



Ministry  
of Defence

# Gender Pay Gap Reporting Year 2018

Ministry of Defence Civil Servants (including MOD Agencies) &  
UK Armed Forces Report.  
(snapshot taken 31st March 2018)

December 2018

# Background

## What is Gender Pay Gap Reporting?

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<sup>1</sup>; 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, broadly similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.

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 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.

This report sets out information fulfilling 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.

## 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.

Chief of Defence People: Lt Gen Richard Nugee

MOD Permanent Secretary: Stephen Lovegrove

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<sup>1</sup> Based on average hourly pay

## Headlines

UK National gender median pay gap 2018 is **17.9%**, MOD compares favourably with this:

### MOD Civil Servants

**Median** pay gap of **10.9%**, down **3.7 percentage points** from last year.

**Mean** pay gap of **10.5%**, down **1.9 percentage points** from last year.

### UK Armed Forces

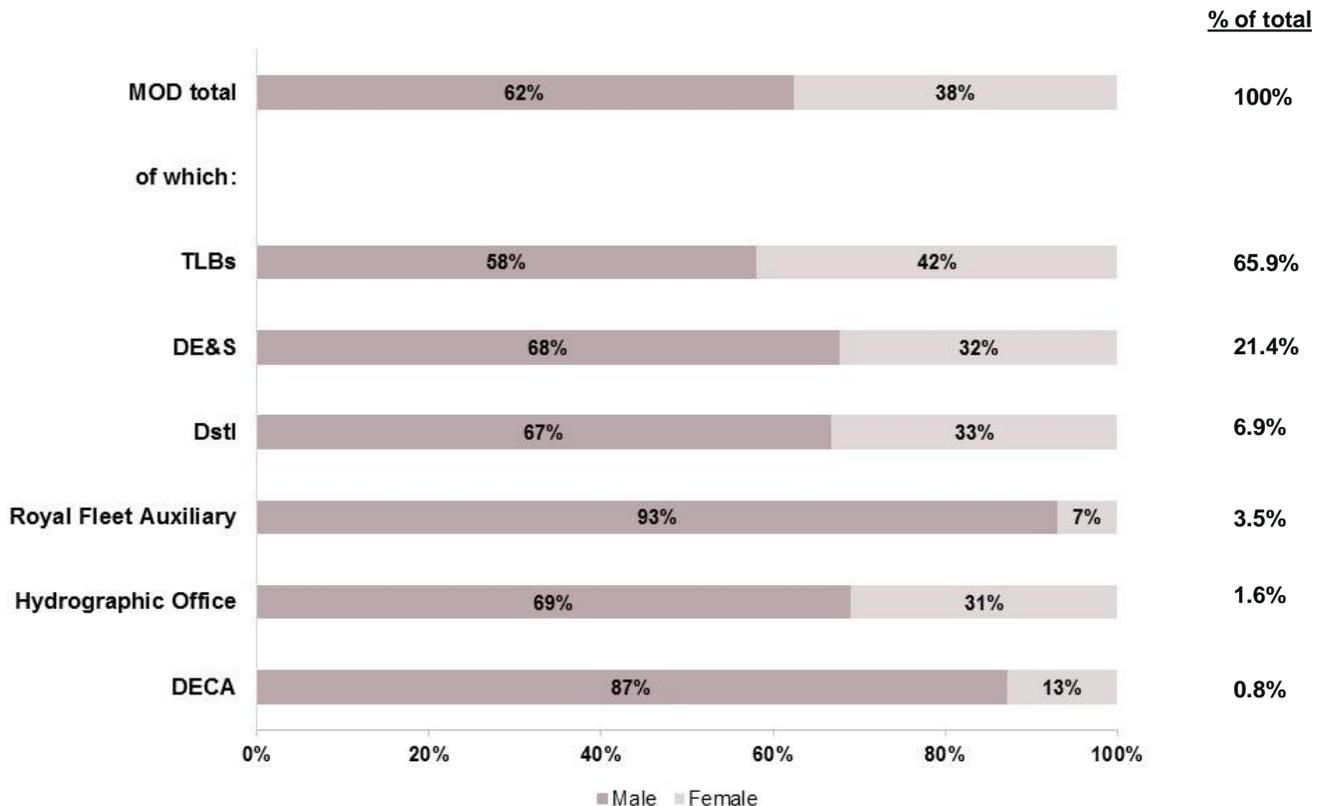
**Median** pay gap of **0.09%**, down **0.13 percentage points** from last year.

