recognise that this is not an issue unique to women. The key here is more effective engagement with employees of both sexes and providing for career trajectories which extend well beyond the immediate return to work after the birth of a child.

35. The government has published Modern Workplaces (May 2011), a consultation which will run until August 2011. This sets out proposals for flexible shared parental leave and extending the right to request for all. Proposals are not likely to come into force until 2015.

Solutions: Clydesdale Bank

Clydesdale Bank has launched various organisation-wide initiatives which assist in helping women to progress their careers. Juggling family and work commitments are key and since 2007 all employees have been able to apply to work on a flexible basis. Parents and carers alike have benefited.

'I have benefited greatly from the flexible working arrangements available within the group, without the term-time working and flexible start and finish times I would find continuing to work very difficult.'

'I feel supported at work and appreciate the flexibility that working a compressed week gives me so I can spend time/care for my elderly parents.'

Women returning to work from maternity leave are encouraged to take up the option of 'keep in touch' days and receive further support by the provision of a maternity returners workshop. The workshop provides tips and advice ensuring women feel organised for their return. All women are entitled to come back to work on a phased return for the first month giving them the option of building up their hours gradually with no loss of pay and providing an opportunity to test out childcare arrangements.

Solutions: Standard Chartered PLC

Standard Chartered PLC is a leading international bank. With more than 85,000 staff across over 70 markets, the Bank believes recruiting and retaining diverse talent enables it to leverage a workforce rich in unique strengths, backgrounds and ideas. Standard Chartered strives to be recognised as a leader in gender diversity and has set a strategy to help women realise their full potential within an engaging and inclusive workplace. Many of the bank's initiatives have the specific aim of supporting working parents.

Promoting flexibility and balance

The bank believes that allowing employees greater control and choice over how, when and where they achieve their deliverables not only helps employees balance their work and personal commitments, but that it also leads to improved engagement, retention and, ultimately, business performance. All UK-based employees are able to apply for flexible working arrangements, including part-time working, flexible working hours and working from home. The bank's policies ensure a consistent approach and a wide range of employees now work flexibly, across different business functions and levels of seniority, and this includes both men and women. A pilot of the working from home policy showed there were slightly more men participating than women. The bank found 96 per cent of employees reported benefits from the arrangement; most noted work-life balance but also a reduction in travel time, increase in productivity, greater ability to manage time zones and higher engagement. Standard Chartered has held awareness-raising sessions to inform employees about flexible working, and they have developed materials to support employees, managers and HR ensure that flexible working arrangements are as effective as possible. Masterclasses with HR Relationship Managers have been conducted on their role in promoting positive work-life balance and flexible working within teams.

Facilitating peer support and information

To celebrate International Women's Day, the Bank launched a Parenting Resource Centre: an internal website that provides information for mothers, fathers and partners as well as managers of women going on maternity leave. The site has tips for women on how to talk to their managers, questions to ask about the maternity experience and interviews with employees from the bank on how they balance work with their family responsibilities. Many of the bank's senior leaders are featured on the site, serving as role models and providing advice on how to manage personal and professional commitments. The site had over 2,000 distinct users in the first four months and is updated with new content and interviews on a regular basis.

As part of the bank's UK Diversity and Inclusion Council, a women's network and a parents and carers' network were established to provide peer-to-peer support and development opportunities. The networks hold workshops on topics such as time management, negotiation, stress and conflict resolution. The parents and carers' network also facilitates online discussion for parents to share advice and offers a buddying programme which allows the 'buddy' to share his/her knowledge and experience of parenthood and to assist as new parents transition into this role.

Recommendation 3

Companies should ensure that maternity, paternity and parental support schemes are in place and are effective, and should monitor not just their take-up and rates of return to work, but also the subsequent career trajectories of employees for three to five years after the return to work. The results of such monitoring should be summarised in the company's annual report, together with an outline of the actions being taken to optimise take-up, rates of return and subsequent career progression.

Conclusions

36. We found a big divide between the policies and practice of investment banks and those of companies operating in the rest of the sector, but while the solutions adopted may differ, the underlying principles remain the same: companies need to make their gender pay gaps visible and their pay systems transparent; they need to improve their management of gender equality and they need to engage more effectively with employees who are parents. A major communications programme is also needed to influence the behaviour of the people who take decisions about pay and about recruitment, and who determine whether a company's culture welcomes women or sidelines them.

