

Gender Pay Gap

Report for the year 2018



Department
for Work &
Pensions



Gender Pay Gap – Report for the year 2018

Background

In 2017, the Government introduced world-leading legislation that made it statutory for organisations with 250 or more employees to report annually on their gender pay gap. Government departments are covered by the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 which came into force on 31 March 2017. These regulations underpin the Public Sector Equality Duty and require relevant organisations to publish their gender pay gap by 30 March annually. This includes the mean and median gender pay gaps; the mean and median gender bonus gaps; the proportion of men and women who received bonuses; and the proportions of male and female employees in each pay quartile.

The gender **pay gap** shows the difference in the average pay between all men and women in a workforce. If a workforce has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are.

The gender pay gap is different to equal pay. **Equal pay** deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.

This report sets out where DWP fulfils reporting requirements and what we are doing to close the gender pay gap in the organisation. In addition, we've chosen to further analyse our gender pay gap to identify its causes within our organisation, in order to more effectively tackle it going forward. We have published these mandatory figures on the Government's designated Gender Pay Gap reporting website and the department's website.

Contractors who are on DWP payroll and provide a personal service to DWP are included within these figures. DWP does not have other contractors that require inclusion in the calculations as set out in the legislation.

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Organisational Context

DWP supports the fair treatment and reward of all staff irrespective of gender and we are committed to making the Department an inclusive place where people can be at their best. Our overall aim is to be the most inclusive employer in the UK and to be representative of the communities that we serve.

We have set ourselves challenging objectives around ensuring that we have a diverse workforce which, in relation to gender, include: seeking balanced gender representation across the Department; growing and supporting our internal pipeline of women moving into more senior grades; and achieving gender parity for external recruitment into senior grades.

Organisation Structure

As a Civil Service department we are governed by HM Treasury's pay remit, therefore, we are subject to current public sector pay policy and pay restrictions. DWP uses the Civil Service grading system ranging from Administrative Assistant (administration level grades) to Senior Civil Servant (director level grades).

Grades are determined by the level of responsibility that employees have in their job roles. Each grade has a set pay range, with higher grades rewarded with higher salaries. Under historical within-grade pay progression policy employees were expected to move through the pay range for their grade; therefore, the longer period of time that someone had spent in a grade the more we would expect them to earn, irrespective of their gender. Due to this structure pay gaps exist between most grades. Although this automatic pay progression policy ended in DWP, the impact of it still affects our gender pay gap.

DWP's annual pay award has historically consisted of two main elements:

- A consolidated pay award paid to all employees.
- A non-consolidated pay award dependent on performance levels against set objectives.

DWP's gender pay gap is not an issue rooted in pay strategy. We're confident about this because our pay strategy is non-discriminatory in its design. We undertake regular equal pay audits to ensure its fairness and continuously aim to ensure a strong gender balance in the values and proportion of those receiving non-consolidated bonuses.

This is further supported through our analysis, which demonstrates the pay gap to be largely attributed to the structure of the workforce, specifically the lack of female representation in higher grades and in higher paid specialist professions such as digital and technology.

