



**Ministry
of Defence**

Gender Pay Gap

Reporting Year 2021/2022

Ministry of Defence Civil Servants (including Agencies)

(snapshot taken 31 March 2022)

24 November 2022

Contents	Page
<u>Introduction</u>	3
<u>Headlines</u>	4
<u>Declaration</u>	4
<u>Organisational Context</u>	5
<u>Gender Pay Gap</u>	7
<u>Gender Bonus Gap</u>	9
<u>Pay Quartiles</u>	12
<u>Actions</u>	13

Introduction

The Ministry of Defence (MOD) has prepared this report as part of the legal requirement for public authorities to public their gender pay gap on an annual basis.

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 (the 2017 Regulations) 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 median¹ and mean² gender pay gaps; the median and mean gender bonus gaps; the proportion of men and women who received bonuses; and the proportions of male and female employees in each pay quartile.

This report fulfils the Department's reporting requirements, analyses the figures in more detail and describes what we are doing to close the gender pay gap in the organisation. This report is also in line with the recommendations made from the National Statistician's Inclusive Data Taskforce report, published September 2021.

The reporting period is from 1 April 2021 to 31 March 2022.

What is Gender Pay Gap Reporting?

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 may indicate there are number of issues to deal with.

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, broadly similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or woman.

The gender pay gap is based on hourly pay excluding overtime. This is calculated in line with Annual Civil Survey Employment Survey and the 2017 gender pay gap regulations. Hourly pay is the sum of ordinary pay and any bonus pay (including any pro-rated bonus pay) that was paid in the pay period which ends on the snapshot date (31 March 2022).³

Since the first publication of the Gender Pay Gap report⁴, there has been a gradual reduction in the following: the median gender pay has reduced from **14.6%** (2017) to **7.8%** (2022) and mean gender pay gap has reduced from **12.5%** (2017) to **7.9%** (2022). From 2017 to 2022, there has been a sustainable positive trend with increasing numbers of females in the upper pay quartiles **26%** (2017) to **32%** (2022).

¹ The median average is the middle number in a sorted dataset, taken as the average of the two middle numbers when the sequence has an even amount of numbers.

² The mean average is found by calculating the sum of the values and dividing by the number of values.

³ For more information on gender pay gap calculations: <https://www.gov.uk/guidance/the-gender-pay-gap-data-you-must-gather#hourly-pay>

⁴ 2017 Gender Pay Gap - [MOD Gender Pay Gap Report 2016/17 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Headlines

The UK National gender median pay gap 2022 was **14.9%**⁵, down from 15.1% in 2021. MOD compares favourably with this:

Gender Pay Gap⁶:

MOD Civil Servants

Median pay gap of **7.8%**, down **1 percentage points** from last year.

Mean pay gap of **7.9%**, down **1.8 percentage points** from last year.

Gender Bonus Gap:

MOD Civil Servants

Median bonus gap of **16.7%**, down **2.7 percentage points** from last year.

Mean bonus gap of **14.7%**, up **0.1 percentage points** from last year.

Declaration

We confirm that data reported by the Ministry of Defence 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.

David William, Permanent Secretary

Lt Gen James Swift, Chief of Defence People

⁵ The UK National Median figure quoted as **14.9%** is for 2022 as quoted in the 'Annual Survey of Household Earnings (ASHE)'. Which can be found here:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2022>

⁶ Percentages are rounded to one decimal place. Changes in percentages are calculated on unrounded data therefore percentage point changes quoted in the tables and text may not always be the same as differences calculated from the rounded figures shown in the tables.

Organisational context

Strategic approach

Defence is increasingly challenging itself to become a more equal, diverse, and inclusive organisation. We recognise that Diversity & Inclusion (D&I) is more than legally and morally right, it is mission critical, it is essential to our operational effectiveness, and it ensures we can safeguard the security, stability, and prosperity of our nation.

The Ministry of Defence supports the fair treatment and reward of all staff irrespective of gender. The Department is committed to developing a more inclusive culture within Defence and a diverse workforce at all levels. The Civil Service and MOD Diversity & Inclusion Strategy outline how we plan to achieve this.

MOD has integrated D&I guidance into all parts of its planning and decision making. Equality and inclusion has been, and continues to be, a priority for Defence and while we have made encouraging progress, reports including the House of Commons Defence Committee Inquiry into Women in the Armed Forces⁷, the Wigston Review and the Gray Report into Unacceptable Behaviours⁸ have highlighted we still have further to go to achieve the essential cultural change necessary to ensure that we are as open, inclusive, fair and equal as all high-performing organisations need to be. However, Defence is starting to deliver clear, tangible progress, positively impacting the experience of our people.

