



Socioeconomic Pay Gap Report summary

What is socioeconomic pay gap reporting?

Socioeconomic pay gap reporting refers to the practice of analysing and disclosing pay disparities based on employees' socioeconomic backgrounds.

We've used the same approach that we took to produce our 2023 Gender pay Gap report looking at both the mean and median averages.

Key points in this year's report:



We're comparing the pay gap between colleagues from Professional and Lower socioeconomic backgrounds (SEBs)



We have a socioeconomic pay gap and we know why



Women from a lower SEB experience the biggest pay gap at Co-op



Colleagues from lower SEBS are less likely to progress into senior roles, however Retail careers can be an enabler for social mobility.

We recognise that not all colleagues identify as male or female and hope that in future years, as our diversity data completion improves, we can also report on other self-identifying categories. However, for the purposes of this report we have used the 'legal sex' data recorded on payroll.

In the UK, it still pays to be privileged. Professionals from lower SEBs are being paid less than their more privileged peers in the same occupation, £6,291 - or 12% less - a year. This means that they effectively work 1 in 8 days for free.1 In 2023, November 13th was "class pay gap day", or the day on which professionals from lower SEBs effectively stopped earning for the rest of the year.

What is socioeconomic background?

According to the Social Mobility Commission, an individual's socioeconomic background (SEB) is defined by their highest earning parent's occupation.

The best measure to assess someone's SEB is to ask: "What was the occupation of your main household earner when you were aged about 14?" The responses can then be categorised as follows:

- Professional backgrounds - modern professional and traditional occupations; senior or junior managers or administrators
- Intermediate backgrounds - clerical and intermediate occupations; small business owners
- Working class backgrounds - technical and craft occupations; long-term unemployed; routine, semi-routine manual and service occupations

Pay gaps measure the difference in the average earnings of staff by background or other characteristics. At Co-op we already report on our gender and ethnicity pay gaps, but we recognise that socioeconomic background can also be a critical factor in an individual's earning potential.

What's the data telling us?

	Professional vs Lower
Mean Pay Gap	5.2%
Median Pay Gap	0.2%

We have a mean pay gap of 5.2% and a median pay gap of 0.2%.

The median compares the hourly rate of the middle professional colleague role to the middle lower SEB colleague role, and the mean compares the average hourly rate of colleagues from a professional SEB to the average hourly rate for colleagues from a Lower SEB.

In the data set used to complete the analysis, the median role for each SEB categories is a Team Leader in a food store which explains why the gaps are very small.

We pay all our Team Leaders the same fixed hourly rate. The small variances are due to the way holiday pay is calculated based on hours worked as set by legislation.

Having more colleagues from Professional SEBs in our most senior positions than colleagues from lower SEBs is impacting our mean pay gap.

Our Co-op's SEB Profile (as of Apr 23)

We've produced our analysis using the same data set and approach that we've used to produce our 2023 Gender and ethnicity Pay Gap reports.

We have 57,052 relevant colleagues. In 2023 24,554 colleagues shared their SEB with us which represents 48% of our workforce. Our current completion rate at the time of writing now stands at 72% across the organisation.

National data

Very few colleagues currently identify as being from an intermediate background and we are therefore under-represented in this category. To date we have focused on increasing response rates, but we will further examine the under-reporting of colleagues in the intermediate category to make sure that we are able to accurately report our colleague representation.

	2023
Professional	39.7%
Intermediate	13.6%
Lower	46.6%

	2023
Professional	37%
Intermediate	24%
Lower	39%

Progress on social mobility & future actions to reduce our pay gap

2024 commitments

Our new commitments define the next phase of our social mobility strategy, with targets for 2025 and beyond. All our activity will be insight-led, and we will continue to adapt as required to ensure maximum impact.

Inclusive hiring through partnerships

We want the Co-op to continue to be an organisation where people from all backgrounds can thrive. In addition to Bright Future Co-op, our recent partnerships with Tent, New Futures Network, and Working Chance will support social mobility through the recruitment of marginalised groups into sustainable and meaningful employment.

Visible senior leadership

It's often said that you can't be what you can't see. At Co-op we're proud that a third of our most senior leaders come from a lower SEB and speak openly about their career journeys and backgrounds to our colleagues.

Diversity data

We're proud to have a high completion rate of for diversity data with an average current completion rate of 86% and 72% for SEB respectively, although there are parts of the organisation where it is lower. This helps us to focus our interventions on populations or business areas where we see the most disadvantage or barriers to progression. We began asking questions relating to SEB in 2022 and have seen a steady increase in completion rates since. Completion is optional and we will continue our communication campaigns to encourage colleagues and those applying for roles to share their data.

Career development programme

We already have specific development programmes designed to address under-representation of women and ethnic minority colleagues in our leadership populations. However, we recognise that our colleagues are always more than a single characteristic, and that intersectionality can often compound disadvantage. Later this year we will launch our first career development programme specifically for lower SEB colleagues, targeting business areas where our data shows there are additional barriers to progression.

Task force

In 2023 we published a nine-point plan to articulate the actions we would take to improve social mobility internally at Co-op as well as our external campaigning activities. We created a cross-functional Social Mobility taskforce to drive the delivery of the plan and to ensure that we continued to prioritise activity that would have the most meaningful impact for colleagues.