**Mean** pay gap of **0.81%**, down **0.12 percentage points** from last year.

## Analysis

The MOD has several agencies<sup>2</sup> whose staff have been included in these figures, as required by the legislation. These include Defence Electronics & Components Agency (DECA), Defence Equipment & Support (DE&S), Royal Fleet Auxiliary (RFA), Defence Science and Technology Laboratory (Dstl), and the UK Hydrographic Office (UKHO).

### MOD Civilian personnel, by group, and gender proportion, as at 31 March 2018



<sup>2</sup> 'Agencies' in this context is a collective description: Dstl and DECA are Executive agencies; UKHO is a Trading fund; RFA is the civilian manned fleet which supports Royal Navy ships; and DE&S are a Bespoke Entity.

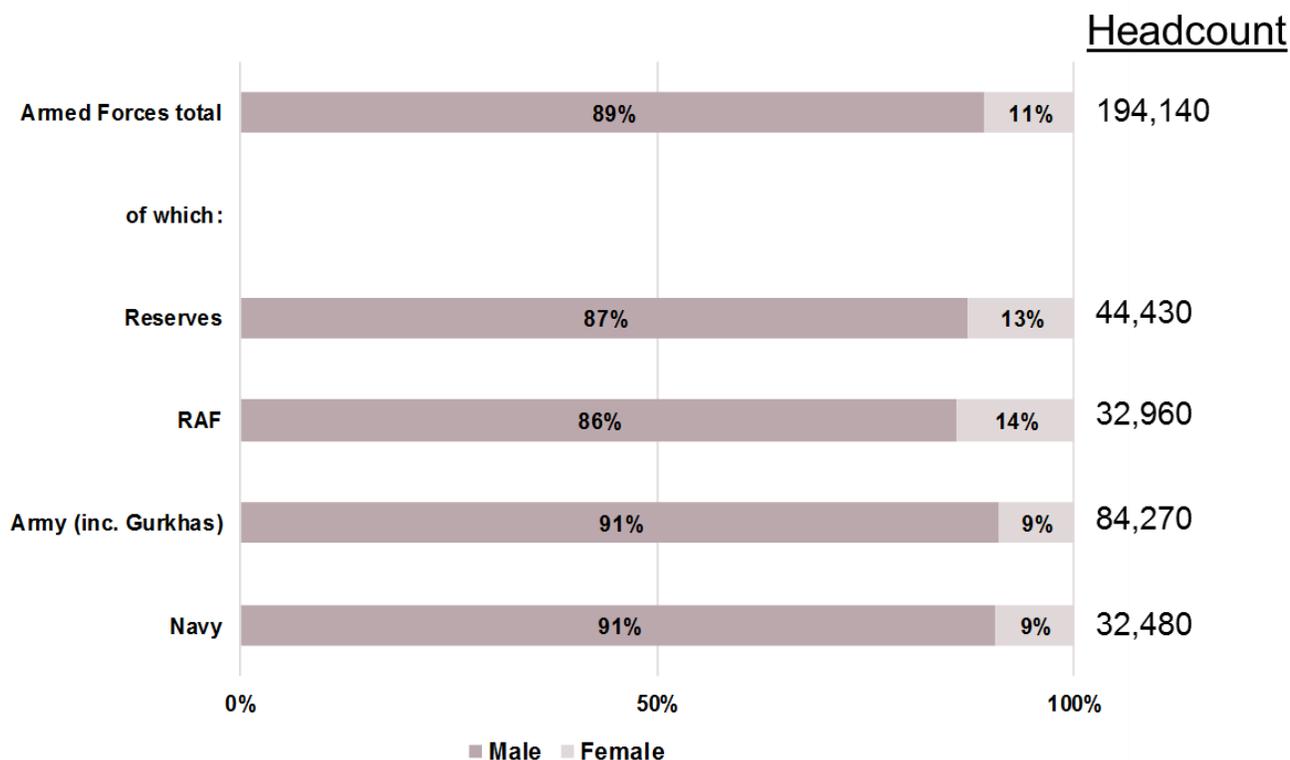
As at 31 March 2018, the MOD civilian personnel headcount was 54,460. Within MOD Main (Top Level Budgets<sup>3</sup>) and DE&S, which make up **87%**<sup>4</sup> of the total, the proportion of Senior Civil Servants who are women was **28.4%**.

