Payment Systems Regulator

Financial Conduct Authority

Our new employment offer Year 2

Equality Impact Assessment

July 2023

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Overview

We launched our new employment offer in March 2022 with changes introduced from April 2022.

This followed an extensive period of consultation with the Staff Consultative Committee (SCC) and colleagues individually. The new grading, pay and benefits offer aims to ensure we can retain and attract the skills we need to meet our vital objectives – protecting consumers and markets and promoting competition – for the long term.

The new employment offer is designed to:

- provide fair, competitive pay at all levels
- reward strong, consistent performance
- simplify our previously overly complex structure of pay and job families
- aid transparency and career development
- protect the benefits colleagues value for the long term, and
- support our aim of closing our ethnicity and gender pay gaps.

In 2022 we published an Equality Impact Assessment which focused on the changes applied within the organisation between April and June 2022 (Year 1). We have conducted a further Equality Impact Assessment to look at the impact of the changes of our new employment offer on the protected groups, following the implementation of the April 2023 pay review (Year 2).

Overall, the average base salary increase in April 2023 across the FCA and PSR was 6.8%. We continue to provide one of the best, if not the best overall employment package of any public authority, regulator or enforcement agency in the UK.

1. A summary of the new employment offer

The new employment offer included commitments for the 2023 pay review. These commitments were:

- increases to our pay ranges of at least 2%
- guaranteed 4% base pay increases for all colleagues, dependent on receiving a performance rating of '3' or above, which would include the following elements:
  - anyone remaining below the pay ranges in April 2023 would have their base salary brought up to the bottom of the published pay range, with any increase capped at 20%
  - 2% base pay increase
  - minimum increase of 2% for performance related pay.

In many cases we were able to make improvements in the second year of the new employment offer that went beyond the original commitments. The key changes were:

- National and London pay range mid-points were increased by between 3% to 7% based on benchmarking, rather than 2%.
- The guaranteed minimum award was increased from 4.0% to 4.5% for those employees below Senior Leadership Team[1] (SLT) whose new salary was below £125,000 and who achieved a '3' rating or above. There was, however, no guaranteed minimum award for members of the SLT and the average salary increase for senior leaders was lower than the average award for colleagues across the organisation as a whole.

Overall, the average base salary increase in April 2023 across the FCA and PSR was 6.8%. This figure is expected to increase slightly in October 2023, once the outcomes of the interim performance reviews have concluded.

In addition, we have supported colleagues given cost of living pressures. In October 2022 all employees with a salary of £60,000 or less received a one-off payment of £1,000. In January 2023, we made a further one-off payment of £250 to colleagues at all grade levels below the Senior Leadership Team.

Our discretionary performance bonus scheme has now been completely withdrawn. The last bonus awards were paid in April 2022 for the performance year 2021/22.

1 SLT includes Head of Department, Director and Executive Director contractual grades

2. Who is affected?

Current and future colleagues on FCA terms and conditions, including those working at the PSR.

3. Which groups protected by the Equality Act 2010 are likely to be affected?

Our previous approach to grading, pay and benefits had been in place for many years. The introduction of the new employment offer in April 2022 is being phased in over a two-year period. We are currently in the final year of the transition period, which concludes on 31 March 2024.

One of the key objectives of the new career and grading structure has been raising minimum salaries of colleagues in more junior roles and narrowing pay ranges, which have been too broad previously. The consequence will be that those colleagues who are likely to be at the lower end of the pay ranges will see higher salary uplifts as a result. These changes will also see strong performers at the bottom of the new pay ranges progress more quickly within those ranges resulting in higher base pay.

We have assessed the impact of the changes across different protected characteristic groups. Our analysis shows that the changes have had an impact on one or more protected characteristics within this second year. Where our analysis shows that there is potential or actual disparity between the impact of the changes on a particular characteristic as compared with those without that characteristic, we are satisfied that such disparity is a proportionate means of achieving a legitimate aim. Accordingly, we consider that no protected characteristic groups have been disproportionately or unfairly affected by the changes in a positive or negative way.

There are some differences in the outcomes between colleagues. For example, our younger employees who tend to be in more junior roles have received higher salary increases than older employees. This is due to benchmarking indicating that our junior roles were further behind the market, resulting in higher increases to these pay ranges. In addition, younger colleagues are generally positioned lower in these pay ranges and so benefited from higher performance related pay increases.

