



Our ethnicity pay gap report

November 2021

CIPD ethnicity pay gap report 2021-22

Contents

Foreword	3
Reporting ethnicity pay gaps – the challenges and opportunities	4
The CIPD’s ethnicity pay gap data	5
Looking behind the headline figures	7
Addressing our ethnicity pay differences	14
Conclusions from our chief executive	16
Appendices	17

The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 160,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Foreword

Reflections from Georgina Powell, Head of People, and Valerie Hughes-D'Aeth, Chair of the Board

In October 2018, the CIPD signed the Race at Work Charter. The Charter sets out five actions to improve the representation of ethnic minority employees at all levels in organisations. One of these actions is capturing ethnicity data and reporting progress. We first published our ethnicity pay data in our 2018-19 annual report and have called on government to make this a mandatory requirement alongside gender pay gap reporting. To support our call, and lead by example, we produced our first dedicated ethnicity pay report in 2020 and are doing the same this year.

Our own analysis shows that only 13 FTSE 100 firms have revealed their ethnicity pay gaps. Progress on reporting data remains slow and inconsistent. The government consultation on ethnicity pay closed in January 2019, but there has still been no parliamentary debate, nor publication of a formal response, except for the recommendation from the Government's Commission on Race and Ethnic Disparities that reporting should be done on a voluntary basis. Despite greater focus on inclusion and diversity in recent years, we have to acknowledge that progress on achieving equality and tackling racism in the workplace has been too slow.

The CIPD is committed to the Race at Work Charter's calls for action. We pledge to keep listening, to dedicate our resources and to sustain our efforts over time. We have recruited a head of inclusion and diversity (I&D), who reports to our chief executive. Our honorary treasurer, Shakil Butt, champions I&D on behalf of our trustees as chair of the Audit and Risk Committee, a member of our People, Culture and Remuneration Committee, and our board champion for race. In September 2021, we published our own guidance to support employers and our profession in tackling racism at work. Our community – the people profession – has a fundamental role in raising employers' awareness of racism, inclusion and diversity at work. And we are experts in the changes to culture, policies, practices, behaviours and learning that can make a difference.

This year, with three years of ethnicity pay gap data, we are choosing to report more than the headline figures. We do this because we are committed to fostering inclusion, fairness and flexibility within the CIPD and we want to understand how our culture and actions help us close the gap. We also do it to support other employers and our professional community in their endeavours to champion good work and fair pay.



Declaration

I confirm that our data has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Georgina Powell
Head of People, CIPD



Declaration

I confirm that our data has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Valerie Hughes-D'Aeth
Chair of the Board, CIPD



Reporting ethnicity pay gaps – the challenges and opportunities

Equality, talent and growth – closing the gaps

In January 2019 we responded to the UK Government’s consultation on ethnicity pay reporting. Our response to the consultation was informed by a series of roundtable events with CIPD members and a survey of HR professionals. Since then, we’ve been calling on the UK Government to introduce mandatory ethnicity pay reporting.

We were disappointed in March 2021 when the Commission on Race and Ethnic Disparities (CRED) failed to recommend the mandatory introduction of ethnicity pay reporting. The Commission described it as a ‘potentially useful tool’ but cautioned that it would have to be treated with care. It pointed out several statistical and data issues and recommended that the Department for Business, Energy and Industrial Strategy (BEIS) publish guidance to help employers report. The Commission also recommended that employers choosing to report should also publish a diagnosis, or narrative, and an action plan for tackling disparities. This is in line with the CIPD’s own recommendation and our wider response to the Commission’s report.

In September 2021, we called for ethnicity pay reporting to be made mandatory by 2023, along with the requirement to publish a clear narrative and action plan. To support employers and the people profession, we published our own guidance to:

- encourage more employers to report their ethnicity pay data voluntarily
- recommend the most appropriate and effective approach to categorising and reporting data
- support the analysis and use of the resulting information in effective action planning to address the ethnicity pay gaps and inequalities revealed.

To accompany the guidance, we published our analysis of the most recent annual reports of the FTSE 100 companies. We found that only 13 voluntarily publish their ethnicity pay gap data. Of these, ten had published for the first time, suggesting that greater scrutiny of race inequalities in society had prompted employers to act.