The organization fully supports the delivery of the 2018-2030 “A Force for Inclusion” strategy⁹, which is intended to transform Defence through enabling a step-change in the diversity of our workforce and continues to create a culture that is centered on respect, integrity, and courage. In publishing this whole force Defence D&I Strategy, Defence made a clear and public statement of our intent and action.

An important component of the D&I Strategy is making inclusion part of ‘business as usual’, aiming to drive substantial change through embedding this within our leadership and culture and increasing the retention and progression of people from under-represented groups. This holistic approach is essential if we are to attract and retain talent from all parts of UK society.

Organisational structure

The Ministry of Defence is made up of 19 organisations: Head Office, four Military Commands, the Defence Nuclear Organisation, UK Space Command and 12 Enabling Organisations.

The MOD civilian gender pay gap report includes the following organisations in its scope:

⁷ <https://committees.parliament.uk/publications/6959/documents/72771/default/>

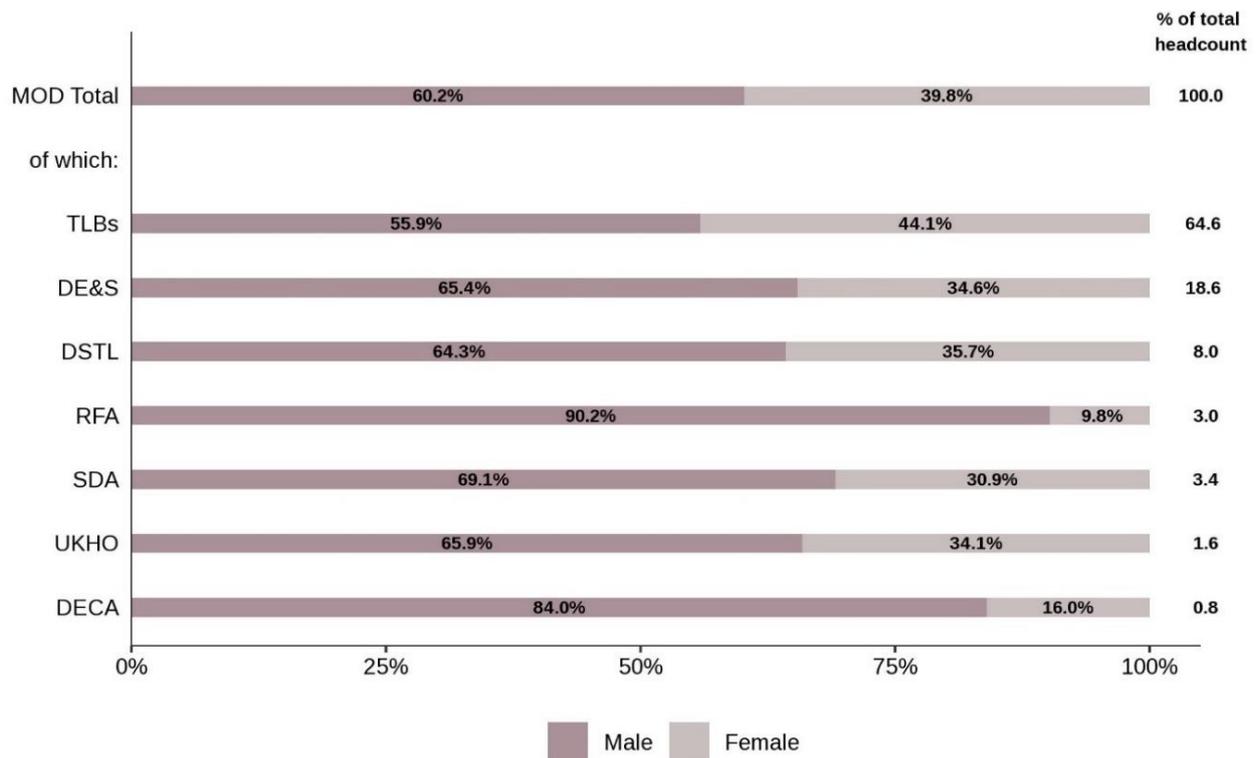
⁸ <https://www.gov.uk/government/publications/wigston-review-into-inappropriate-behaviours> and [Unacceptable behaviours-progress review 2020 \(publishing.service.gov.uk\)](https://www.gov.uk/government/publications/unacceptable-behaviours-progress-review-2020)

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746911/20180806-MOD_DI_Plan_A4_v14_Final-U.pdf

Top Level Budget Holders (TLBS)¹⁰: Head Office and Corporate Services, Defence Infrastructure Organisation, Military Commands (civilian staff only), Defence Nuclear Organisation.