Defence has traditionally been a male dominated organisation. As with other industries, the MOD struggles to recruit women into Science, Technology, Engineering and Maths (STEM) roles. However Senior Civil Servants have increased outreach activities, talking at STEM events and schools alongside industry.

## UK Armed Forces

The **UK Armed Forces** are made up of the following: the Royal Navy, Army (including Gurkhas), Royal Air Force and the Reserves.

### MOD UK Armed Forces, by service, and gender proportion, as at 31 March 2018



Source: Defence Statistics (Tri-Service)

<sup>3</sup> The major organisational groupings of the MOD directly responsible for the planning, management & delivery of departmental capability.

<sup>4</sup> There are over a hundred grades that have gone into these calculations (Royal Fleet Auxiliary, Medical, Teachers, Police, Fire), of these 87% can be mapped to the Civil Service grade structure and from this we have calculated our proportion of Civil Servants that are women. The proportion of Senior Civil Servants who are female was determined from MOD Main (Top Level Budgets) and Defence Equipment & Support, whose grade structure alignment allows SCS to be identified.

# Gender Pay Gap

## MOD Civil Servants:

As at 31 March 2018 the Department is reporting a median pay gap of **10.9%**, down **3.7 percentage points**, and a mean pay gap (i.e. the difference between average salaries for men and women) of **10.5%**, down **1.9 percentage points** from last year. The main reason for this change is due to an increase in the proportion of women at all but the bottom two grades. Over the past six years, MOD has made good progress in increasing the proportion of women in managerial grades, which has helped to reduce the gender pay gap. There is still a greater proportion of women at the minimum of each pay scale. Pay progression<sup>5</sup> was removed in 2010. MOD pay awards since 2013 have provided greater increases to individuals at the bottom end of each pay scale in order to shorten the gap between the top and bottom of each pay scale. This has advantaged female staff (more of whom are at the bottom of the pay scale) and has allowed us to reduce the gender pay gap each year since 2013. We will continue to look for ways in which this may be reduced yet further.

## MOD UK Armed Forces:

As at 31 March 2018 the Department is reporting a median pay gap of **0.09%**, down **0.13 percentage points**, and a mean pay of **0.81%**, down **0.12 percentage points** from last year. There are far fewer women in the Other Ranks<sup>6</sup> than men particularly in the Army Other Ranks where women have not previously been able to apply for Ground Close Combat roles, making them ineligible for many Army Other Rank positions. Proportionally there are more women in the Officer ranks than in Other Ranks.

Overall, the Department's position compares favourably with the UK's national gender pay gap of **17.9%**, 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<sup>7</sup>.

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<sup>5</sup> 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.

<sup>6</sup> Other Ranks in the Armed Forces refer to personnel who are not commissioned officers. The ranks that these correspond to include Warrant Officer Class 1 and 2, Chief Petty Officer, Colour Sergeant, Petty Officer, Sergeant, Leading Rate, Corporal, Lance Corporal and Able Rate for the Royal Navy and Royal Marines. For Army these ranks include Warrant Officer Class 1 and 2, Staff Sergeant, Sergeant, Corporal, Lance Corporal and Private. For RAF these ranks include Warrant Officer, Flight Sergeant, Chief Technician, Sergeant, Corporal and Aircraftmen/women.

<sup>7</sup> See 'Actions' on pages 8 & 9.

# Bonus Pay

## MOD Civil Servants:

From 1 April 2017, most of the Department<sup>8</sup> moved away from paying end of year bonus payments to an enhanced in-year reward scheme. A consequence of this significant change is that the mean and median figures and the proportion of male and female staff receiving a bonus in 2018 cannot be directly compared last year.