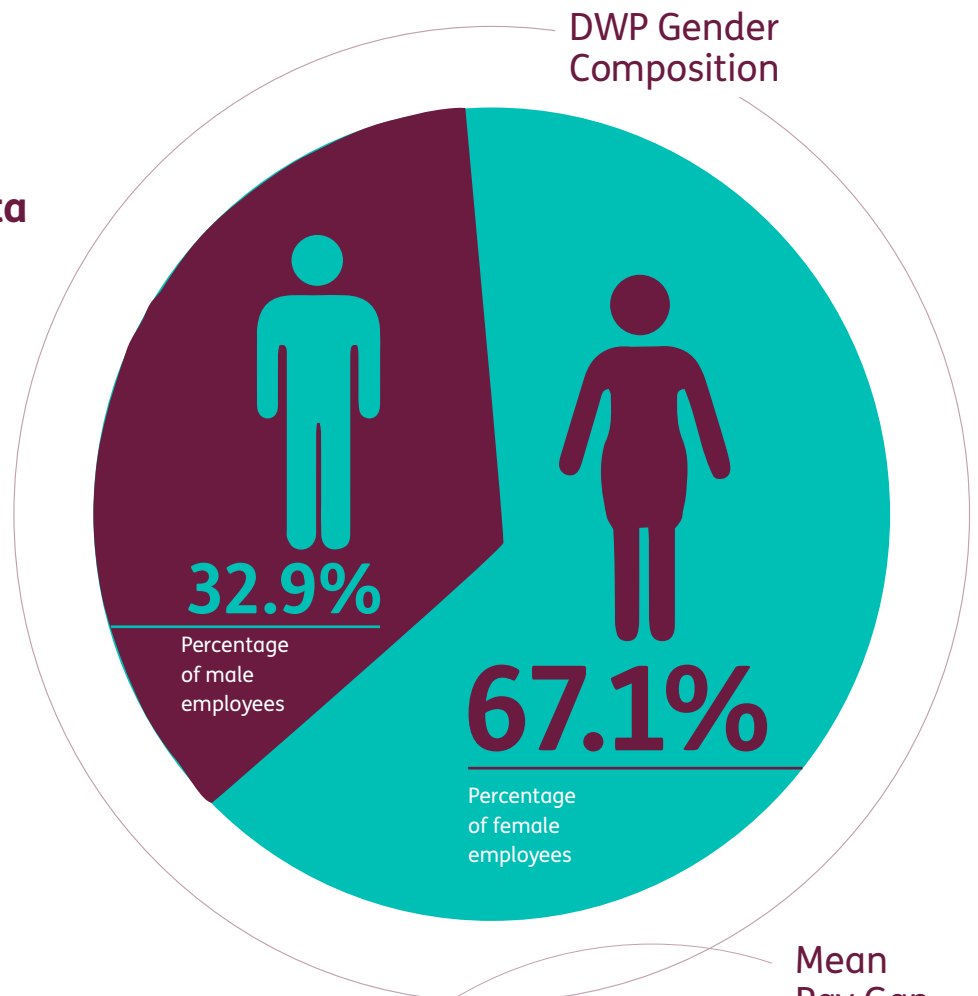
DWP recognises that reporting gender pay data and analysing the reasons for the pay gap is an important step to reducing it. Integrity is a core Civil Service value; transparency of data is critical to this.

DWP's total headcount representing all paid and unpaid employees on the 31st March 2018 snapshot date was 83,421 employees. Of this headcount, 81,151 employees were identified as 'full pay relevant employees', as set out in the regulations, and included in the calculations.