Agencies: Defence Science and Technology Laboratory (Dstl), Defence Electronics & Components Agency (DECA), Defence Equipment & Support (DE&S), Royal Fleet Auxiliary (RFA), Submarine Delivery Agency (SDA) and the UK Hydrographic Office (UKHO).

Graph 1. Gender ratio of MOD civilian personnel by agency, as of 31 March 2022



As of 31 March 2022, the MOD civilian personnel headcount was 57, 830.

¹⁰ The major organisational groupings of the MOD directly responsible for the planning, management & delivery of departmental capability.

Gender Pay Gap

MOD Civil Servants:

For the financial year 2021/22, there is a **median pay gap of 7.8%** in favour of men, a decrease of 1 percentage point, and a **mean pay gap of 7.9%**, a decrease of 1.8 percentage points from financial year 2020/21. Average pay for men remains higher than that for women, however there has been a reduction in the mean and median gender pay gap. This reduction in the gender pay gap reflects the movements of women to higher pay quartiles (see [Pay Quartile](#) on page 12 for quartile changes). There remains a disproportionately high number of men in the highest pay quartile.

Table 1. MOD Civilian Mean and Median Pay Gap

Reporting organisation(s)	Pay Gap	
	Mean	Median
MOD overall	7.9%	7.8%
MOD (excl. agencies)	3.9%	11.3%
Defence Science and Technology Laboratory	8.4%	14.9%
Defence Electronics and Components Agency	-7.2%	4.6%
Defence Equipment and Support	9.7%	11.9%
Royal Fleet Auxiliary	15.1%	6.2%
Submarine Delivery Agency	10.1%	13.1%
UK Hydrographic Office	5.2%	0.0%

Whilst not all the drivers of the gender pay gap are directly related to the Department's pay mechanisms – societal, demographic, occupational segregation, workforce location all play a part – some elements will correlate directly. Pay progression¹¹ was ended by the Department in 2010; removing the ability to directly move all employees through set pay scales. Since 2013, MOD pay settlements policy has purposefully targeted greater increases towards the bottom of the pay scales, whilst giving smaller awards to those employees closer to the pay scale maximum.

Following the Civil Service pay pause¹² in 2021, the Department aims to take a similar approach to the application of the 2022 civilian pay awards, enabling the shortening of pay scales and thus the reduction of pay differentials between those on the maximum and minimum of each scale. As there is generally a higher proportion of women in the bottom quartile of each pay scale, this approach is having a positive effect on reducing the Gender Pay Gap.

¹¹ The Department moved away from time-served progression with effect from 2010. Since that time, any increase to pay has been through the annual pay award.

¹² <https://www.gov.uk/government/publications/civil-service-pay-remit-guidance-202122/civil-service-pay-remit-guidance-202122>

Whilst affordability remains a significant challenge for the Department, an explicit part of the success criteria for ongoing civilian reward is to drive a further reduction in the Department's civilian gender pay gap.

Overall, the Department's position compares favourably with the UK's national median gender pay gap of **14.9% for 2022** but highlights that the MOD still has further to go. We will continue to look for ways in which this may be reduced yet further (see ['Actions'](#) on page 13 of report).