37. If the lot of women working in the financial services sector is to be improved then all three of the areas we have focused on in this concluding report need to be addressed, at an industry level as well as at the level of individual companies. Doing so will put the industry in a position to meet the government's wish for the publication of equality data and thus help to reduce the likelihood of future legislation.

38. The Commission has established a good working relationship with the City HR Association, a group comprising HR and Legal Directors from across the City. City HR will be acting as the Commission's interlocutors with the industry and will

facilitate progress in the three areas that we have identified as key. Comparable initiatives are planned for Wales and Scotland.

39. Many City HR Association members are sympathetic to the challenge posed by the Commission and the industry's own regulators and are keen to accelerate progress. However, while the industry accepts that pay transparency is not practised to the same degree as in other sectors, some companies have made known their preference not to introduce any more transparency on pay for fear of the distraction they believe it could cause.

40. The government wants employers in both the public and private sectors to be transparent about the gender pay gap. Ministers take the view that increasing transparency across the board will allow employers, employees and investors to see where problems lie with gender pay differentials, prompt examples of best practice, and encourage all parties to act on them^{xi}.

41. The government has committed to take a range of measures to promote equal pay. Consultation has taken place on proposals to extend the right to request flexible working to all, to introduce flexible parental leave and to consider further changes to equal pay legislation. Alongside this work, the Minister for Women and Equality, Theresa May, has announced government plans to encourage improved voluntary reporting on gender equality, including pay, by business and voluntary sector organisations. This work will run in parallel with the work the Government Equalities Office (GEO) is leading on, encouraging greater transparency in employment reporting in the public sector under the new Equality Duty; and with the work Lord Davies has been leading to promote gender equality on the boards of listed companies. It will also build on the work the Commission led in 2009.

42. In conclusion, while we are sympathetic to the industry's wish to find ways of promoting transparency of the gender pay gap using metrics which are congruent with the industry's own pay and reward processes, we consider that objections to greater transparency are no longer sustainable and we urge the industry to adopt our recommendations. Should it prove necessary to do so, the Commission will not hesitate to use its enforcement powers.

43. While this present Inquiry was carried out under s16 of the Equality Act 2006, an inquiry into an individual company would be carried out under s20 of the Act, which empowers the Commission to investigate whether or not a person has committed an unlawful act, but only if the Commission suspects that the person concerned may have done so. That suspicion may be, but need not be, based on the results of an

inquiry under s16, or a matter arising during the course of such an inquiry. In considering whether to take action under s20, the Commission would take into account matters such as the number of employees; the lack of transparency in pay; the presence of persistent gender disparities in pay within each pay band or grade or most grades; and the size of the pay disparity relative to the sector average. The Commission would also take into account the public expression of a company's position on pay transparency.

ⁱ We have defined the financial services sector as all activities covered by Standard Industrial Classification 1992 Section J: financial intermediation (65), insurance and pensions (66), auxiliary activities (67).

ⁱⁱ Labour Force Survey 2008: Q3.

ⁱⁱⁱ Pursuant to Schedule 2, paragraph 9 of the Equality Act 2006.

^{iv} Metcalfe, H. and Rolfe, H. (2009) *Employment and earnings in the finance sector: A gender analysis*. Research Report 17. Manchester and London: Equality and Human Rights Commission.

^v *Financial Services Inquiry, Sex Discrimination and gender pay gap report of the Equality and Human Rights Commission*, September 2009, Manchester and London: Equality and Human Rights Commission.

^{vi} *A review of corporate governance in UK banks and other financial industry entities, final recommendations*, November 2009, HM Treasury.

^{vii} HM Treasury, *Treasury Committee Report on Women in the City*, CM 7900, July 2010.

^{viii} Letter from Jonathan Rees to Trevor Phillips, 30 June 2010

^{ix} Lynne Featherstone, 2nd December 2010/

^x 'The Government will work with employers in the private and voluntary sectors to promote reporting of equality data on a voluntary basis - a voluntary approach will give better information and is more likely to drive successful change. Each year the Government will review how many companies are publishing such information and its quality in order to assess whether alternatives are required, including using a mandatory approach through section 78 of the Equality Act. While we work with business and the voluntary sector to ensure the voluntary approach is successful, we will not commence, amend or repeal section 78.' *Press Release*, Lynne Featherstone, 2 December 2010.

^{xi} Letter from Jonathan Rees to Trevor Phillips, 30 June 2010.

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