The pay and grading changes introduced have already started to deliver some diversity and inclusion benefits, with improvements in most of our 2023 pay gaps. In 2023, compared to 2022, we have seen reductions in all our gender, ethnicity and disability median pay gaps, plus reductions in our mean gender and ethnicity pay gaps. We expect this trend to continue in 2024 as the new pay ranges and the use of performance related pay are helping to ensure that all colleagues have the same opportunity to progress faster through their pay range.

More broadly, the changes will not, by themselves, make the FCA more diverse or inclusive. For example, the introduction of narrower pay ranges and better management of pay within those ranges will not in itself close our pay gaps, as we still have further work to do to continue to address imbalances in representation across a range of different grades. The changes to pay and grading form part of a much broader diversity and inclusion strategy and effort.

Our pay gaps continue to be driven mainly by imbalances in the distribution of colleagues in different roles and grade levels. This is a result of structural issues built up over time within the organisation and its predecessors, including having more women and ethnic minority colleagues in more junior roles.

We have revised our gender and ethnicity targets by expanding targets to pipeline grades. We have also made our targets more ambitious to boost women and minority ethnic representation at senior levels of our organisation. Alongside target setting, we believe that the new career and grading structure is already playing a role in helping to alleviate our pay gaps and will continue to do so in the medium and long-term.

4. What information or evidence is available to review when considering the impact on people who may be affected?

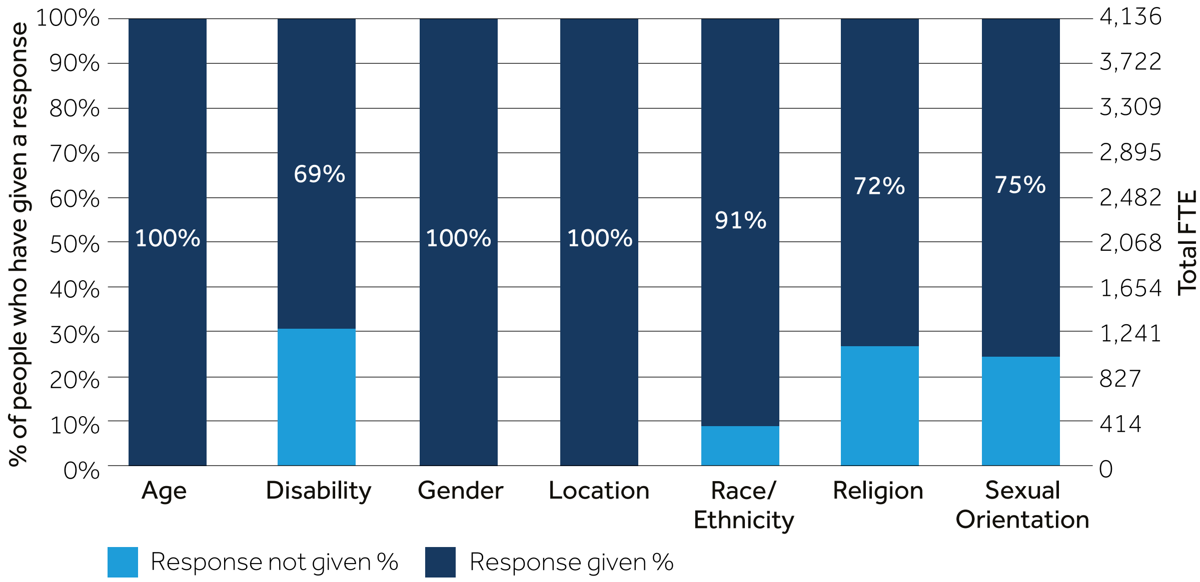
This Equality Impact Assessment analyses the impact of the new employment offer on the protected characteristics following the 2023 annual pay review, testing to ensure these groups are not disadvantaged by the changes implemented in April 2023. The key findings are set out in this document.

The Equality Impact Assessment is based on the performance rating of individual colleagues and the subsequent impact this has on the pay award outcomes. The results are therefore affected by two factors – the performance rating distribution for 2022/23 and the commitments made in our new employment offer. This analysis focuses on the resulting base salary changes applied in April 2023.