You can find our guidance, along with the challenges and opportunities of ethnicity pay gap reporting, on [cipd.co.uk/knowledge/fundamentals/relation/diversity/ethnicity-pay-reporting-guide](https://www.cipd.co.uk/knowledge/fundamentals/relation/diversity/ethnicity-pay-reporting-guide)

Based on six principles that maximise the opportunities and minimise the challenges, we recommend that employers publish annual ethnicity reports based on three key components:

- a uniform set of commonly defined statistics to profile pay differentials and gaps by ethnicity
- a supporting narrative to explain the nature and causation of any pay differentials and gaps by ethnic group that is evident within their statistics
- an action plan of initiatives designed to narrow and remove any ethnicity pay gaps over time.

The CIPD's ethnicity pay gap data

Keeping track of our business decisions and their impact

Choosing to report our 2021 ethnicity pay gaps

The CIPD has clear, externally benchmarked salary ranges in place for all job roles. This ensures that everyone is paid fairly for undertaking the same or a similar role. The ethnicity pay gap looks at the distribution of white people compared with those from ethnic minority groups across all job levels of the organisation, and how this translates into the average salary and bonus payments made as a result.

We choose to report on ethnicity pay gaps in the same way that organisations are required to report on gender pay gaps, using the following six measures:

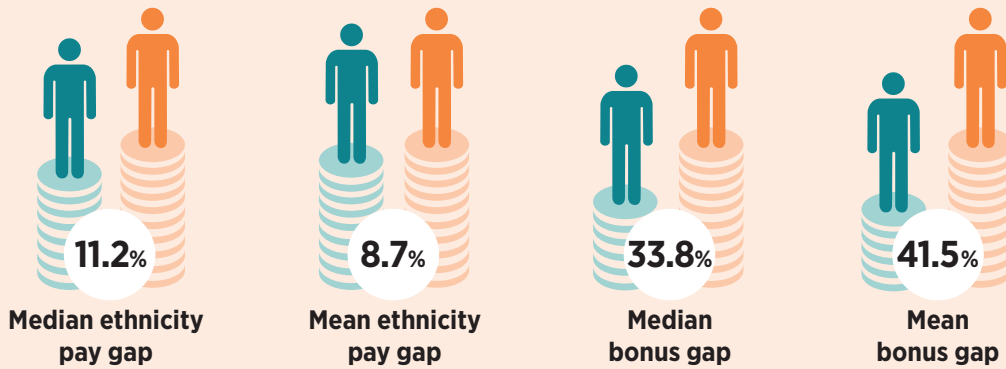
- **median ethnicity pay gap** – the difference between the median hourly rate of pay of white full-pay relevant employees and that of full-pay relevant employees from other ethnic backgrounds
- **mean ethnicity pay gap** – the difference between the mean hourly rate of pay of white full-pay relevant employees and that of full-pay relevant employees from other ethnic backgrounds
- **median bonus gap** – the difference between the median bonus pay paid to white relevant employees and that paid to relevant employees from other ethnic backgrounds
- **mean bonus gap** – the difference between the mean bonus pay paid to white relevant employees and that paid to relevant employees from other ethnic backgrounds
- **bonus proportions** – the proportions of relevant employees from white and other ethnic backgrounds who were paid bonus pay during the relevant period
- **quartile pay bands** – the proportions of full-pay relevant employees from white and other ethnic backgrounds in the lower, lower-middle, upper-middle and upper quartile pay bands.

As recommended in our guidance, we also report two additional statistics to reflect the greater complexity and difficulty of ethnicity pay gap reporting and analysis compared with gender:

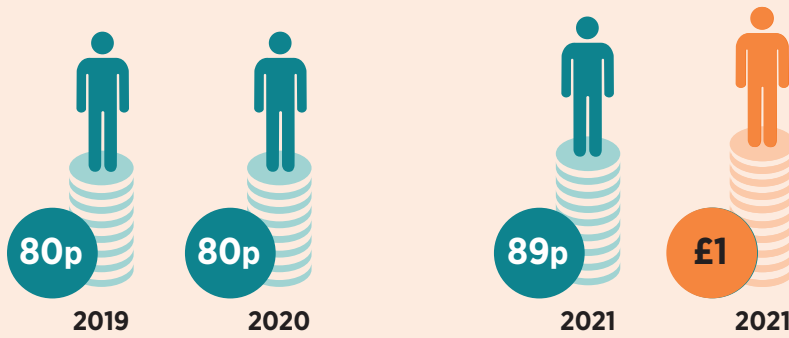
- the proportion of our total UK workforce from ethnic minority groups
- the proportion of our employees who have disclosed their ethnicity.



