



BASIS OF PREPARATION
FOR PAY GAP REPORTING
2018

CHANNEL 4 – BASIS OF PREPARATION FOR PAY GAP REPORTING 2018

This Basis of Preparation document sets out how Channel Four Television Corporation ('Channel 4') has prepared and reported upon various pay gap calculations as set out in Channel 4's Gender and BAME Pay Report 2018. The reporting covers the 12-month period to 31 March 2018.

The approach taken to prepare and report upon Channel 4's pay gap calculations takes into account the requirements set out in The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. Channel 4 has also been informed by the guidelines issued by Acas (Advisory, Conciliation and Arbitration Service) on Managing Gender Pay Gap Reporting, December 2017 (http://www.acas.org.uk/media/pdf/m/4/Managing_gender_pay_reporting_04_12_17.pdf). Channel 4 has established objective measurement techniques, including appropriate estimates and assumptions, where relevant.

Scope

Unless otherwise indicated, the pay gap calculations include all of Channel 4's operations covering the 12-month period at 31 March 2018.

Channel 4 ensures that appropriate procedures are in place to report pay gap data, in all material respects, as set out in this document. These procedures ensure that:

- the accounting and calculation methods are clearly described including any assumptions;
- any specific exclusions are stated clearly and explained;
- the data is meaningful and is consistent with the stated scope and definitions;
- the reported information reflects Channel 4's performance; and
- the level of transparency is sufficient to enable users to have confidence in the integrity of Channel 4's reporting.

DEFINITIONS

This section contains the key definitions used to determine the pay calculations that are set out in Channel 4's Gender and BAME Pay Report 2018.

1. Employees

The pay gap reporting covers all relevant employees of Channel 4 on the snapshot date of 31 March 2018. The following are included in our definition of relevant employees:

- individuals who have a permanent or fixed term contract of employment (full or part time) with Channel 4 and are paid through Channel 4's payroll system; and
- individuals who are noted as freelancers (contractors), but due to the nature of their activities and how they are paid, Channel 4 has decided to consider them as relevant employees.

A number of individuals are excluded from the definition of relevant employee. This includes the majority of the individuals who appear in Channel 4's programmes and production staff as they are employed by Channel 4's suppliers, as all programmes are commissioned from external production companies. Non-Executive Directors are also excluded from the calculations as they are office-holders, and not employees, of Channel 4. They are selected, appointed by and accountable to Ofcom.

2. Diversity

Diversity is wide-ranging, however, for the Channel 4 Gender and BAME Pay Report 2018, the following diversity characteristics have been used. In all instances, it is the individual's choice on notifying/recording specific characteristics within Channel 4's systems.

Gender

Within Channel 4's systems, the following categories are used to define gender:

- Female*
- Male*
- Trans women*
- Trans man*
- Non-binary
- Prefer to use your own term for gender, please describe it here (free text field)
- Prefer not to say

* Individuals who have used categories above marked with an asterisk are included within Channel 4's gender pay gap calculations. All other individuals are excluded from the calculations as these are not defined in the regulations for gender pay reporting purposes.

BAME

('Black, Asian and Minority Ethnic')

Within Channel 4's systems, the following categories are used to define ethnicity:

- Arab*
- Asian – Bangladeshi*
- Asian – Chinese*
- Asian – Indian*
- Asian – Pakistani*
- Asian – Other (please describe)*
- Black – African*
- Black – Black Scottish or Black British*
- Black – Caribbean*
- Black – Other (please describe)*
- Mixed – White and Asian*
- Mixed – White and Black African*
- Mixed – White and Black Caribbean*
- Mixed – Other (please describe)*
- White – British
- White – English
- White – Gypsy or Irish Traveller
- White – Irish
- White – Northern Irish
- White – Polish
- White – Scottish
- White – Welsh
- White – Other (please describe)
- Prefer not to say

* Individuals who have used categories above marked with an asterisk are included within Channel 4's BAME pay gap calculations. All other individuals, except for 'Prefer not to say', are considered to be Non-BAME for the purposes of the pay gap calculations. Those who 'Prefer not to say' are excluded from the calculations.