Key notes and assumptions in undertaking this Equality Impact Assessment are set out below:

- This Equality Impact Assessment analysis focuses on the impact at Year 2 of the new employment offer, as of 1 April 2023.
- The data set is based on a population of 4,136 colleagues on a full time equivalent (FTE) basis who were eligible for the annual performance and pay review. Calculations are based on FTE values.
- Colleagues not eligible (such as colleagues who joined after 1 January 2023) for base pay changes as part of the new employment offer have been excluded from this analysis.
- Contingent workers are also excluded from the analysis.
- Executive Directors are included within the Director contractual grade category.
- The analysis is based on the impact of the changes against the data that we hold for colleagues' protected characteristics (age, disability, ethnicity, gender, religion or belief and sexual orientation). As seen in Figure 1 below we do not have full characteristic disclosure for all colleagues.
- The data set is based on legal sex as required by HMRC for payroll purposes. This is a binary field (men or women) and is used for the gender characteristic.
- The salaries considered are as at 1 April 2023. This includes a small number of adjustments to individual performance ratings following the conclusion of the end of year review process. No mid-year salary uplifts are considered.
- All known and future leavers as at 31 March 2023 have been excluded.
- The analysis excludes manager allowance from the comparisons on base pay. This is because the manager allowance is a legacy entitlement and is paid to a small number of employees (currently 24 individuals) as a separate allowance via flexible benefits.
- Where 'average' is referenced in the analysis, this is the mean average value unless otherwise stated.

Figure 1. Declaration rates used within the Equality Impact Assessment



Disclosure rates

When reviewing the Equality Impact Assessment, it is important to recognise that the results are affected by the level of colleague disclosure. The current disclosure rates are shown in the graph.

Source: FCA/PSR HR system (Workday), April 2023

Salary increases

Table 1 below summarises the average base salary increase awarded to our colleagues by protected characteristic, location and contractual grade since the introduction of the new employment offer in April 2022 (Year 1) and in April 2023 (Year 2). The salary increases include base pay uplifts to the new pay ranges, performance related uplifts and guaranteed minimum salary uplifts. It does not take account of the additional pension contribution and flexible benefits accruing from salary uplifts.

Year 1 data is from the Equality Impact Assessment published in July 2022. The workforce datasets used in Year 1 and Year 2 differ as both are based on colleagues who were eligible for the relevant annual pay review. For example, some colleagues included in the Year 2 dataset will not have been employed in Year 1.

Executive Directors were not included in the Equality Impact Assessment in 2022 as they did not receive a base salary increase in April 2022 (Year 1). However, Executive Directors were eligible to receive a base salary increase in April 2023 and so are included in the Year 2 analysis and are included in the Director contractual grade numbers for Year 2.

Year 2 saw an overall average salary increase of 6.8% across the total population eligible as of 1 April 2023. The resulting average mean salary in Year 2 is £69,707. In Year 1 the average salary increase was 7.1%.

Table 1. Average (mean) base salary % change by protected characteristics, location and contractual grade

Gender	Year 1 – % change from Year 0	Year 2 – % change from Year 1
Total	7.1%	6.8%
Women	7.4%	7.0%
Men	6.8%	6.7%

Age	% change from Year 0	% change from Year 1
Total	7.1%	6.8%
18-20	14.3%	11.0%
21-30	11.5%	9.3%
31-40	7.2%	7.0%
41-50	5.9%	5.9%
Over 50	5.6%	5.6%

Ethnicity	% change from Year 0	% change from Year 1
Total	7.1%	6.8%
Asian	8.2%	7.4%
Black	8.5%	7.4%
Mixed/Multiple ethnic groups	7.7%	7.5%
Other	7.4%	6.3%
Prefer not to say	7.2%	5.8%
Undeclared	n/a	7.6%
White	6.6%	6.6%

Disability	% change from Year 0	% change from Year 1
Total	7.1%	6.8%
No	7.2%	6.9%
Prefer not to say	6.6%	6.3%
Undeclared	6.6%	6.9%
Yes	7.2%	6.7%

Religion	% change from Year 0	% change from Year 1
Total	7.1%	6.8%
Atheist	7.0%	6.9%
Buddhist	6.9%	7.6%
Christian	6.8%	6.6%
Hindu	8.0%	7.0%
Jewish	5.6%	6.7%
Muslim	9.1%	8.0%
Other	6.6%	6.3%
Prefer not to say	6.9%	6.2%
Sikh	8.2%	6.9%
Undeclared	7.0%	7.0%

