

Cylchlythyr | Circular

Equality and diversity: pay difference reporting

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To: Heads of higher education institutions in Wales
Response by: No response required
Contact: Name: Ryan Stokes
Email: ryan.stokes@hefcw.ac.uk

This circular provides information and guidance to universities in Wales to support consistency in pay difference reporting. The circular sets out specific actions Welsh Government and/or HEFCW expects universities to take, including as they relate to the Welsh Government's Anti-Racist Wales Action Plan and dates by when actions must be completed and progress reported to HEFCW.

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Introduction

1. This circular provides information and guidance to universities in Wales to support consistency in pay difference reporting in higher education. The circular sets out specific actions Welsh Government and/or HEFCW expects universities to take, including as this relates to the Welsh Government's Anti-Racist Wales Action Plan, with dates by when actions must be completed and progress reported to HEFCW.
2. The Equality Act 2010 introduced the Public Sector Equality Duty (PSED). HEFCW and universities are subject to the duty and therefore must have due regard for the need to:
 - eliminate discrimination, harassment and victimisation and other conduct prohibited by the Act
 - advance equality of opportunity between people who share a protected characteristic and those who do not
 - foster good relations between people who share a protected characteristic and those who do not
3. HEFCW and universities are listed authorities in the [Equality Act 2010 \(Statutory Duties\) \(Wales\) Regulations 2011](#). The Equality and Human Rights Commission published Technical Guidance which outlines the requirements of the Equality Act and the specific duty regulations, and provides practical approaches to complying with the public sector equality duty.
4. The [Tertiary Education and Research \(Wales\) Act 2022](#) places strategic duties on the Commission for Tertiary Education and Research, including promoting equality of opportunity and collaboration between providers of tertiary education and trade unions. The Commission will replace HEFCW and take on its responsibilities for higher education from April 2024.
5. This circular should be read in conjunction with the Equality and Human Rights Commission [Technical Guidance on the Public Sector Equality Duty: Wales 2023](#), Welsh Government's [Anti-Racist Wales Action Plan](#) and HEFCW's circular [Safe and inclusive higher education: supporting equality and diversity education](#).
6. This circular supersedes HEFCW's previous [pay gap reporting](#) circular published in 2019.

Expectations of pay gap reporting

7. The Equality and Human Rights Commission (EHRC) Wales report [Is Wales Fairer \(2018\)](#) recommends strengthening gender pay gap reporting as well as addressing ethnic minority and disability pay gaps. To achieve this, the EHRC Wales recommends that the Welsh Government should review and improve the specific duties under the [Equality Act 2010 and \(Statutory Duties\) \(Wales\) Regulations 2011](#) to require public bodies in Wales to take action to address pay and employment differences, report on progress and publish pay gap data.

8. In 2021, the Welsh Government [Programme for Government Update](#) includes a commitment to *'explore legislation to address pay gaps based on gender, sexual orientation, ethnicity, disability, and other forms of discrimination'*.

Confusion and inconsistency in reporting pay differences: requirements and reporting

9. A 2022 report by the [Cardiff University Business School](#) found that, due to the requirements being spread across a number of regulations, many listed bodies do not publish combined employment and pay analysis as one set of results.
10. The report highlights that some listed bodies are 'publishing their employment monitoring data but reporting their gender pay gaps [GPG], and sometimes disability or ethnicity pay gaps separately, and against the UK GPG reporting regulations' and states 'Whilst the argument might be that this is helpful for benchmarking, it does not fulfil the Welsh duty'.
11. The report suggests that *'this could have been made clearer in the guidance for the 'pay differences' duty [EHRC, 2014] and that the 'duty' is scattered over several regulations within the statutory instrument has weakened efficacy'*.

Strengthening pay gap reporting in Wales

12. In April 2023, the EHRC published updated [Technical Guidance on the Public Sector Equality Duty: Wales](#).
13. We strongly encourage universities to use the updated Technical Guidance when reviewing and publishing their next pay gap and employment information to ensure they meet the requirements of the regulations, which include but are not limited to:
 - i. Setting pay difference objectives
 - ii. Providing a statement of steps taken, or to be taken, and monitoring of progress
 - iii. Collecting employment information
 - iv. Information in respect of each protected characteristic
 - v. Information in respect of job, grade, pay, contract type and working patterns
 - vi. Publishing of employment information
 - vii. Pay differences in respect of each protected characteristic
 - viii. Pay differences and action plans
 - ix. Effect on duty to publish reasons
 - x. Gender pay inequality
 - xi. Gender pay difference action planning
14. We strongly encourage universities to consider including actions to strengthen pay gap reporting in their strategic equality plans from 2024.

The Welsh Government Anti-Racist Wales Action Plan

15. In June 2022, the Welsh Government published its [Anti-Racist Wales Action Plan](#).
16. The Anti-Racist Wales Action Plan includes an action for the Welsh Government to progress plans to review the Public Sector Equality Duty and a national milestone to eliminate gender, disability and ethnicity pay gap by 2050 (p106).
17. Table A below provides the Welsh Government’s expectations on HEFCW and universities.

Table A

Higher Education (HE)				
Goal: Better use of levers available to promote anti-racist culture in higher education				
Actions	Outputs	Impact	By when	Lead and partners
Require HEFCW to expect all HE institutions to review existing recruitment policies and procedures through an anti-racist lens.	Senior leaders adopt a whole institution anti-racist approach.	Increased ethnic minority representation in senior positions within higher education.	By September 2023.	<ul style="list-style-type: none"> • HEFCW • Universities Wales • Welsh HE institutions • Unions
Require HEFCW to expect HE institutions to monitor and address inequalities, including pay disparities.	Publication of data on HE staff pay for different ethnic groups.	Greater transparency in pay data to support increased pay equality for staff regardless of racial background.	By September 2023.	

18. In July 2022, we published circular [W22/25HE: Race equality in higher education and 2022/23](#) allocations and 2021/22 monitoring, which provides race equality guidance, including details of HEFCW’s £1m allocation for 2022/23 with our match funding expectations. In July 2023, we published circular [W23/20HE: Supporting anti-racism in higher education: 2023/24 guidance and allocations](#).
19. HEFCW’s Race equality in higher education [monitoring template for 2022/23](#) can be found on our website. Section 5 of the monitoring template requires universities to provide to us, by 13 October 2023, a summary of actions taken towards meeting this Welsh Government Anti-Racist Wales Action Plan expectation in 2022/23.
20. We will continue to review and update this pay difference guidance to take account of new or amended requirements once the Welsh Government completes its review of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.

Assessing the impact of our policies

21. We have updated our ongoing integrated impact assessment to take account of equality, diversity and inclusion. We also considered the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives.