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Ethnicity Pay Gap Report 2020

November 2020

Foreword CBI

Above all else, 2020 has been a time for all of us – as individuals and within our organisations – to listen and learn. With this year’s most critical and sharply felt events – the global pandemic and the killing of George Floyd in the US, followed by the Black Lives Movement (BLM) protests across the world – again exposing deep-rooted issues of social and racial injustice.

As business leaders, we have a collective responsibility to recognise and condemn racism in all its forms and stamp it out where we can – in particular in our workplaces. We know progress to secure racial equality has been made down the years, but nowhere near enough.

Countless examples of prejudice still remain – with colleagues from Black, Asian, and Minority Ethnic groups forced to deal with the painful impacts of institutional and systemic racism every single day.

As an organisation, we have seen the emotional trauma this has caused, in particular for our Black employees. And we know that more needs to be done to tackle inequality, learn about lived experiences, and use our privilege to deliver authentic change that creates a fair, just society for all.

Building on our statement in support of the Black Lives Matter movement and following in-depth listening sessions with colleagues, the CBI has launched its Race at Work Action plan. By embedding this within our business strategy and behaviours, we aim to achieve the scale of cultural change, recruitment and, importantly, progression needed – to be a truly inclusive organisation. This work is everyone’s responsibility.

Externally, the CBI has also run a series of Race and Equality webinars to help kick-start a long-overdue discussion about these issues across business and support organisations to identify and implement their own substantive, meaningful plans, and actions.

Going forward, the CBI is focused on being an organisation that is inclusive and built to ensure all feel they can belong, progress, and succeed here. And we see this regular reporting of our ethnicity pay gap as an essential part of that work. Analysing our data shows us where we are in our journey towards genuine equity. Crucially, it gives us the practical insight we need to collaborate and truly deliver opportunity for all.



Dame Carolyn Fairbairn
Director-General, CBI



Foreword BAME Network Co-Chairs

The BAME Network has been committed to providing a voice to Black, Asian, and other ethnic minorities at the CBI. As network leads, we strive to ensure the necessary discussions are being had to ensure the CBI is a thriving and inclusive place to work for all.

Over the last year, we have dealt with some very tough times that have affected us deeply such as the murder of George Floyd, the death of Belly Mujinga, the Black Lives Matter protests and ongoing racial reckoning, as well as the disproportionate impact of COVID on ethnic minorities. We have taken the initiative to promote awareness around race with several webinars and the creation of the Race Education library. We have also helped shape action plans around the pay gap and recruitment policies.

Going forward, we seek to continue work side by side, engaging with the CBI's executive committee and colleagues to ensure the actions laid out in this report are carried out and the CBI continues to be an organisation where people want to come and work for and can bring their whole self to work, regardless of their background.



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Executive summary

The CBI is committed to being a diverse and inclusive organisation and understands that the journey to true inclusion is through a sense of belonging.

In 2018 we launched our Diversity and Inclusion (D&I) strategy to enable us to build greater inclusion and tackle inequality within our organisation, whilst also championing and advocating for diversity in all that we do. We work in partnership with our D&I Steering Group, Employee Networks, Executive Sponsor, D&I Advisor and the wider organisation to support, influence and drive our commitments. We understand that for everyone to own the strategy, it must be embedded within our wider business strategy, in our performance objectives and exemplified in our behaviours.

This year we have renewed our commitments to tackling racial inequality by recommitting to the Race at Work Charter, launching our Race at Work action plan, and updated our targets to increase Black, Asian and Minority Ethnic (BAME) representation in senior leadership roles.



We value the importance of diverse thought, experience, perspectives, and background and therefore we are voluntarily reporting on our Ethnicity Pay Gap for the third consecutive year. We understand that we are accountable to our Black, Asian, and Ethnic minority colleagues and believe reporting on our pay gap, monitoring our journey to closing the gap and ultimately creating a culture where all can thrive and belong is vital.