Sexual orientation	% change from Year 0	% change from Year 1
Total	7.1%	6.8%
Bisexual	8.2%	7.7%
Gay/Lesbian	6.7%	6.5%
Heterosexual/Straight	7.2%	6.9%
Other	5.0%	6.8%
Prefer not to say	6.5%	6.1%
Undeclared	7.0%	7.0%

Location	% change from Year 0	% change from Year 1
Total	7.1%	6.8%
London	7.1%	6.9%
National	6.5%	6.2%

Contractual grade	% change from Year 0	% change from Year 1
Total	7.1%	6.8%
Professional Support	5.9%	6.3%
Associate	8.0%	7.4%
Technical Specialist	5.6%	5.4%
Manager	5.7%	5.5%
Head of Department	5.5%	4.1%
Director	4.9%	4.4%

Further analysis against colleagues' protected characteristics, location and contractual grade is outlined below. This analysis focuses only on the salary increases applied as part of the April 2023 pay review (Year 2).

Gender

- The overall average salary increase was 6.7% for men and 7.0% for women. This builds on the average salary increases applied in 2022 (Year 1), which was 6.8% for men and 7.4% for women.
- Tables 2 and 3 below confirm there are a greater proportion of men than women in more senior grades, where salaries are higher. However, the changes introduced in the new employment offer have focused the greatest pay increases on those in the less senior roles. These changes have helped to reduce the overall gender pay gap and we expect the narrower structure of the pay ranges will continue to decrease the pay gap further in future years.

Table 2. The proportion of women and men in each contractual grade

Gender	Professional Support	Associate	Technical Specialist	Manager	Head of Department	Director
Women	87.8%	52.1%	32.2%	44.1%	50.0%	42.5%
Men	12.2%	47.9%	67.8%	55.9%	50.0%	57.5%

Table 3. The distribution of women and men across each contractual grade

Gender	Professional Support	Associate	Technical Specialist	Manager	Head of Department	Director
Women	12.9%	69.9%	4.6%	9.4%	2.4%	0.8%
Men	2.0%	70.6%	10.5%	13.1%	2.6%	1.2%

- The average base salary increase in Year 2 by gender and contractual grade is shown in table 4 below. The largest difference in base salary increase between men and women is at the Professional Support contractual grade where men received an average increase of 9.0% in comparison to women who received on average a 5.9% increase. This is driven by the small proportion of men in the Professional Support grade being paid lower in the Professional Support pay range than women. At the Professional Support grade, 85.6% of those in the upper third of the pay range are women, as such the average salary increase received is lower due to their higher position in range.

Table 4. Average (mean) base salary increases by gender and contractual grade

Gender	Professional Support	Associate	Technical Specialist	Manager	Head of Department	Director
Total	6.3%	7.4%	5.4%	5.5%	4.1%	4.4%
Women	5.9%	7.6%	5.4%	5.7%	4.1%	4.4%
Men	9.0%	7.2%	5.4%	5.3%	4.1%	4.4%

- Overall, women employees are younger than men. 56.0% of women, compared to 48.9% of men are aged below 41. Colleagues in the younger age brackets tend to be positioned lower in their respective pay range, and therefore benefit from greater salary increases.
- A breakdown of the Associate population into the four grade levels shows that the more junior Associate grades at level 9 and level 8 received the highest salary increases. Men at Associate level 9 received on average a 10.4% increase compared to women at 8.6%. Women at Associate level 8 received an increase of 8.5%, compared to men at the same grade level who received 6.2%.
- Overall, our view is that the changes do not affect colleagues based on gender in a positive or negative way that is disproportionate or unfair.

Age

- Younger colleagues received higher average base salary increases, with those in age groups 18-20 and 21-30 receiving average increases of 11.8% and 9.2% respectively.
- 85.7% of colleagues in the 18-20 bracket are in roles in the Professional Support contractual grade and received an average increase of 10.9% (see table 5 below). Colleagues in the age group 21-30 in Professional Support and Associate grades, received an average increase of 7.3% and 9.5% respectively.
- The market benchmarking that informed our 2023 pay ranges indicated that the junior roles were behind the market, and so received the biggest uplift to the pay ranges. In addition, colleagues in more junior roles are typically positioned lower in their respective pay ranges and so benefit more from performance related pay increases. Of colleagues in the 21-30 age group, 71.8% are positioned in the bottom third of their pay range.