Collecting diversity information is voluntary, and all employees have the option to leave any response blank. Those employees who have not self-declared (left the response blank) for each of the characteristics are not included in the pay gap calculations.

3. Pay and bonuses

The definition of pay and bonus is in accordance with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, however where Channel 4 have made specific judgements on pay or bonus categorisation, they are explained in the relevant section in the next column.

Ordinary pay includes:

- Basic pay
- Cash allowances
- Acting up payments
- Bonus payments

Ordinary pay excludes:

- Expenses
- Benefits in kind
- Value of salary sacrifice
- Back pay
- Holiday pay
- Overtime

Bonus pay is: Any remuneration that is in the form of money and relates to productivity or performance.

Bonus pay includes: Annual bonus, quarterly and spot awards.

Bonus pay excludes: Ordinary pay, overtime, pay relating to termination of employment/redundancy and allowances.

The hourly pay gap is only calculated for 'full pay relevant employees'. The regulations define this as 'A relevant employee who is not, during the relevant pay period, being paid at a reduced rate or nil as a result of the employee being on leave.' This means that any employees not receiving full pay, due to being on maternity or paternity leave for example, are not included in the hourly pay gap calculations. All relevant employees (even those not on full pay) are included in the bonus gap calculations.

4. Hourly rate

Hourly rate for pay in March

The hourly rate is calculated by using the pay over the relevant period (weekly, monthly or annually) and then dividing by the number of contractual hours in that pay period.

Hourly rate for bonus amounts paid in March

Where any bonus payments are made in March, these have been included in the hourly pay gap calculation. Where a bonus payment relates to a longer period than the March pay period, the bonus amount has been prorated so that only the amount which is attributable to March is included in the hourly pay gap calculation. Where bonus payment relates to a part-time employee, the bonus is calculated on actual bonus paid, not on a full-time prorated equivalent amount.

DATA SOURCES

Channel 4's objective is to gather and report reliable and robust data. We are committed to providing transparency on the quality of the data where we consider there are matters which are material to users of the information. The information we report is subject to internal review processes and, where relevant and/or required, peer review.

Our employee database is maintained internally whereby only HR teams are authorised to make changes to employment status, pay and bonus, however, certain aspects of diversity, home address, emergency contact information is self-service which allows Channel 4 employees to go into the system and make changes as appropriate.

1. Diversity characteristics information

Employee's diversity characteristics are captured within Channel 4's HR system. All new joiners are asked to provide this information as part of their on-boarding process. This request is not mandatory and the employee has the option to leave responses blank or choose 'Prefer not to say'. The information is retained in the Channel 4 HR system and employees have access to amend their diversity characteristics through employee self-service whenever they wish.

If Channel 4 change any of the terminology or start to capture new information, Channel 4 would communicate this through our Internal Communications team to all employees and also through our employee networks.

2. Pay and bonus data

The pay and bonus data is maintained in Channel 4's Payroll system. Channel 4's Pay Principles document sets out the details of pay and bonuses. The pay data is subject to regular reconciliation and approval. The payroll data is reconciled each month and signed off by internal senior management team from Finance and HR, prior to pay day.

PAY GAP CALCULATIONS

The data used for reporting purposes is as of 31 March 2018, 'the snapshot date'. In accordance with the regulations guidelines, we have calculated each of the KPIs noted in the table opposite and presented the results in the pay report 2018.

Gender (male/female):

- Mean gender pay gap in hourly pay
- Median gender pay gap in hourly pay
- Mean bonus gender pay gap
- Median bonus gender pay gap
- Proportion of males and females receiving a bonus payment
- Proportion of males and females in each pay quartile

BAME/non-BAME:

- Mean BAME pay gap in hourly pay
- Median BAME pay gap in hourly pay
- Mean bonus BAME pay gap
- Median bonus BAME pay gap
- Proportion of BAME and non-BAME receiving a bonus payment
- Proportion of BAME and non-BAME in each pay quartile

The figures were produced by Channel 4 and signed off by the Chief HR Officer.