This report will focus on our progress as of April 2020 and highlight the challenges we face in tackling our pay gap. Our revised actions and targets that have been put in place will take us through to 2023 and will reaffirm our commitment to BAME progression and building our BAME talent pipeline. We hope this will position the CBI as an employer of choice for all.

We know that we have a lot to do and we are committed to taking the necessary steps to create a culture for all and stand as allies to support our Black, Asian and Ethnic minority colleagues.



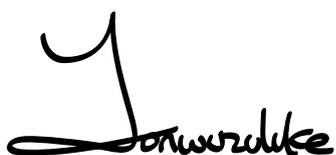
Rain Newton-Smith

Chief Economist & Executive Sponsor for
Diversity & Inclusion



Lauren Adams

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Inclusion and Culture Change Manager



How is the ethnicity pay gap calculated?

Because different jobs pay differently and the number of BAME and White employees performing these jobs varies, an ethnicity pay gap exists.

What does the term BAME mean?

The term BAME stands for Black, Asian and Minority Ethnic. According to the Office of National Statistics (ONS) and the census categories used in 2011, this also includes 'mixed ethnicity' and 'other ethnicity'. BAME is a term used in the UK. It is important to note that disadvantaged ethnic groups vary by region and there is no universally adopted classification system. The term has been criticised as being too general, trying to combine very different groups of ethnic minorities in one category, masking that some groups are more disadvantaged than others. But it has also been widely used – for example in pay gap reporting, government documents and communications.

The **ethnicity pay** gap looks at the difference in average hourly rate of pay (median and mean) between White and BAME employees and has been calculated using the same methodology as our Gender Pay Gap.

A **mean pay gap** is a calculation of the average pay or bonus of BAME versus White employees in our organisation.

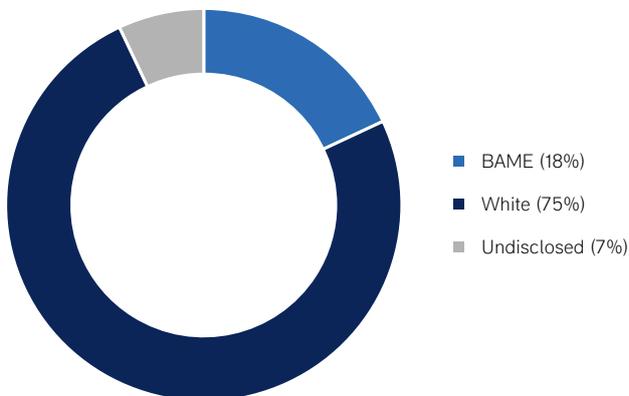
A **median pay gap** is a calculation of the exact mid-point between the lowest and highest-paid BAME versus White employees in the organisation.

Quartiles are calculated by ranking the pay for each employee from lowest to highest. It takes an equal sample size of 53 earners in April 2020 within each bracket and breaks these down to show the proportion and percentage of earnings within that quartile of BAME vs White employees.

The data presented is based on those who have declared their ethnicity to us at the time of reporting and is based on our UK employees.

Our results

Ethnicity Representation (out of 232 employees)