Gender Bonus Gap

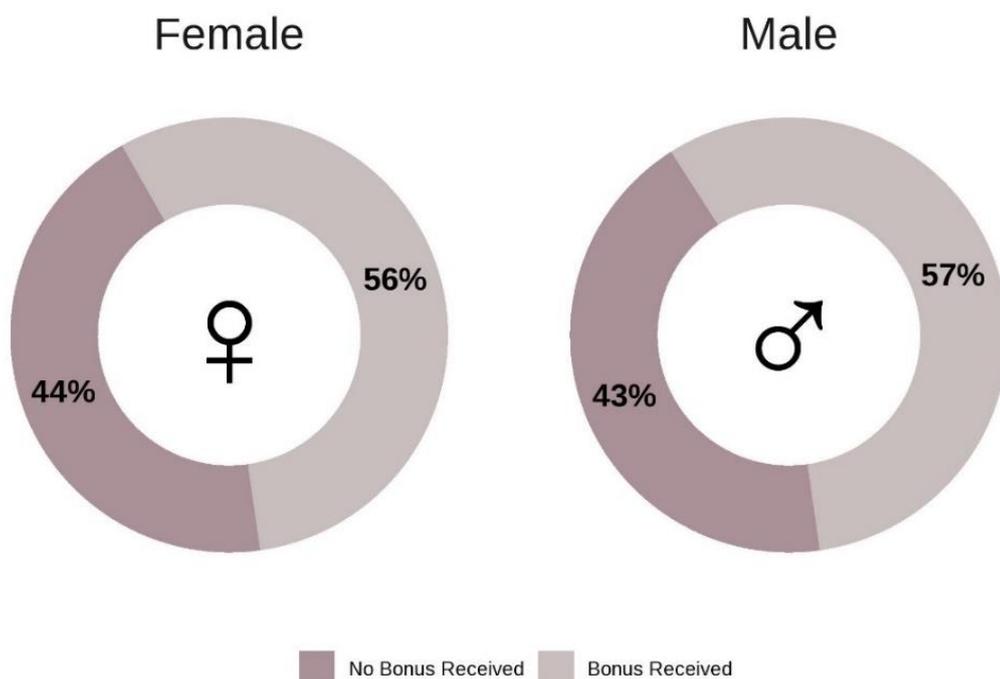
MOD Civil Servants:

For the financial year 2021/22, there is a **median gender bonus gap of 16.7%** in favour of men, a decrease of 2.7 percentage points and **mean gender bonus gap of 14.7%**, an increase of 0.1 percentage points from financial year 2020/21. While a higher proportion of women received bonuses in financial year 2020/21, the value of bonus payments to women is lower than those awarded to men.

Table 2. MOD Civilian Mean and Medium Bonus Gap

Reporting organisation(s)	Bonus Gap	
	Mean	Median
MOD overall	14.7%	16.7%
MOD (excl. agencies)	0.5%	4.0%
Defence Science and Technology Laboratory	-0.1%	-6.7%
Defence Electronics and Components Agency	-7.0%	0.0%
Defence Equipment and Support	16.9%	13.9%
Royal Fleet Auxiliary	8.7%	0.0%
Submarine Delivery Agency	22.4%	24.0%
UK Hydrographic Office	5.9%	0.0%

Graph 2. Percentage of MOD Civilian Gender Bonus Gap Male and Female



56.8% of male employees (a decrease of 2.2 percentage points from last year) and 55.9% of female employees (a decrease of 0.3 percentage points from last year) received a bonus.

Table 3. MOD Civilian Male and Female receiving a bonus

Reporting organisation(s)	Percentage of individuals receiving a bonus	
	Male	Female
MOD overall	56.8%	55.9%
MOD (excl. agencies)	39.5%	45.0%
Defence Science and Technology Laboratory	86.8%	87.1%
Defence Electronics and Components Agency	[c] ¹³	[c]
Defence Equipment and Support	81.7%	82.5%
Royal Fleet Auxiliary	86.8%	81.5%
Submarine Delivery Agency	74.0%	81.0%
UK Hydrographic Office	81.1%	83.2%

MOD Top Level Budgets¹⁴

MOD TLBs represent the largest proportion of the MOD Civil Servant workforce, (64.6% of all MOD Civil Servants including agencies) and therefore TLBs are likely to have had an impact on the 4.0 percentage point rise in the median bonus gap. While we see this large increase in the median bonus pay gap, the mean bonus pay gap has only risen **0.1 percentage points**; the median compares bonuses of the middle male and female personnel, in this case for MOD Main TLB(s) the middle male's bonus is £625 whereas the middle female's bonus is £600 causing the 4% bonus gap. The proportion of men receiving a bonus in MOD TLBs has decreased by 2.2 percentage points (41.7% - 39.5% from 2021 to 2022) whereas the proportion of women receiving a bonus remains largely unchanged (45.5% - 45.0% from 2021 to 2022).

The 2021/22 in-year reward scheme allowed staff to be rewarded for high performance against one or more of their objectives and for demonstrating excellent behaviours. The scheme allows all staff (below Senior Civil Servants) the opportunity to receive 5 awards, up to a total value of £5000, in any financial year. This is monitored by the Performance Management team who receive management information reports on usage of the scheme outlining total spend, the number of awards given and the average value of awards each quarter. The team also receives a diversity report which breaks down the data by a number of characteristics, including gender and will be discussing these detailed findings with senior leaders to agree next steps.