For the financial year 2017/18, there was a median bonus pay gap of **7.2%** and a mean bonus pay gap of **14.5%**. **53.8%** of male employees and **54.3%** of female employees were paid a bonus. The changes to the bonus systems (see below) have resulted in a greater proportion of staff receiving an award, with a more even split between males and females. Women are more likely to receive a bonus than their male counterparts however the value of bonus payments to women is lower than that awarded to men. The difference in bonus payment levels is statistically significant; the Performance Management team will continue to monitor these differences and make interventions as necessary.

MOD Main civilian staff - The 2017/18 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 MI 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 diversity characteristics, including gender.

DE&S civilian staff - Through the end of year performance management moderation process, performance award eligibility was extended to 70% of the workforce, meaning that all eligible employees (those assessed as good or above relative to their peers) received a performance award. Performance award levels varied according to grade within the organisation, and were paid as a one-off non-pensionable lump sum payment in August 2017. To ensure fairness and consistency of decision making, an HR representative attended every moderation panel, providing advice and guidance to the panel Chair. Performance outcomes across the organisation were also analysed to identify trends and inform improvements in the system.

## MOD UK Armed Forces:

For the financial year 2017/18, there is a median bonus pay gap of **0%**, no change<sup>9</sup> and a mean bonus pay gap of **11.12%**, up 3.24 percentage points, from the previous year. The percentage of personnel receiving a bonus was **21.25%** of males and **24.16%** of females, representing an increase of **0.36%** and **1.07%** respectively. There are no performance-related bonuses for the Armed Forces. There are, however, a range of other payments which fall within the legislation's definition of a bonus, and which mainly support recruitment and retention rather than rewarding

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<sup>8</sup> MOD Main civilian staff have moved to an in-year reward scheme, except for DE&S who have retained their end of year reward scheme.

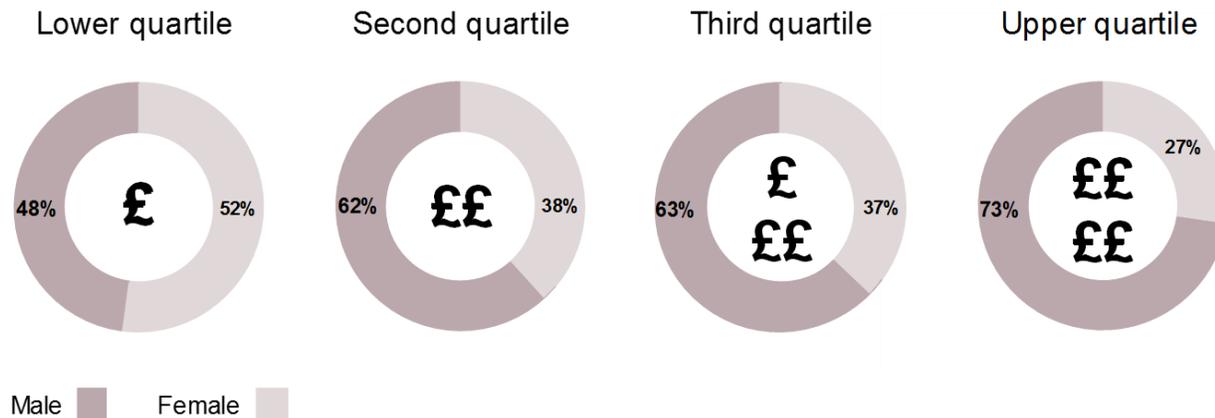
<sup>9</sup> The median bonus payment is £1,759. This is the standard amount given as an 'annual bounty payment' to Reservists and accounts for 29% of female bonuses and 23% of male bonuses. Because of where this amount falls in the range of bonus payments, the median is the same. It is worth noting that 61% of female bonuses are less than or equal to £1,759, compared to 51% for males. This was the same last year which is why there is **no change**.

good performance. The mean gap reflects the fact that the highest value payments are made to cohorts where women are still most under-represented (e.g. submariners, pilots, engineers) as all roles in the Armed Forces have now been opened up to women (including those that receive the higher value payment), over time we would expect see a decrease in the mean bonus pay gap.