In April 2020

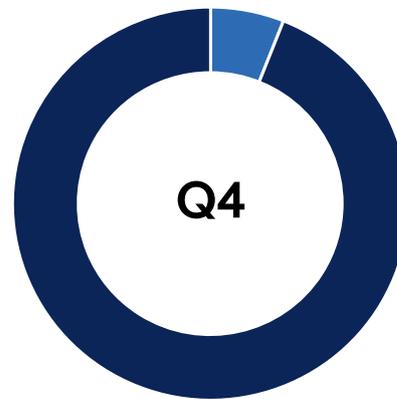
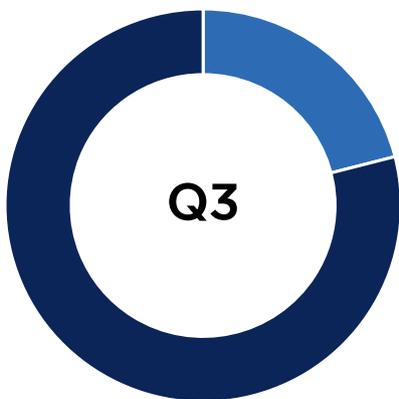
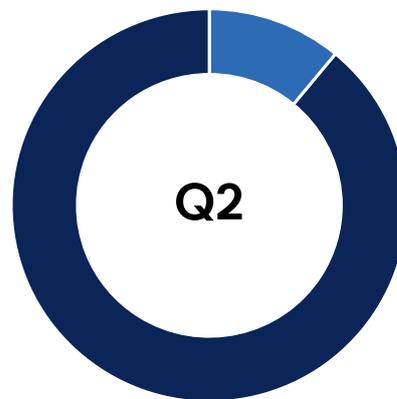
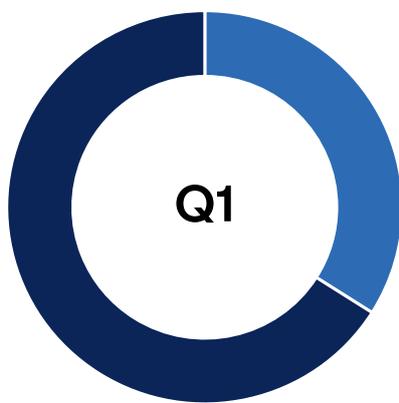
- Our ethnicity split was 17.7% BAME and 75% White with 7.3% undisclosed
- Our mean (average) Ethnicity Pay Gap was **27.6%** which increased by **5.1%** since 2019
- Our median (middle) Ethnicity Pay Gap was **22.7%** which increased by **8.9%** since 2019





Pay Quartiles

Our data shows that the proportion of BAME employees increased significantly (by 8%) in our lower quartile since April 2019. However, the proportion in the other quartiles have stayed relatively unchanged.



* The data is split into 4 equal quartiles showing the pay equality in each quartile. Q1 being the lowest paid and Q4 being the highest paid.

Changes since 2019

Quartile 1		Quartile 2		Quartile 3		Quartile 4	
BAME	+8%	BAME	0%	BAME	+1%	BAME	-1%
White	-8%	White	0%	White	-1%	White	+1%



Bonus

In this year's salary review we did not make any performance-based bonus payments but made paid bonuses for commission-based eligible employees and our employee long services awards.

Our bonus payments are not substantial and are in line with our business structure as a not-for-profit organisation.

The bonus pay gap as a mean average was **44.5%**, with White employees receiving on average £2,406 compared to BAME employees who on average received £1,335. However, the proportion of white employees who received a bonus was **5.7%** compared to **4.9%** of BAME employees.

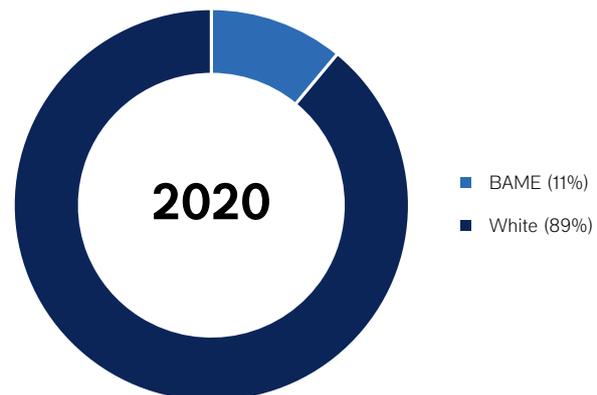
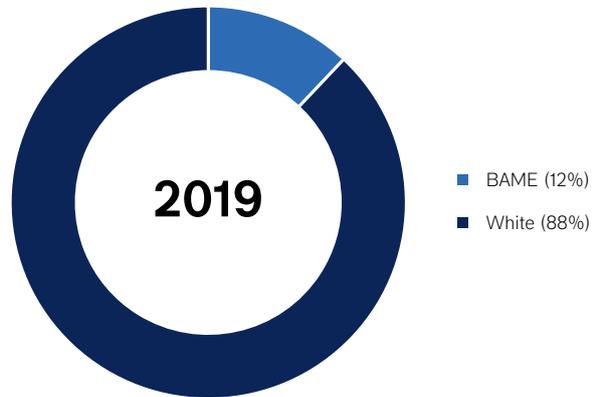
The bonus pay gap as a mean average is so high, in favor of white employees, due to more white employees being in commission-based roles and longer tenures.