¹³ [c] = confidential and suppressed due to organisation having fewer than 250 staff in-post.

¹⁴ The major organisational groupings of the MOD directly responsible for the planning, management & delivery of departmental capability.

Defence Equipment & Support (DE&S)

DE&S has an impact on the median gender bonus gap for all MOD Civil Servants. Despite their median bonus gap decreasing by 3.9 percentage points from financial year 2020/21, it still stands at 13.9% in favour of men. The mean gender bonus gap has decreased by 2.5 percentage points to 16.9% in favour of men in the financial year 2021/22. DE&S have improved their gender pay gap statistics this financial year 2021/22.

The same eligibility criteria were used as previous years for pay and reward, with performance ratings ranging from 1 – 5. Performance award levels varied according to grade within the organisation and are only paid to individuals with a performance rating of 1 – 3. Performance awards were paid as a one-off non-pensionable lump sum payment in July 2021. There are a greater number of male employees to female at the higher grades; with higher percentage of award payable to the higher grades, also impacting the gender bonus gap.

Submarine Delivery Agency (SDA)

SDA recorded a 24% median bonus gap and 22.4% mean bonus gap in favour of men in financial year 2021/22. SDA operates a market-facing pay system to recruit the people needed to manage this highly complex enterprise and the current SDA gender split (civilian population) is 69.1% male to 30.9% female.

SDA Performance Awards paid in 2021 were calculated using the agreed upon methodology that is influenced by both individual and organisational performance. This was different from 2020 when all staff received a standard performance marking (due to pandemic). This has had the impact of increasing the gender pay gap as a standard performance award spread has been applied in 2021. The Performance awards also provide a higher percentage award for staff in higher grades. The top two grades have a lower percentage of women than the three lower grades. This led to more differentiation and a higher mean and median bonus gap than previous years. SDA implemented a new reward structure in 2022 and will be implementing a new performance award methodology for performance year 2022/2023 to improve both its effectiveness at recruiting and retaining a talented workforce but also to reduce gender pay gap differentials.

Pay Quartiles

The pay quartiles data shows the proportion of men and women in each pay quartile, when staff are arranged in order of hourly pay rate.

Graph 3. Percentage of MOD Male and Female in each pay quartile

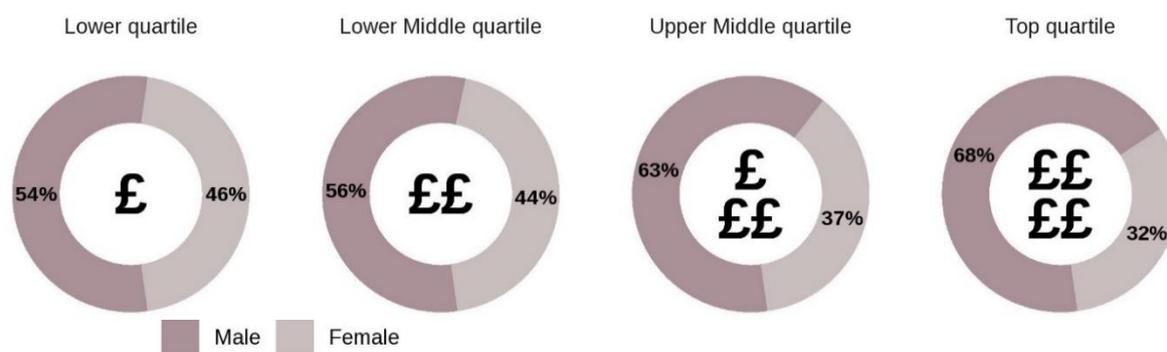


Table 4. MOD Civilian Male and Female in each pay quartile for 2022/21 and 2021/22

Quartile	2020-21		2021-22		Female pp change
	Female %	Male %	Female %	Male %	
First (lower) quartile	47.2%	52.8%	45.5%	54.5%	-1.7 pp
Second quartile	42.5%	57.5%	44.4%	55.6%	+1.9 pp
Third quartile	37.5%	62.5%	37.3%	62.7%	-0.2 pp
Fourth (upper) quartile	30.4%	69.6%	32.0%	68.0%	+1.6 pp