Table 5. Average (mean) base salary increases by age and contractual grade

Age	Professional Support	Associate	Technical Specialist	Manager	Head of Department	Director
Total	6.3%	7.4%	5.4%	5.5%	4.1%	4.4%
18-20	10.9%	*	*	*	*	*
21-30	7.3%	9.5%	*	*	*	*
31-40	5.7%	7.3%	5.6%	6.0%	6.4%	*
41-50	5.4%	6.3%	5.6%	5.4%	3.9%	4.4%
Over 50	5.4%	6.2%	5.1%	5.0%	3.5%	3.8%

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

- Colleagues in age groups 41-50 and over 50 received the lowest average salary increase, at 5.9% and 5.6% respectively. 89.4% of colleagues within the Senior Leadership Team fall within these age groups. The average salary increase for those in age groups 41-50 and over 50 at SLT grade was 4.1% and 3.6% respectively. This outcome is as expected as the second year of the new employment offer confirmed that 'the average salary award for senior leaders will be lower than the average award for colleagues across the organisation as a whole.'
- Older employees are more likely to be paid higher in their pay range than younger employees. Of those colleagues with a base salary over their respective pay range maximum, 52.3% are aged over 50. Of those colleagues positioned in the upper third of the pay range, 31.4% are over 50 and 36.8% are between 41-50. These colleagues are likely to benefit less from a performance related pay increase, which is based on a matrix of individual performance rating and position in pay range.
- A breakdown of the Associate population into the four grade levels shows that the more junior Associate grades at level 9 and level 8 received the highest increases. Table 6 shows that Associates at level 9 received an average increase of 9.3%, compared to Lead Associates who received an average increase of 6.1%.

Table 6. The average (mean) percentage increase of Associate colleagues by age bracket and Associate grade level

Age	Associate level 9	Associate level 8	Senior Associate	Lead Associate
Total	9.3%	8.4%	6.6%	6.1%
18-20	*	*	*	*
21-30	10.2%	9.8%	7.8%	6.9%
31-40	8.6%	8.3%	6.8%	6.4%
41-50	8.5%	6.9%	6.1%	5.9%
Over 50	7.8%	7.3%	5.9%	5.9%

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

- Typically, colleagues in the older age brackets tend to be in more senior level roles. Table 7 highlights that 49.7% of Associate level 9 colleagues are aged between 21-30 years and received an average increase of 10.2%. This compares to 5.3% of colleagues who are Lead Associates aged between 21-30 years old and received an average pay increase of 6.9%.

Table 7. The four Associate grade levels split to show the distribution of colleagues by age bracket

Age	Associate level 9	Associate level 8	Senior Associate	Lead Associate
18-20	*	*	*	*
21-30	49.7%	30.9%	16.6%	5.3%
31-40	30.3%	42.2%	38.8%	33.7%
41-50	13.0%	16.2%	25.7%	38.0%
Over 50	7.0%	10.5%	18.9%	23.1%

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

- Overall, our view is that the changes affect colleagues based on age in a positive way but that it is not disproportionate or unfair.

Ethnicity

- The average base salary increase was 7.5% for Mixed/Multiple ethnicity colleagues and 7.4% for Black and Asian colleagues, compared to 6.6% for White colleagues. This reflects the existing distribution of ethnicity across the different grade levels, with Black and Asian colleagues benefiting from the higher increases to the minimum salaries of junior roles and the narrowing of the pay ranges.
- A breakdown of the average base salary increase by ethnicity and contractual grade is shown in table 8 below. Overall, Black, Mixed/Multiple ethnic, and Asian ethnic colleagues in Professional Support, Associate and at Manager levels received on average greater increases than White colleagues at the same contractual grades.