BAME representation in management

The number of BAME employees in management roles, which tend to be in the upper pay quartiles, is a key contributor to our Pay Gap.

In April 2020, our data showed that of our total BAME population, 22.0% were in management roles compared to 40.2% of White employees.

Overall, this equated to 11.1% of our management positions in the UK being held by BAME employees. This demonstrates that we have not made significant progress in increasing BAME representation in management since April 2019.



Our journey

Challenges and lessons learnt from April 2019 – April 2020

Despite our efforts to close our Pay Gap between April 2019 and April 2020, we have seen our gap widen from 22.5% to 27.6%. This led to further analysis of our data and processes to understand the causes and help us improve and define the most effective action to take. We identified several factors that took place and contributed to the gap.

Recruitment & Representation

In 2019 we increased the number of BAME employees in the organisation as per our 2019 action plan where we had set a recruitment target of 20% and exceeded it. However, most new starters were recruited into junior roles, leading to an increase in BAME employees in quartile 1 but not within the other quartiles.

This affected the gap as the average salary of BAME employees was lowered due to the new starters in junior roles and because there was not an increase in promotions or hires in more senior roles, thus meaning this was not offset. Therefore, building equal representation in each quartile will allow us to reduce our overall pay gap.

Although we did have some successes, for example achieving our target of one BAME employee being appointed to our Management Board, internal progression of BAME employees is still slow as our quartiles data shows.

In 2019 our application of the “Rooney Rule” was solely focused on externally advertised roles. This was agreed in our 2019 action plan, as we also have a commitment to internal progression and as we have a smaller BAME internal pipeline it can be challenging to meet that commitment internally. However, with the lack of BAME employees progressing into senior management roles we have now chosen to redefine our targets and this approach.

So, in 2020 we have committed to:

- Increasing our BAME recruitment target to 25% of total yearly appointments between 2020-2023
- Increasing BAME representation in senior management through progression and recruitment, with a target of 25% BAME representation in management roles between 2020-2023
- A target of 15% BAME representation in senior leadership roles (which include our management board and executive team) by 2023
- Applying the Rooney Rule to all management roles advertised internally and externally.

Salary, Progression and Pipeline

Most salary progression comes through our annual salary review with a performance-based increase. Those who are in their probation period at the time of the review are not eligible for the salary review. Due to the increase in BAME recruitment in 2019, this meant there was a higher proportion of BAME employees who were ineligible for the review than White employees.

In 2019, we worked with our BAME network to review our business behaviours framework to make the language more inclusive and to ensure the examples we provide support diverse ways of working. We also added another layer of monitoring and moderation to our PDR scoring. However, even with these steps we acknowledge that more work needs to be done to progress BAME employees and build the pipeline into senior management roles.

In 2020 we have committed to:

- Closely monitoring our PDR process and challenging our position if there are little to no BAME employees ranked at the higher scale of “very good” or “outstanding” compared to White employees. We will also monitor if the rate of salary increases for BAME and White employees is on par.
- Working closely with those performing at the higher end of their salary-banding through sponsorship and interviewing coaching.

We have focused our efforts to building our pipeline with the support of the targets mentioned above and below to ensure that our action plan enables us to create a culture that can retain our BAME talent, improve our recruitment practices, especially at senior level and build our BAME talent pipeline.