Table 5. Distribution of MOD Civilian Females through the each pay quartile

Reporting organisation(s)	Percentage of females in each pay quartile			
	Lower	Lower Middle	Upper Middle	Upper
MOD overall	45.5%	44.4%	37.3%	32.0%
MOD (excl. agencies)	49.3%	45.0%	41.9%	40.2%
Defence Science and Technology Laboratory	44.0%	37.7%	33.6%	26.2%
Defence Electronics and Components Agency	[c]	[c]	[c]	[c]
Defence Equipment and Support	43.6%	37.5%	30.8%	26.6%
Royal Fleet Auxiliary	16.7%	8.8%	7.4%	
Submarine Delivery Agency	36.4%	38.1%	25.9%	22.6%
UK Hydrographic Office	37.0%	38.3%	34.8%	26.4%

Targeted action to reduce and close the Gender Pay Gap

The Ministry of Defence is committed to continuing to reduce its gender pay gap and has a range of initiatives in place to do this, helping to create an inclusive culture, including:

D&I Strategy and Guidance

- The D&I Directorate, established in 2021, brings together Service Justice, Service Complaints and Diversity and Inclusion expertise this reflects Defence's commitment to make significant progress to improve the experiences of its people.
- Defence continues to develop and implement a wide range of interventions to ensure that all of our people, regardless of gender or other characteristics, can have their effort and skills recognised, their individuality and experience respected and are able to achieve their full potential.
- Defence continues a range of work to prevent and tackle unacceptable behaviour. Strengthened policy outlining zero-tolerance towards unacceptable sexual behaviour was published in July 2022. Alongside mandatory Active Bystander training and climate assessments, these measures foster an inclusive working environment.
- Defence has refreshed and updated Menopause guidance for line managers and staff. There is also an active whole force Menopause Network which is raising awareness, improving understanding, highlighting sources of support and providing a safe space for those experiencing menopause, their Chain of Command, colleagues, friends and families to share experiences and learn from each other.

Reward Strategy

- The annual pay awards for Civilian employees within MOD TLBs have for many years been targeted in order to provide greater increases to individuals at the bottom end of each pay scale. This has helped to shorten the gap between the top and bottom of each pay scale. As there is generally a higher proportion of women in the bottom quartile of each pay scale, this approach is having a positive effect on reducing the Department's Gender Pay Gap. Whilst this approach was stopped during the Civil Service pay pause¹⁵ in 2021, we will continue to apply this targeting in the application of the 2022 Civilian pay award.
- MOD has continued to voluntarily publish an annual equal pay audit each year¹⁶. This year's report highlights that within the same grade, the difference in the average salary between female and male employees is much lower than the overall gender pay gap figure. For example, when average basic salary is adjusted for an individual's length of service in substantive grade, then there is no substantial difference (less than 0.5%) between male and female average annual salary for all grades.

¹⁵ More information can be found - <https://www.gov.uk/government/publications/civil-service-pay-remit-guidance-202122/civil-service-pay-remit-guidance-202122>

¹⁶ The 2021 report can be found here <https://www.gov.uk/government/publications/mod-equal-pay-audit-report-2021>

Flexible Working

- There is support in place for the civilian staff to work flexibly, including shared parental leave, job sharing and part-time employment opportunities. Flexible working arrangements including hybrid working, mainstreamed across MOD due to the global pandemic, and broadening core to allow employees to arrange their working day to suit personal commitments, e.g., caring responsibilities.

Development Programmes & Support

- During 2021/22 the MOD's civilian Early Talent Programmes: Rise (aimed at AA-EO) 75% of successful applicants are women and Elevate (HEO-SEO) 56% of successful applicants are women.
- MOD has also supported women who are high potential through the Leadership Summit programme. An accelerated development programme specifically designed for women in management roles (Grade 6 and Grade 7) looking to progress on to the Senior Civil Service.
- MOD participates in the Women in Defence UK cross sector mentoring scheme, in which the defence public sector mentor the defence private sector, and vice versa. This means that the Armed Forces and Defence Civil Service, at all levels, and those in the private sector gain invaluable external feedback and perspectives from people with quite different experiences and background, but an in-depth knowledge of the Defence sector.

Staff Networks & Champions

- As a result of MOD's large workforce, peer support is provided through 9 gender focused employee support staff networks across Defence, with over 24 Armed Forces and Civilian gender champions and advocates to ensure a range of views and experiences are heard at senior levels.

Recruitment & Outreach

- In 2021 MOD introduced Textio (software to improve inclusion by reducing unconscious biases in job advertisements) and mandates its use for all cross-Government and external adverts prior to uploading on Civil Service Jobs. We're seeing increased usage, improved quality ratings and positive line manager feedback.
- Work has been undertaken to review our branding and Employee Value Proposition we attract diverse pools of candidates and improve representation rates.