Gender Pay Gap Data

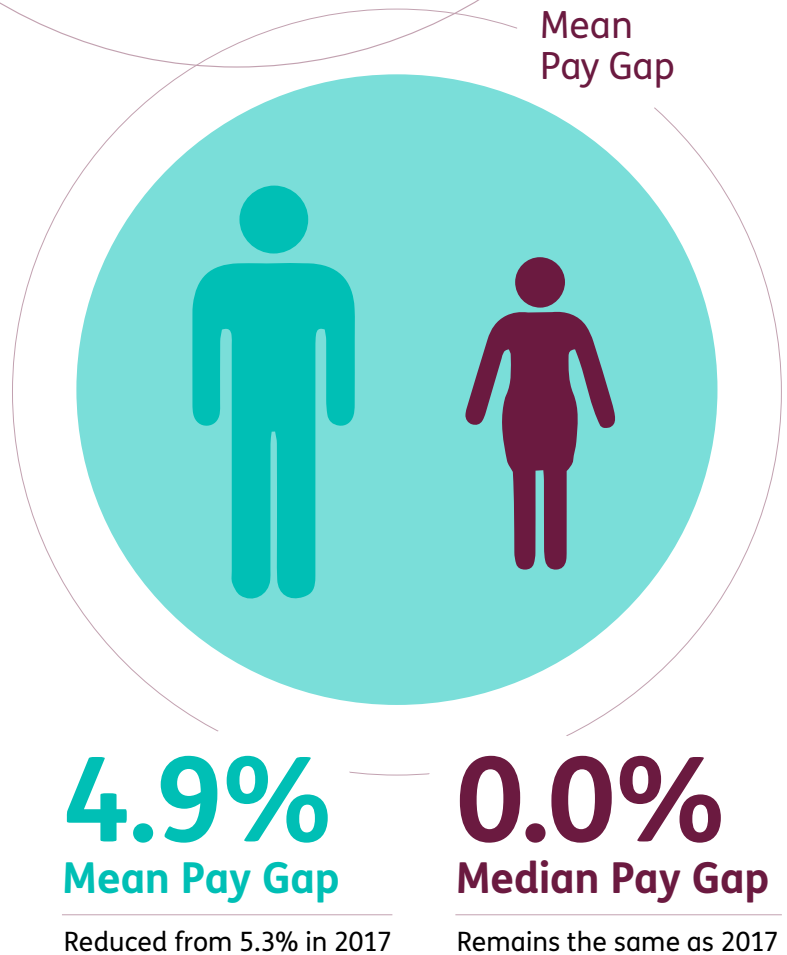
DWP Gender Composition

As visualised in the chart on the right the gender composition of DWP's workforce, that were in scope of the calculation shows significantly more female (67.1%) than male (32.9%) employees.



Gender Pay Gap

DWP has no median gender pay gap, at 0.0%, which compares favourably when compared with the overall Civil Service's median pay gap of 12.2% as published by the Office for National Statistics (ONS) in August 2018 in the Civil Service Statistics and the national average of 17.9% published in the Annual Survey of Hours and Earnings. At 4.9%, DWP's mean gender pay gap is also significantly smaller when compared with the wider Civil Service mean gender pay gap of 9.8% and the national average of 17.1%.



The ONS published DWP's mean pay gap at August 2018 as 4.8%, and median pay gap at 0.0%. Although the mean is lower than our current calculation, using the same snapshot, it's important to note that these figures are not directly comparable, and can be explained by the different methodologies used for calculation.

ONS calculations use average annual salary, and convert part-time employees to their full-time equivalent salary. The Annual Survey of Hours and Earnings (ASHE) methodology, used here and required by the legislation, instead uses an average hourly rate and actual hours worked to produce its figures.

We at DWP realise that any pay gap means there is still more work to do. Therefore we've carried out further analysis to identify the key reasons behind our pay gap in hope to explain it and ensure initiatives are there to target these causes.

Further analysis identified:

- More women than men are employed at lower grading levels, which are lower paid. In contrast, the highest paid roles are senior civil servant roles where women are disproportionately represented at 40.2% compared to men at 59.8%. This demonstrates an under-representation of women in senior grades when compared to the gender composition across the entire department of 32.9% men and 67.1% women.

The table on the right illustrates the gender pay gap as we increasingly add more senior grade groups. At the Administration Assistant (AA) to Higher Executive Officer (HEO) grade level our pay gap is small at 0.6%. Within this pay grade grouping, the pay gap was found to be in favour of women at the AA, AO, and EO grades.

As we further introduce Grades SEO – Grade 6, the gender pay gap widens to 4.2%, and when the Senior Civil Service grades are added increases further to our overall mean pay gap of 4.9%.

- Analysis shows that DWP's gender pay gap can be largely attributed to there being more males than females in senior level roles within the business which are higher-paid. Improvements have been made on last year, with an increase to the proportion of women in the more senior roles.

Pay Gap Grade Breakdown			
Grade	AA-HEO	AA-G6	AA-SCS
Mean GPG%	0.6%	4.2%	4.9%

Employee Deal

DWP operates with two core contractual terms and conditions, with accompanying pay scales: 1) DWP’s Employee Deal terms, and, 2) DWP’s historical legacy terms. Employee Deal (ED) was implemented in September 2016 to allow DWP to serve our customers well throughout our entire operating hours, and as customer demand increases.

This also allowed us to start addressing pay issues faced within the department including automatic pay progression, reducing the length of our pay scales, moving towards spot rates, and addressing DWP’s pay rates compared to other Civil Service departments.

Employee Deal operates at the AA -HEO grades as these are our main customer facing roles, and account for approximately 94% of our workforce. AA –HEO employees in service at the time of the deal were able to decide to opt-out of the terms if they did not want to be part of the collective agreement with DTUs for the Employee Deal.

All new employees in the AA – HEO grades automatically join DWP’s Employee Deal terms and conditions.

Based on the different pay structures we decided to further investigate their effect on DWP’s gender pay gap by comparing the pay gaps between ED and legacy terms, in relation to the total reported.