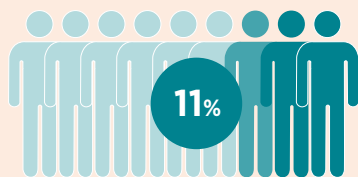
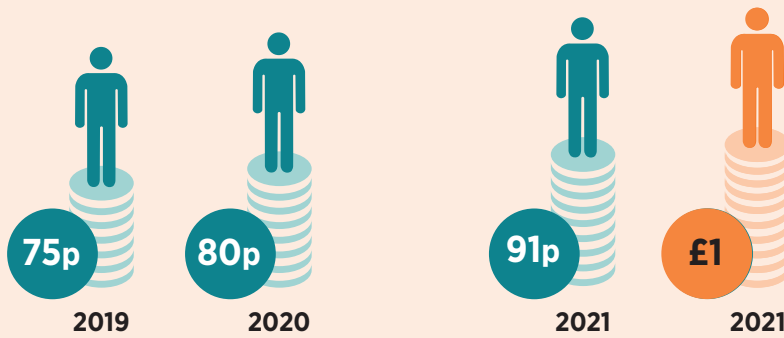
Our 2021 data at a glance



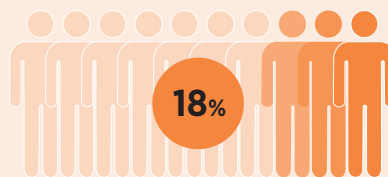
When comparing average hourly wages (median), a person from an ethnic minority group receives 89p for every £1 that a white person receives.



When comparing average hourly wages (mean), a person from an ethnic minority group receives 91p for every £1 that a white person receives



Ethnic minority group staff who received a bonus



White staff who received a bonus

Looking behind the headline figures

Understanding our gaps, refining our actions

Our workforce, pay bands and pay quartiles

Our workforce

The CIPD's ethnicity pay gap data was collected on the snapshot date of 5 April 2021. At this time there were 346 people within our UK workforce. Ninety-eight per cent (339) of our people openly disclosed their ethnicity to us. Of those, 234 (69%) are white (including white British, white Irish and any other white people) and 105 (31%) are from other ethnic backgrounds. We are pleased to have such high disclosure rates as we work towards an inclusive and open culture.

Our pay bands

Band four covers jobs with high levels of accountability. These roles lead business units or departments or require significant expertise or experience. They report to a member of the senior leadership team (SLT).

Band three covers jobs at management or experienced professional level. This band will also include department managers and advisers. Some band three roles may report into a member of the SLT.

Band two includes jobs at a professional level, normally requiring a professional qualification. This band will include officer and supervisor roles.

Band one includes a range of administrative roles, secretarial and PA roles and co-ordinators. These roles may require education from GCSE level up to degree level. Around a third of jobs at the CIPD fall into this band.

Our pay quartiles

Each pay quartile represents a quarter, or 25%, of our total workforce ranked by pay.

	NUMBERS		PERCENTAGES	
	White	Black, Asian, mixed race, other	White	Black, Asian, mixed race, other
Upper quartile	64	20	76.2	23.8
Upper-middle quartile	60	25	70.6	29.4
Lower-middle quartile	58	27	68.2	31.8
Lower quartile	52	33	61.2	38.8

Note: Data for all years are shown in Appendix A.

Our median ethnicity pay gap

We rank all our people by their hourly pay. Then we compare what the person in the middle of our ethnic minority population pay range received with what the person in the middle of our white population pay range received. The difference between these figures is the median ethnicity pay gap.

This year the person in the middle of our ethnic minority population pay range received 11.2% less than the person in the middle of our white population pay range. This median gap means that for every £1 a white person receives, a person from an ethnic minority group receives 89p.

The difference in our median pay for ethnic minority and white staff

	White (£)	Black, Asian, mixed race, other (£)	Pay gap (%)
Median hourly pay	21.98	19.51	11.2
Median annual salary	40,003	35,508	

In 2021, our median ethnicity pay gap narrowed by 8.8 percentage points compared with 2020.