Table 8. Average (mean) base salary increases by ethnicity and contractual grade

Ethnicity	Professional Support	Associate	Technical Specialist	Manager	Head of Department	Director
Total	6.3%	7.4%	5.4%	5.5%	4.1%	4.4%
Asian	6.4%	7.7%	5.4%	5.6%	3.7%	*
Black	6.7%	7.6%	*	6.3%	*	*
Mixed/Multiple	6.6%	8.1%	5.9%	6.3%	*	*
Other	*	6.6%	*	*	*	*
Prefer not to say	5.3%	6.2%	4.7%	5.1%	*	*
Undeclared	6.8%	8.3%	5.0%	5.7%	3.3%	*
White	6.2%	7.2%	5.5%	5.4%	4.2%	4.4%

*Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

- Asian colleagues represent our youngest population with 68.4% less than 41 years of age, followed by Mixed/Multiple ethnicity colleagues at 67.5%. In comparison, 43.8% of White colleagues are less than 41 years old. Colleagues in the lower age brackets tend to be positioned in more junior roles and lower in their respective pay range and have therefore benefited from greater salary increases in 2023.
- The Associate breakdown into the four grade levels shows that Asian colleagues at Associate level 9 received the highest average increase of 11.0%. At Associate level 8, Mixed/Multiple ethnicity colleagues received an average increase of 9.9% with White colleagues receiving an average increase of 8.4%. The highest average increase at Lead Associate level was Asian colleagues with 6.7%.
- All colleagues who received a performance rating of '3' or above were as a minimum uplifted into their new salary pay range, subject to a 20% cap. Overall, 3.1% of colleagues remained below their respective pay range minimum after the April 2023 pay review. This outcome is driven by individual performance ratings. The proportion of colleagues within each ethnic group below the pay range minimum varies, including 1.6% of White (37 colleagues), 5.5% of Asian (41 colleagues) and 7.7% of Black employees (22 colleagues). In April 2022 the proportion of Black and Asian colleagues who were below the new pay range minimum was 12.8% and 11.9% respectively.

- The application of performance related pay helps progress our strong performers quickly towards the mid-point of the salary range, which helps decrease the overall ethnicity pay gap.
- Overall, our view is that the changes affect colleagues based on ethnicity but in a positive way that is not disproportionate or unfair.

Disability

- Disabled colleagues received an average base salary increase of 6.7%, compared to non-disabled colleagues who received an average increase of 6.9%.
- Table 9 shows the average base salary increase by disability status and contractual grade. Colleagues with a disability and that are in the Technical Specialist and Manager grade levels received on average a higher increase than non-disabled colleagues, receiving 6.4% and 5.7% respectively.

Table 9. Average (mean) base salary increases by disability status and contractual grade

Disability	Administrator	Associate	Technical Specialist	Manager	Head of Department	Director
Total	6.3%	7.4%	5.4%	5.5%	4.1%	4.4%
No	6.2%	7.6%	5.5%	5.5%	4.3%	4.3%
Prefer not to say	5.5%	7.0%	4.9%	4.9%	*	*
Undeclared	6.6%	7.2%	5.2%	5.4%	3.1%	*
Yes	5.7%	7.1%	6.4%	5.7%	*	*

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

- Overall, our view is that the changes do not affect colleagues based on disability in a positive or negative way that is disproportionate or unfair.

Religion or belief

- When comparing colleagues' religion or beliefs, those of Muslim, Buddhist and Hindu faith received the highest average salary increases. Muslim colleagues had the highest average base salary increase with 8.0%, followed by Buddhist colleagues with 7.6%, Hindu 7.0%, Sikh and Atheist 6.9%, Jewish 6.7% and Christian colleagues 6.6%.
- Muslim colleagues have the youngest population with 77.6% colleagues younger than 41 years of age. This is followed by 60.0% of Buddhist, 59.8% of Sikh and 58.9% of Hindu colleagues. Employees in the lower age brackets tend to be positioned lower in their respective pay range and have therefore benefited from greater salary increases.
- Overall, our view is that the changes do not affect colleagues based on religion or belief in a positive or negative way that is disproportionate or unfair.

Sexual orientation

- The salaries of Bisexual colleagues increased on average by 7.7%, Heterosexual colleagues by 6.9% and Gay/Lesbian colleagues by 6.5%.
- Of colleagues who are Bisexual, 42.4% are in the 21-30 age group. This compares with 18.6% of Heterosexual colleagues and 20.7% of Gay/Lesbian colleagues. Bisexual colleagues in this age bracket received an average increase of 9.9% compared to Heterosexual colleagues and Gay/Lesbian colleagues who received an average of 9.2% and 8.5% respectively. Colleagues in the lower age brackets tend to be positioned lower in their respective pay range, and therefore benefit from greater salary increases.
- Overall, our view is that the changes do not affect colleagues based on sexual orientation in a positive or negative way that is disproportionate or unfair.