Mean Gender Pay Gap %			
Grade	ED	Legacy	Total
AA-HEO	-0.2%	1.5%	0.6%

Here, with the shortening of pay scales under Employee Deal we can see significantly smaller GPG figures overall and across most grades, with a GPG of -0.2%, compared against 1.5% for legacy staff.

Bonus pay gap

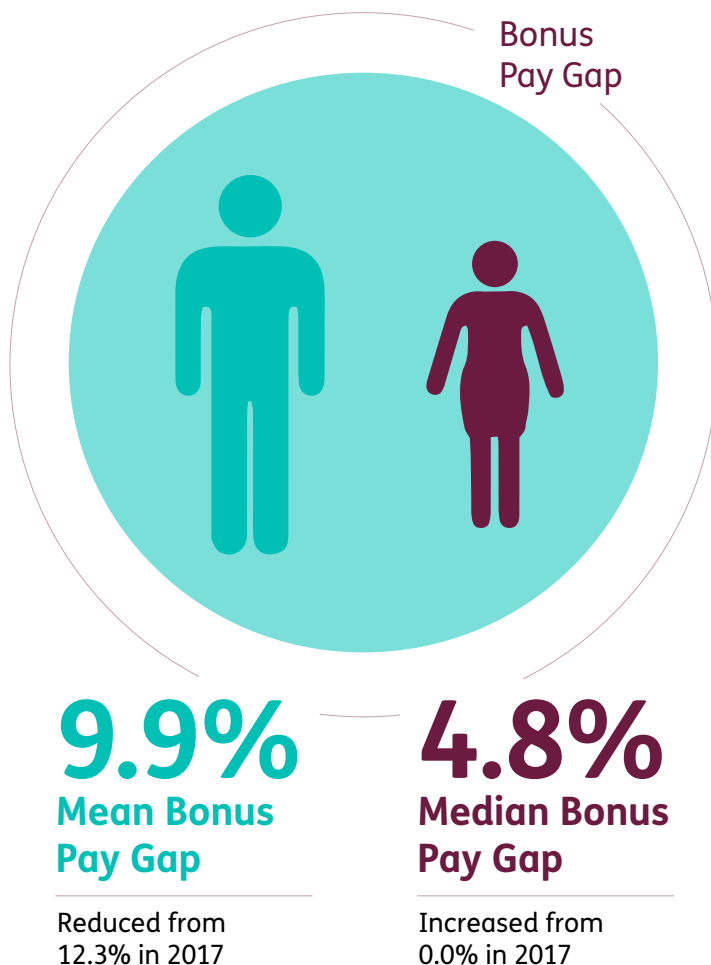
The significant majority of DWP's performance bonus awards were paid as end of year awards, dependent on performance level and grade. These are paid at set values irrespective of gender or any other protected characteristic.

Analysis revealed DWP has a mean bonus pay gap of 9.9% and a median bonus pay gap of 4.8% in favour of men.

It's common standard practice across organisations for non-consolidated bonus payments to be pro-rated in accordance with number of hours worked by each employee.

Therefore, those working part-time will receive a lower bonus when compared to full-time workers. Further analysis found that within DWP a higher proportion of women work part-time (51%) compared to men (15%). This means that under this methodology women will show as receiving disproportionately lower bonuses than men, which accounts for a significant proportion of the 9.9% bonus pay gap.

We calculated that if all bonuses were converted up to the full-time equivalent values, the mean bonus pay gap would fall in favour of women at -0.95%.



In-year reward payments also fall within the bonus pay category, these can either be cash payments or vouchers. Further analysis has shown that men tend to receive higher in-year reward cash payments, resulting in the median bonus pay gap increasing to 4.8%.

Further analysis will be conducted to identify policy or process areas for improvement in this area.



Overall 93% of females and 89% of males were paid a bonus in the 12 months ending 31 March. Further analysis revealed that whilst women were more likely to receive non-consolidated bonuses in comparison to men, on average, men received a higher valued bonus than women. This can partly be attributed to the non-consolidated end of year performance awards, as the value of the award increases by grade and more senior grades have a higher proportion of men.