This reflects the increase in the diversity of our people at all levels of the organisation. Fluctuations in ethnicity pay gap, by quartile and by year, are mainly driven by changes in the people who work with us. In a small organisation like the CIPD, changes in recruitment and attrition can have a significant impact on our figures.

NOTE: Median pay gaps, by year and by quartile, are shown in Appendix B.



Our mean ethnicity pay gap

We add together all the hourly pay rates that people from an ethnic minority group receive, divided by the number of people from an ethnic minority group in our workforce. We then repeat this calculation for white people. The difference between these figures is the mean ethnicity pay gap.

This year the average pay for a person from an ethnic minority group was 8.7% less per hour than the average pay for a white person. This mean gap means that for every £1 a white person receives, a person from an ethnic minority group receives 91p.

The difference in our mean pay for ethnic minority and white staff

	White (£)	Black, Asian, mixed race, other (£)	Pay gap (%)
Mean hourly pay	25.49	23.28	8.7
Mean annual salary	46,392	42,370	

In 2021, our mean ethnicity pay gap narrowed by 11.2 percentage points compared with 2020. This reflects the increase in the diversity of our people in the upper-middle and upper pay quartiles.

NOTE: Mean pay gaps, by year and by quartile, are shown in Appendix C.



Comparing median and mean ethnicity pay gaps

The median is used extensively as a headline measure by pay researchers because it is less swayed by extreme values, particularly the small number of people on high salaries.

The mean is useful because it does capture the effect of a small number of high earners.

The difference between an organisation's mean and median pay gap can provide valuable insight. The presence of very low earners can make the mean lower than the median. A group of very high earners can make the mean bigger than the median.

These differences help us understand how our business and people decisions have led to a narrowing of our median and mean ethnicity pay gaps since 2019.

Our overall mean and median pay gaps are still higher than we want them to be, but we are encouraged by the positive progress we've seen.

Our median and mean ethnicity pay gaps since voluntary reporting began

	2019	2020	2021	Percentage point change 2020-21
Median ethnicity pay gap by hourly rate	19.8	20.0	11.2	-8.8
Mean ethnicity pay gap by hourly rate	25.2	19.9	8.7	-11.2

Comparing median and mean ethnicity pay gaps continued

Our median and mean pay gaps this year by ethnicity

Focusing on specific ethnic groups shows how the pay gap varies by ethnicity. The overall median pay gap of 11.2% widens to 14.4% when we examine just our black, African, Caribbean and black British employees, and narrows to 5.5% when we look just at our Asian and Asian British employees.

Ethnicity group	Numbers of employees who disclosed ethnicity	Median pay gap (%)	Mean pay gap (%)
White	234		
Total black, Asian, mixed race and other	105	11.2	8.7
Black, African, Caribbean, black British	30	14.4	16.1
Asian, Asian British	57	5.0	7.7
Mixed ethnic groups	16	16.7	-5.1
Other	2		

It's important to note that when pay gap data is based on a small number of individuals, it can vary significantly over time due to staff changes during the year. However, this is something we are interested in, as we work to understand our people's lived experiences and the potential barriers to progression that specific ethnic groups may face at work.

We only publish data for a category when we have five or more individuals. This is why we have not published data for those employees in the 'Other' category. Disclosing the figures for only two people would contravene data protection and risk identifying those individuals.