Building a diverse and inclusive culture, where all feel they belong and can reach their full potential



Commitment

- We are committed to reviewing our internal practices and policies to take into consideration culture and religion and to ensure they are aligned with best practice

Ongoing progress 2019-2020

- Continue to ensure our employee benefits offering is aligned with best practice, promoting employee wellbeing and an inclusive approach to employment and work life balance
- Continue to deliver assertiveness and inclusion training to all employees at CBI to increase confidence and awareness around inclusion
- Continue to raise awareness and understanding of cultural events and religions through internal communications and events

2020/21 Actions

- We will review our people policies with focus on our approach to **Inclusive recruitment, pay and progression** to ensure they are fair and support BAME employee progression by the end of 2020
- Talk more about race through lunch and learns and team meetings to help build further understanding of how our BAME employees can be supported and their lived experiences
- Deliver training on microaggressions, allyship, bullying and harassment
- Provide inclusive leadership training for all senior management



Attracting more diverse talent to help us to become an employer of choice



Commitment

- We are committed to transparency and fairness within our recruitment practices, engaging more diverse and inclusive recruitment agencies and supporting hiring managers with inclusive training to support our efforts in building a diverse talent pool

Ongoing progress 2019-2020

- Continue to provide support for parents and carers through our perinatal support agency which offers support services such as lactation consultants, sleep coaches and post-natal therapy on an ongoing basis
- Continue to use pay bands and benchmarking data for all roles to ensure we are paying market rate as well as continuing to benchmark against peers in the same or similar roles

2020/21 Actions

- Evaluate job descriptions and job design to state our commitment to diversity and help attract and support diverse applicants
- Apply the Rooney rule for all management roles and advertise externally with a 2-week time frame if there is not a BAME candidate internally shortlisted
- Apply a target of 15% BAME representation for senior management vacancies arising in our salary band 1-2 by 2023
- Apply a target of 25% BAME representation by 2023 for management vacancies arising in our salary band 3-5
- All interview panels must be diverse. For appointments into salary bands 1-2, a HR representative must be present
- All interviews will include questions on diversity and inclusion and mental health and wellbeing
- Partner with at least two recruitment agencies that specialise in diversity to help attract more BAME senior representation into management roles
- Track diversity of candidates at interview and appointment stage for all roles to report to ExCo on a quarterly basis