Proportion of men and women paid a bonus



Pay by Quartiles

The table below shows DWP's pay by quartiles. As 67.1% of DWP's staff in scope of this dataset are women, and 32.9% are men, the quartiles approximately map with the gender composition of each quartile.

Quartile	 %	 %
Lower quartile	66.83%	33.17%
Lower middle quartile	68.46%	31.54%
Upper middle quartile	69.72%	30.28%
Upper quartile	63.30%	36.69%

Figures remain broadly similar to 2017

Explaining the causes of DWP's gender pay gap

Overall our analysis illustrates that DWP's gender pay gap is not a pay issue, but instead systematically rooted in the structure and gender composition of our workforce, and with representational issues which favour men in higher paid grades and roles compared to women.

Building a diverse and inclusive workforce that reflects the people we serve is one of the Civil Service's top workforce priorities. Our collective aim is to make the Civil Service the UK's most inclusive employer by 2020. Our Diversity & Inclusion Strategy outlines how we plan to achieve this. The Civil Service should create opportunities for all in a truly meritocratic way and reward all civil servants fairly, regardless of gender, ethnicity or any other personal characteristic.

The DWP and its executive team are committed to tackling the gender pay gap. We believe transparency is crucial to this, and identifying the root causes to effectively tackle our pay gap will enable us to better support our female employees, make our organisation more representative of the population we serve, alongside increasing productivity and organisational performance.

We acknowledge that it is not only morally right and strategically important to eliminate the gender pay gap, but we also recognise the economic case for achieving gender parity.

Given this, we are working closely with our Diversity and Inclusion team and others to continue to promote, build and further develop initiatives and programmes to narrow the gender pay gap. These include continuing to build on actions that we included in our report last year which we know have worked well, such as use of anonymised recruitment, diverse panels and shortlists. Alongside our long standing commitment to significant investment in Civil Service talent schemes for under-represented groups. In addition, we have taken new and additional actions for example, setting a gender parity target for the SCS, targeted work on addressing gender balance during attraction and recruitment and introducing a 6 month Positive Action Pilot "Catalyst".

1. Recruitment, retention and developing a diverse workforce

DWP understands that our recruitment and retention practices are pivotal to eliminating the gender pay gap; in our organisation this means by breaking down the barriers faced by women progressing to senior roles. DWP is continuously improving how we attract women into the organisation, in both generalist and specialist roles, however our recruitment policies and selection guidance maintain the following as standard:

1.1. Implementation of 'name-anonymised' recruitment since 2016.

1.2. Selection panels must include female representation to ensure gender balance. DWP provides training for all selection panel members to highlight principles of fair recruitment.

1.3. Use of gender-neutral language in job adverts and inclusive language in all communications to gain the attention and interest of diverse applicants; this is done through the use of language checking software where possible.

1.4. Vacancies must be advertised as equally available to all working patterns, and must not be restricted unless there is a strong business justification. Vacancy holders must objectively consider any requests for alternative working patterns in order to attract and retain candidates that require flexible working.

1.5. We have updated our recruitment methodology and have begun using Success Profiles. The Success Profiles Framework moves recruitment away from using a purely competency based system of assessment. It introduces a more flexible framework which assesses candidates against a range of elements using a variety of selection methods. This will give the best possible chance of finding the right person for the job, driving up performance and improving diversity and inclusion. The elements that can be assessed to find the best candidate for the role are: behaviours, strengths, ability, experience and technical.

1.6. Diverse shortlists as standard, with Director General (DG) sign-off required by exception for all male interview shortlists. DG sign-off is also required for all Senior Civil Servant (SCS) appointments.

1.7. In addition to this, we are currently taking action in the following areas:

- DWP has set the target that by 2025 we will achieve gender parity of 50% for all newly promoted SCS; this figure applies only to those new to DWP, or new to the SCS role within DWP.
- DWP invested significantly in a Senior Leadership promotion campaign to create a new cadre of SCS leaders who, through mentoring and development, will continue to build and acquire behaviours and leadership qualities of future Director Generals and Permanent Secretaries. The resulting diversity mix from this campaign was high, with 67% successful female applicants.