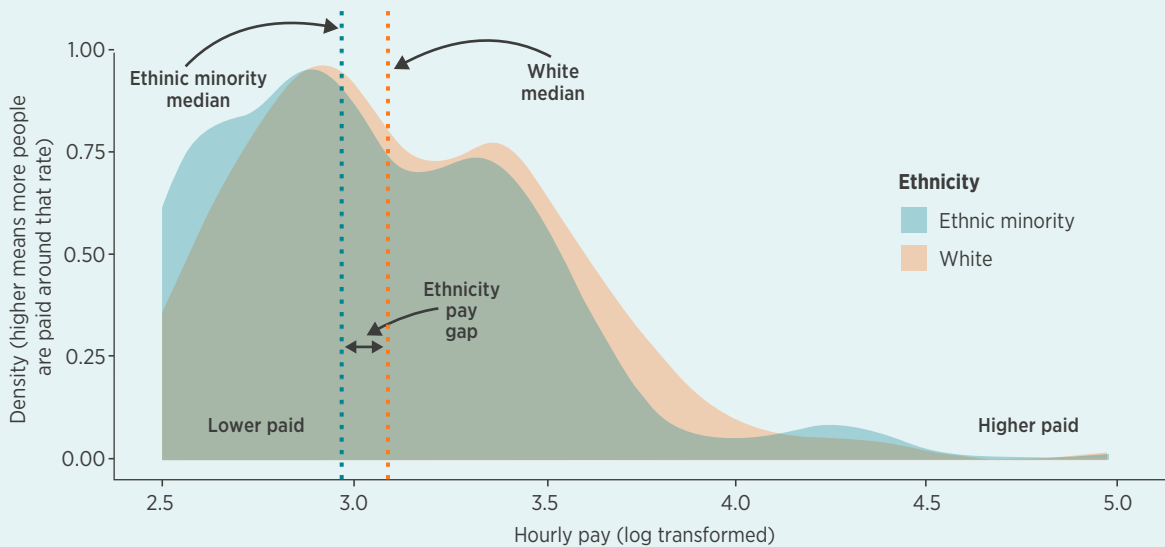


Taking account of how pay is distributed

The headline median pay gap is a relatively abstract concept that helps us make comparisons across organisations. It takes the distribution of hourly pay for a group of people and reduces it to one number – the median. The difference between the median value for two groups – white people and people from ethnic minority groups – is the ethnicity pay gap, usually expressed as a percentage of white hourly pay.

This measure of centredness tells us something useful about the average pay of white and ethnic minority people. But it tells us little about the distribution of pay across an organisation. And distribution is important, because it helps us understand more about the cause of a pay gap.

The distribution of our white and ethnic minority staff by their hourly pay



Within the CIPD there is a great deal of overlap between the distribution of pay for white and ethnic minority employees. However, the white group is weighted more heavily towards the higher end of the distribution and the ethnic minority group is weighted more heavily towards the lower end. People from ethnic minority groups are more likely to occupy lower-paid roles than white people.

Understanding the distribution of people from different ethnic groups across our organisation is important in identifying the actions we can take to close our ethnicity pay gap.



Our bonus pay gap

The bonus pay gap is the difference between the bonus pay or one-off lump-sum payments (such as recognition awards) paid to white employees and that paid to employees from minority ethnic groups. Only relevant employees who received a bonus are included in the calculation. On this basis, our bonus pay gaps are based on 42 white colleagues and 11 from ethnic minority groups.

The percentages of our white and ethnic minority staff who received a bonus

	2019 (%)	2020 (%)	2021 (%)
White	24	28	18
Black, African, Caribbean, black British	20	15	11

Changes in our median and mean bonus gaps since voluntary reporting began

	2019 (%)	2020 (%)	2021 (%)	Percentage point change 2020-21
Median bonus gap	20.4	14.8	33.8	19.0
Mean bonus gap	15.5	5.6	41.5	35.9

Our median and mean bonus pay gaps both widened compared with last year. The difference is due to changes in our bonus structure introduced in recent years.

In 2017, the CIPD took the decision to remove annual bonuses linked to individual and organisational performance. This means that larger performance-related bonus payments are no longer made to the majority of our people. We continue to award some small one-off payments that recognise specific contributions. This year these include ad hoc payments made through our 'Star Award' scheme in recognition of exceptional performance: 36 white people and 10 people from black, Asian and ethnic minority backgrounds received one or more awards.

In 2019 we introduced a new commission scheme to support our sales team's ambitious business-to-business growth targets and remunerate roles in line with the external market. This team is made up of seven people: six white people and one person from an ethnic minority background.



Addressing our ethnicity pay differences

Maintaining our long-term commitment

Maintaining commitment to reducing pay gaps is critical if organisations are to achieve the growth, productivity and skill advantages that come from greater inclusion and equal progression.

Narrowing our pay gaps is a long-term focus for us and we have publicly committed to:

- establishing a clear picture on ethnicity within the CIPD, including pay differentials
- addressing progression, retention and succession planning
- reviewing our recruitment practices to ensure we continually improve
- working closely with suppliers and partners to ensure these practices are evident in those we work with, as they are an extension of our workforce.