Location

- As with the Equality Impact Assessment published in 2022, we are sharing information about the impact of the new employment offer on different locations and our consideration of any connection to nationality. We do not hold colleague disclosure information about nationality (such as Scottish) and so have considered this by looking at location.
- Overall, London based colleagues received an average salary increase of 6.9%, compared to 6.2% for colleagues based in Edinburgh and Leeds.
- Table 10 confirms that within contractual grades, nationally based colleagues have seen higher average salary increases at the Professional Support, Technical Specialist and Manager grades.

Table 10. Average (mean) base salary increases by location and contractual grade

Location	Professional Support	Associate	Technical Specialist	Manager	Head of Department	Director
Total	6.3%	7.4%	5.4%	5.5%	4.1%	4.4%
London	6.3%	7.5%	5.4%	5.5%	4.1%	4.4%
National	6.8%	6.4%	6.4%	5.6%	*	*

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

- A factor driving the difference in the average salary increase between London and nationally based colleagues is the use of transitional pay ranges. Transitional pay ranges are in place to ensure that all nationally based colleagues will be paid in line with the standard National pay ranges by April 2024. The standard National pay ranges, already used for new joiners, reflect regional differences in the labour markets and the salaries paid in London compared to national locations.

- Another factor driving the difference in the average salary increase is the much higher proportion of Professional Support and Associate colleagues in London. Table 11 shows the proportion of colleagues in each contractual grade by location and highlights that 97.2% of Professional Support colleagues and 95.1% of Associate colleagues are based in London. Colleagues in these more junior roles typically received higher average salary increases.

Table 11. The proportion of colleagues by location in each contractual grade

Location	Professional Support	Associate	Technical Specialist	Manager	Head of Department	Director
London	97.2%	95.1%	97.7%	96.8%	96.1%	97.5%
National	2.8%	4.9%	2.3%	3.2%	3.9%	2.5%

- The proportion of London and nationally based colleagues with a salary still below the new pay range minimum following the 2023 pay review is 3.1% and 2.8% respectively. This has reduced from 6.1% and 17.0% respectively in 2022. The proportion of London based colleagues above the pay range maximum is 6.9% (273 colleagues). The majority of these colleagues are in Manager or Head of Department contractual grades. Nationally, 2.8% (5 colleagues) are paid above the pay range maximum.
- Whilst there are salary differences based on location, these differences are not based on nationality. The mapping to London and National salary ranges has been consistently applied based on benchmark data and the agreed contractual location of each employee. Colleagues of different nationalities work from our offices in London, Leeds and Edinburgh, and nationality has not been an influencing factor in the setting of London and National pay ranges. We remain committed to continuing to extend our national presence in Edinburgh and Leeds.
- Overall, our view is that the changes do not affect colleagues based on nationality in a positive or negative way that is disproportionate or unfair.

Additional protected characteristics

- Our view is that the salary changes applied in April 2023 do not affect colleagues based on gender reassignment, marriage and civil partnership, or pregnancy and maternity in a positive or negative way that is disproportionate or unfair.

Consolidation of Manager Allowance

- From 1 June 2022, colleagues in receipt of a Manager Allowance were given the option to consolidate this into their base salary at 86% of its value. This calculation took into account the resulting impact on pension contributions and flexible benefits. The overwhelming majority of eligible colleagues (92%) took up this option and consolidated their allowance. Some chose not to do so due to their personal circumstances at the time.

- In 2023, we provided the remaining 44 employees the option to either consolidate their manager allowance into their salary and remove this legacy entitlement or continue to receive this payment through their flexible benefits. This final options exercise was undertaken with effect from 1 June 2023 and 43% agreed to consolidate the allowance.
- When considering the consolidation of the Manager Allowance into base pay, we identified that this could have an adverse impact for those colleagues who were on long term sick or family leave where they continued to receive payment of the allowance during the period of absence. We have therefore permitted employees to retain the separate Manager Allowance if they wished to opt out of the consolidation process.

5. Compliance with Public Sector Equality Duty (PSED)

For each of the protected characteristics, does the information or evidence you have considered identify any existing discrimination or disadvantage faced by persons who share a protected characteristic in the work area, sector, or market that is most relevant to your policy/project/proposal?