1.8. Targeted work on addressing the gender balance during the attraction and recruitment stage is also being undertaken in tandem with the SCS Talent Recruitment team. This includes:

- The introduction of ‘Lunch and Learn’ informal informational calls to introduce more women to the SCS recruitment process.
- The funding of an upcoming trial on a Digital recruitment campaign of the ‘Be Applied’ tool developed by the Behavioral Insights Team, which anonymises applications in order to remove bias during the recruitment process.
- We are also examining ways to build up our talent pipeline and improve attraction of women into STEM careers earlier in their school career, by looking into partnering with coding clubs and promoting our digital career opportunities more in schools and universities.
- Investigation into external best practice in attraction and recruitment of women into under-represented business areas. Enhanced LinkedIn and Glassdoor profiles are now in place to reach a wider audience in the technical and professional sphere.
- An investigation into the last 12 months SCS recruitment campaigns to understand where under-represented groups fall out of the process, with a view to providing additional support, or troubleshooting any diversity issues found in our application process.

2. Progression and building a diverse talent pipeline

2.1. We continue to actively promote participation in talent and leadership development programmes including: Civil Service Positive Action Pathway (PAP), which is a development scheme only open to colleagues from diverse or underrepresented groups; Future Leaders Scheme (FLS); and Senior Leaders Scheme (SLS). We closely monitor the diversity of all applicants throughout each stage of the application processes. Female applicants and those progressing to interview for the current FLS and SLS intakes are broadly reflective of the gender split at these grades. To help build on the levels of successful female applications, G6/7 participants in PAP applying for FLS and SLS are given a guaranteed interview, and additional support with interview preparation.

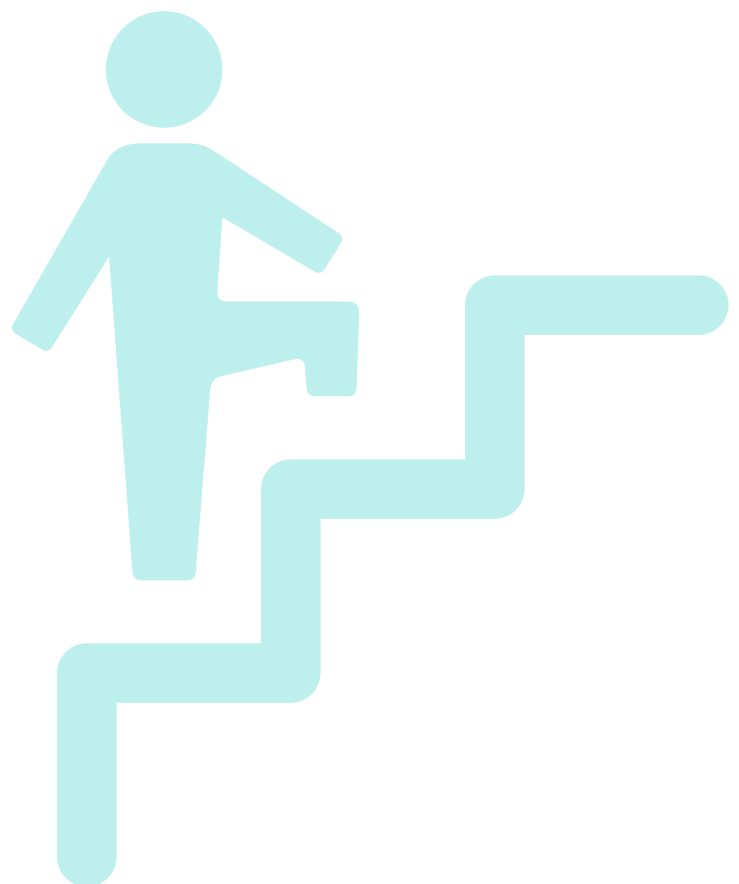
2.2. Following the SCS recruitment campaign (para 1.7), a 6 month Positive Action Pilot “Catalyst” was put in place to support a cohort of senior women, BAME and disabled individuals to grow confidence and reach their full potential. This commenced in September 2018.

2.3. DWP nominated an additional cohort of women to take part in an external. Leadership Summit with the aim of building a sustainable pipeline of female talent to SCS.

2.4. Identifying and developing talent through Talent Alliance which has remained a priority with G6/7/SCS1 colleagues supported through 1-2-1s, mentoring and talent events to ensure a strong succession pipeline into the SCS.