Closing the pay gap is not a quick and easy fix. It requires a meaningful and consistent shift in cultural norms. Our own data shows how relatively minor changes in staff, especially in higher-paid roles, can cause big changes in our headline median ethnicity pay gap year by year.

Employers have a responsibility – to their businesses, their people and society – to keep driving the changes we need to see. Our purpose of championing better work and working lives means we take seriously our responsibility to lead by example. We do this by continuing to report our gender and ethnicity pay gap data and by going behind the headline figures to share our own challenges as we work to close the gaps.

We act on our commitment to greater inclusion, fairness, and flexibility in a number of ways.

An organisation where everyone can prosper

Our purpose of championing better work and working lives means we are not afraid to challenge aspects of our culture and practice that lead to any of our people experiencing a lack of opportunity or feeling they do not belong.

This year we carried out a Lived Experience exercise. We listened to our people from different ethnic groups across the CIPD to understand their lived experience of working with us. We also recruited a head of inclusion and diversity with the remit to bring about a fully inclusive culture – one where difference is valued and where all CIPD people feel they belong and can be their best, authentic selves.



Pay transparency

We were among the first organisations to voluntarily publish our ethnicity pay gap data and supporting narrative. We remain committed to reporting, even when not mandated to do so.

We pay above the voluntary 'Real' Living Wage and benchmark all salaries externally to ensure our compensation is fair, competitive and reflects our charitable status. We follow the principle of fair pay, so the salaries our people receive are fair for the job they do and in line with the external job market.

We continue to review and manage the span of our pay grades to provide greater equality for people undertaking the same or similar roles at the same level. This year we further reduced the salary differential for people within the same job level so that each range does not vary by more than 10%. By tracking our pay data monthly and conducting a full analysis mid-year, we're building a better understanding of what drives our ethnicity pay gaps and what we can do to close them.

This year, with the appointment of our first head of inclusion and diversity, we're asking our people managers to focus at least one of their objectives on inclusion and diversity.

Recruitment and retention

We continue to review our talent attraction approach, auditing and implementing job-specific selection criteria to ensure fairness and inclusivity. We advertise job roles with transparent pay ranges and an openness to flexible working arrangements. When we engage search firms, for example in the recruitment of senior roles, we request that their search methodologies reach diverse candidates. And we are expanding the diversity of our recruitment and L&D supplier network. Where we observe imbalances in the diversity of specific areas of our business, we explore the potential causes to remove any possible barriers to entry and progression. Our aim is to achieve greater diversity throughout the CIPD.

We encourage everyone to use Voice, our employee engagement survey, so we can hear the views of all our people. This generates real-time data on key people issues, reporting monthly metrics and quarterly scores. And, building on our staff investment in recent years, we're progressing against our internal inclusion and diversity action plan, and we've launched our inclusion series on our learning platform.

The pandemic has given us the opportunity to role-model truly flexible and hybrid ways of working. Our approach is helping us to attract and retain talented people who are committed to our purpose.

Board oversight

The board delegates responsibility for the CIPD's I&D initiatives to the chief executive and senior leadership team. In addition, the People, Culture and Remuneration Committee monitors the progress of our actions on I&D and the ethnicity pay gap.

Conclusions from our chief executive

Leading by example and calling for change

Achieving pay parity is difficult for most organisations. It challenges structures, cultures and practices that have evolved over many years. Helping businesses work towards it is part of our purpose. We are determined to remain a leading organisation in embracing inclusion and fairness in all that we do. And we have a responsibility to support employers – and our community of professionals – to secure the growth, productivity and talent that pay transparency helps to deliver.

This year we amplified our call for ethnicity pay gap reporting in anticipation of the long-awaited outcomes from the 2017 McGregor-Smith Review on race in the workplace and the parliamentary debate in response to the ethnicity pay reporting petition. When the Commission on Race and Ethnic Disparities (CRED) failed to recommend the mandatory introduction of ethnicity pay reporting, our call was joined by other bodies, including the CBI and TUC.

The people profession plays a central role in raising employers' awareness of inclusion and diversity at work. We continue to strengthen these areas in our Profession Map, the CIPD's international benchmark, and share our research and guidance on issues around race, age, sex, gender, sexuality, disability and wellbeing through our websites and learning programmes.