Overall, our view is that the changes implemented as part of the 2023 pay review do not affect colleagues based on protected characteristics in a positive or negative way that is disproportionate or unfair.

PSED (1): Does your policy/project/proposal tackle or seek to eliminate any discrimination or disadvantage faced by persons who share a protected characteristic and who may be affected by your policy/project/proposal?

Overall, our view is that the changes do not affect colleagues based on protected characteristics in a positive or negative way that is disproportionate or unfair.

PSED (2): Does your policy/project/proposal seek to advance the equality of opportunity between persons who share a 'relevant protected characteristic' and those who do not?

One of the objectives of the changes is to reduce the pay gaps and increase equality of opportunity between those colleagues who share a relevant protected characteristic and those who do not. The smaller pay ranges and changed performance model will raise salaries quicker for more junior colleagues who are more likely to have protected characteristics. The removal of the discretionary bonus scheme will alleviate the associated bonus gap.

PSED (3): Does your policy/project/proposal seek to foster good relations between persons who share a 'relevant protected characteristic' and those who do not?

The changes seek to build better relationships between colleagues with and without particular protected characteristics.

Annex A – Outcomes from the end of year performance reviews

The FCA/PSR operates a robust performance management process, with 98% of colleagues completing a performance review for the performance year 1 April 2022 to 31 March 2023. A breakdown of the performance review outcomes by protected characteristic and contractual grade over the last 2 years is outlined in the tables below.

Table 13. The 2022/23 overall distribution by protected characteristic

	Underperforming (1)	Targeting Improvement (2)	Strong Performance (3)	Outperforming (4)	Significantly Outperforming (5)
All	1%	12%	61%	21%	4%
Men	1%	13%	62%	20%	4%
Women	1%	12%	61%	22%	4%
Minority ethnic	2%	17%	60%	18%	3%
White	1%	10%	61%	24%	4%
Disabled	*	15%	59%	21%	3%
Non-disabled	1%	12%	61%	21%	4%
Heterosexual	1%	13%	60%	22%	4%
LGBT	*	16%	60%	20%	3%
16-24	*	10%	69%	14%	6%
25-34	2%	16%	60%	19%	4%
35-44	1%	13%	60%	22%	4%
45-54	1%	10%	62%	23%	4%
55+	2%	9%	62%	25%	2%

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

Table 14. The 2021/22 overall distribution by protected characteristic

	Underperforming (1)	Targeting Improvement (2)	Strong Performance (3)	Outperforming (4)	Significantly Outperforming (5)
All	1%	9%	62%	23%	4%
Men	2%	10%	60%	24%	5%
Women	1%	9%	64%	22%	4%
Minority ethnic	2%	12%	66%	18%	2%
White	1%	8%	61%	25%	5%
Disabled	3%	14%	58%	20%	5%
Non-disabled	1%	9%	62%	23%	4%
Heterosexual	1%	8%	63%	23%	4%
LGBT	*	14%	54%	25%	5%
16-24	*	8%	76%	13%	*
25-34	1%	10%	63%	21%	5%
35-44	1%	9%	62%	24%	5%
45-54	2%	9%	60%	24%	5%
55+	2%	11%	62%	23%	2%

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

Table 15. The 2022/23 overall distribution by contractual grade

	Underperforming (1)	Targeting Improvement (2)	Strong Performance (3)	Outperforming (4)	Significantly Outperforming (5)
All	1%	12%	61%	21%	4%
Professional Support	*	13%	54%	25%	6%
Associate	1%	14%	62%	19%	3%
Technical Specialist	*	8%	59%	29%	4%
Manager	*	4%	62%	28%	5%
Head of Department	*	12%	63%	20%	*
Director	*	*	62%	24%	*

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

Table 16. The 2021/22 overall distribution by contractual grade

	Underperforming (1)	Targeting Improvement (2)	Strong Performance (3)	Outperforming (4)	Significantly Outperforming (5)
All	1%	9%	62%	23%	4%
Professional Support	1%	12%	61%	19%	6%
Associate	2%	9%	64%	22%	4%
Technical Specialist	*	8%	57%	29%	4%
Manager	*	6%	57%	29%	7%
Head of Department	*	7%	60%	26%	*
Director	*	*	67%	*	*

* Where there are fewer than 6 people an asterisk is used to avoid identifying individuals

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