2.5. Within DWP we have a board level Gender Diversity Champion, who chairs bi-monthly Gender Steering Group meetings to identify and address gender representation and inclusion barriers. DWP also has a Deputy Director level Gender Champion from our Operational business area who is role modelling and championing gender issues. Our Gender Champions ensure senior level buy-in and commitment required for a cultural shift in this area. Some specific actions taken include (see next page):

- DWP's Gender Champion previously commissioned a Gender Parity Survey report, to investigate barriers and perceived obstacles for women from feeder grades (G6/7) to progress in to Senior Civil Service positions. Following this, a tailored Gender Strategy has now been developed, bringing together the recommendations of the survey along with priority areas for action and high level targets, with the goal of reaching our gender parity commitment.
- Funding of a Crossing Thresholds Pilot aimed at SEOs within Operations who have been identified as ready to move into a G6/7 role.
- Continued membership to Business in the Community's (BITC) Gender Campaign which we have made extensive use of to gain knowledge of best-practice and are currently working with BITC to identify best practice in attracting women into DWP senior roles.



3. Career Paths

3.1. Colleagues have access to a number of staff networks to support them throughout their careers and progression including the DWP Returners Network and the Job Share Network. Those specifically focused on supporting women include the DWP Women's Network, which has regional branch offshoots in the North East/North West, the Women in Digital Network, and the Menopause Network. The DWP Gender Champion continues to regularly meet with national staff network leads and this year funding has been made available to networks to support gender activities in service of meeting our gender objectives.

3.2. Those about to take a break from DWP or newly returning have access to the support of a DWP Returners Network, which is in the process of being re-launched. The network is intended to act as a point of mutual support to enable individuals to keep in touch with colleagues in DWP whilst away from the department, and stay up-to-date on their skills, major organisational changes, and opportunities.

3.3. DWP also provides guidance on planning and managing long-term breaks including advice and support on how to have career interviews. We are also currently piloting "Career Reviews" to explore career options and financial wellbeing, well in advance of retirement.

3.4. We are participating in the Civil Service Returners Programme which offers placements to individuals who have been out of work for an extended period and provides the opportunity to experience the breadth and depth of careers in the Civil Service. The returner placements will provide the opportunity for people to be involved in delivering key government objectives, providing the chance to refresh and test their skills and experience, or build up and gain insight into new areas of interest.

4. Promoting a Family friendly DWP

4.1. We at DWP actively promote flexible, home-working, job-sharing and part-time working to support employees with caring responsibilities and encourage a good work-life balance. Awareness and support of those with caring responsibilities is embedded into all of our HR policies and our commitment to this is strengthened by DWP's membership to the Employers for Carers forum.


4.2. DWP is taking steps to increase the promotion of Shared Parental Leave (SPL). In order to provide parents with more flexibility in how to share time off work after their child is born or placed for adoption, we encourage and support a shared parental leave policy that exceeds statutory provisions throughout the Department.

4.3. Information on SPL will be specifically targeted towards men during International Men's Day with the goal of increasing awareness and uptake amongst men. We are reviewing our intranet pages to ensure information regarding policies on childcare/ carers leave is delivered in a gender balanced fashion.

4.4. The 'I Can be me in DWP' campaign was launched in September 2017 during National Inclusion week, with the simple aim to encourage and enable people and teams to talk about inclusion openly, and what it takes for them to feel they can be themselves at work. Sharing of 'I Can Be Me' stories to promote inclusion and increase awareness and understanding of personal differences has included candid stories and blogs from Senior Leaders on their own personal and family circumstances. The campaign has not only brought inclusion to the forefront, but has driven a cultural shift towards embracing that we are all individuals with lives and responsibilities outside of the workplace that can affect our health, wellbeing and work. Through 'I Can Be Me' colleagues are now proactively sharing their stories and are encouraged to ask DWP for what they need to bring their full self to work.

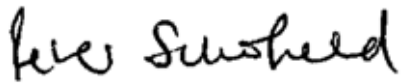
Declaration

We confirm that data reported by the Department for Work and Pensions is accurate and has been calculated according to the requirements and methodology set out in the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.



Human Resources Director General:

Debbie Alder



DWP Permanent Secretary:

Peter Schofield





Department
for Work &
Pensions

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Department for Work & Pensions
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