Statutory pay gap reporting generates pay transparency for organisations and their people. That's why we continue to campaign for it across ethnicity as well as gender. Because we choose to explore, and report, more than the required headline figures, the process helps us understand the impact of our business decisions. Our demographic data shows our people are 69% white and 31% from black, Asian and other ethnic minority groups. The diversity of our people is comparable with that across Greater London. As the diversity of our workforce has increased, we've seen progress on our ethnicity pay gaps. But we recognise there remain challenges with progression, particularly through to the job levels below our senior management team.

We've made positive progress against our action plan. Our new head of inclusion and diversity is helping us develop a deeper understanding and clearer focus on the way we work. We've appointed one of our trustees as our board champion for race. Our employee resource groups have been revitalised, each with senior leader sponsorship and allocated budget, to boost their valuable work in raising awareness and removing practical barriers to opportunity and progression.

I am proud of our diverse workforce within the CIPD. And I am proud that we are reporting our ethnicity pay gap data for the third year, this time with greater detail and transparency, in line with our gender pay gap report.

Our purpose is to champion better work and working lives. We know that work can, and should, be a force for good that benefits everyone in society. Building and maintaining inclusive and diverse workplaces is fundamental to achieving that vision. We will continue to report and address our own pay gaps, guide other businesses to do the same, and challenge policies, cultures and practices that prevent people from bringing their best selves to work.

Peter Cheese
Chief Executive, CIPD



Appendices

Appendix A

The numbers and percentages of our people by year and by quartile

The proportion of people from ethnic minority groups in the upper-middle and upper pay quartiles has increased.

		NUMBERS		PERCENTAGES	
		White	Black, Asian, mixed race, other	Men	Black, Asian, mixed race, other
Upper quartile	2021	64	20	76.2	23.8
	2020	71	10	87.7	12.3
	2019	72	8	90.0	10.0
Upper-middle quartile	2021	60	25	70.6	29.4
	2020	64	18	78.0	22.0
	2019	70	10	87.5	12.5
Lower-middle quartile	2021	58	27	68.2	31.8
	2020	56	26	68.3	31.7
	2019	54	26	67.5	32.5
Lower quartile	2021	52	33	61.2	38.8
	2020	49	33	59.8	40.2
	2019	53	27	66.3	33.7

Appendix B

Our median ethnicity pay gaps by year and by quartile

Our median ethnicity pay gaps are widest in the lower and upper pay quartiles.

		HOURLY EARNINGS		
		White (£)	Black, Asian, mixed race, other (£)	Pay gap (%)
Upper quartile	2021	35.71	34.76	2.66
	2020	34.70	36.40	-4.90
	2019	35.01	33.05	5.60
Upper-middle quartile	2021	25.77	26.37	-2.33
	2020	23.60	24.70	-4.66
	2019	24.73	24.73	0.00
Lower-middle quartile	2021	18.55	18.68	-0.70
	2020	18.00	17.60	2.22
	2019	18.13	17.51	3.42
Lower quartile	2021	14.45	13.19	8.72
	2020	13.90	12.90	7.19
	2019	13.16	12.97	1.44

Appendix C

Our mean ethnicity pay gaps by year and by quartile

Our lower quartile contributes most significantly to our mean ethnicity pay gap.

		HOURLY EARNINGS		
		White (£)	Black, Asian, mixed race, other (£)	Pay gap (%)
Upper quartile	2021	40.91	41.09	-0.44
	2020	38.90	40.70	-4.63
	2019	43.25	38.03	12.07
Upper-middle quartile	2021	25.36	26.20	-3.31
	2020	24.40	24.50	-0.41
	2019	24.19	24.37	-0.74
Lower-middle quartile	2021	18.64	18.80	-0.86
	2020	18.00	17.80	1.11
	2019	17.82	17.70	0.67
Lower quartile	2021	14.31	13.94	2.59
	2020	13.80	13.00	5.80
	2019	13.03	13.28	-1.92



CIPD

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201
E cipd@cipd.co.uk **W** cipd.co.uk

Incorporated by Royal Charter
Registered as a charity in England and Wales (1079797)
and Scotland (SC045154)

Issued: November 2021 Reference: 8189 © CIPD 2021