Supporting BAME colleague's development and progression



Commitment

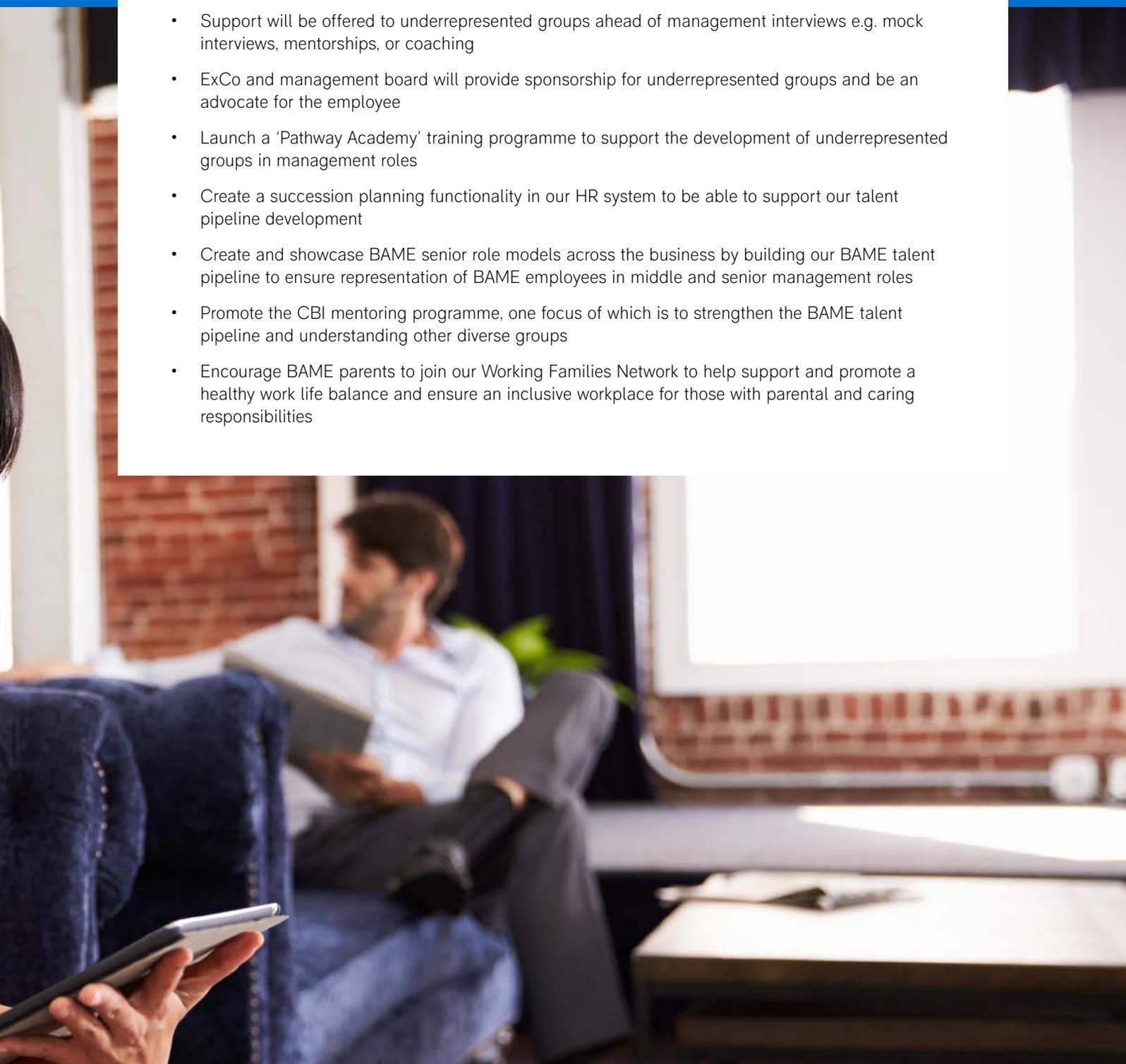
- We are committed to increasing our BAME talent pipeline internally for senior management positions which will help foster BAME role models, and raise awareness of the challenges BAME employees face around career progression

Ongoing progress 2019-2020

- Continue to raise awareness of cultural differences to managers with a focus on how performance is monitored
- Continue to review the CBI Behaviours Framework guidance within our performance review training to ensure it is inclusive and mindful of cultural differences

2020/21 Actions

- Support will be offered to underrepresented groups ahead of management interviews e.g. mock interviews, mentorships, or coaching
- ExCo and management board will provide sponsorship for underrepresented groups and be an advocate for the employee
- Launch a 'Pathway Academy' training programme to support the development of underrepresented groups in management roles
- Create a succession planning functionality in our HR system to be able to support our talent pipeline development
- Create and showcase BAME senior role models across the business by building our BAME talent pipeline to ensure representation of BAME employees in middle and senior management roles
- Promote the CBI mentoring programme, one focus of which is to strengthen the BAME talent pipeline and understanding other diverse groups
- Encourage BAME parents to join our Working Families Network to help support and promote a healthy work life balance and ensure an inclusive workplace for those with parental and caring responsibilities



Executive commitment to supporting BAME employees in the workplace



Commitment

- We are committed to reducing our Ethnicity Pay Gap and will collaborate closely with our BAME Network and the wider business to better understand their lived experiences and influence key challenges BAME employees face in the workplace

Ongoing progress 2019-2020

- The CBI now has D&I objective as part of its annual objective setting process and will continue to embed it into the organisational strategy
- The DG and D&I Executive Sponsor met with the BAME Network to discuss career progression
- All employees will have a diversity and inclusion target in their annual objectives
- Continue to monitor our Pay gap monthly and share it with all employees to ensure we are on track to closing the gap

2020/21 Actions

- The new DG and Executive Committee will meet with the BAME network to discuss career progression and progress against this action plan



To share your views on this topic or ask us a question, contact:



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