## Pay quartiles

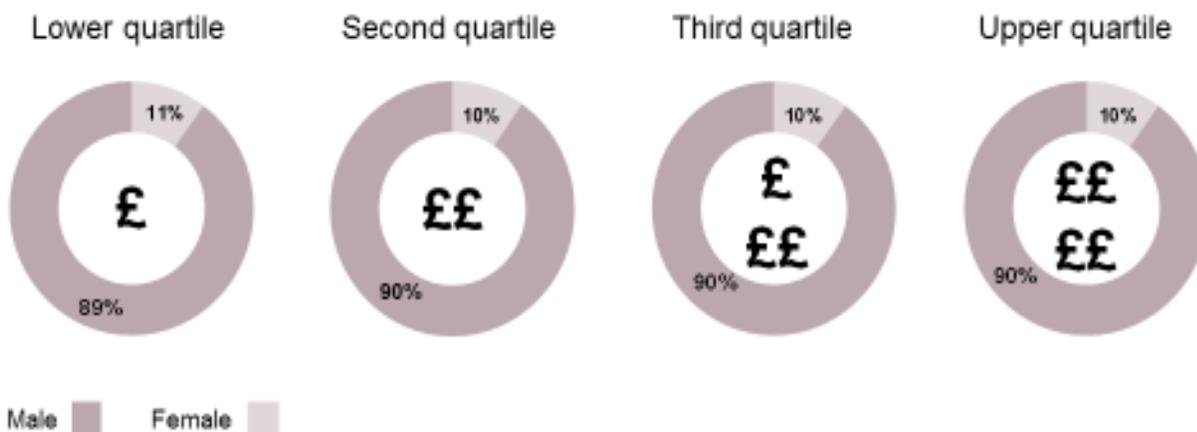
The pay quartiles data shows the proportion of men and women that are in each pay quartile, when we arrange staff in order of hourly pay rate.

### Civilian: Pay quartiles



### Armed Forces: Pay quartiles

#### Percentage of males and females in each pay quartile (MOD Service personnel)



For **MOD Armed Forces**, pay scales are a function of rank, seniority and qualification and are gender blind. However, the Armed Forces are **89%** male and the MOD recognises that more needs to be done to recruit, progress and retain women. Work to address this continues (see pages 8 & 9) so that women have a better understanding of the range of career options available to them in the Armed Forces.

# Actions

**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, including:

## D&I Strategy and Guidance

- The Department-wide Diversity and Inclusion Strategy has been launched, which aims to put inclusion at the heart of the organisation and will examine barriers to progression and ways to overcome those barriers.
- Equality Analysis guidance has been rewritten to ensure MOD's policies are fair and equal.

## Flexible Working

- Support for civilian staff returning to work: through shared parental leave, job sharing, part time opportunities, 'Keeping in Touch' and flexible working arrangements. The Department has also updated its guidance on supporting staff returning from maternity or adoption leave. The Armed Forces have also established Maternity Divisional Officer posts around the UK to support staff during pregnancy/maternity. The MOD is part of the Sodexo Childcare voucher scheme and we have a number of onsite nurseries.
- The Armed Forces already have a range of Flexible Working opportunities in place. From April 2019, Regular Service personnel will be able to request fixed periods of part-time working, or limited separation, as long as operational requirements allow it. We are also planning to make it easier for people to transfer between the Regulars and Reserves to make the most of opportunities within the Reserves to work on a full-time, part-time or voluntary basis

## Development Programmes & Support

- Helping women progress in their careers: through talent management schemes such as the Future Leaders Scheme, the Senior Leaders Scheme, and the Crossing Thresholds programme.
- Mentoring, reverse mentoring and shadowing opportunities are provided to encouraging staff to maximise their potential.

## Staff Networks

- Providing support from staff networks: the Department's Civilian and Military Gender networks run upskilling events and other activities to support women in the workplace.

## Champions

- Senior Gender Champions exist in both the Armed Forces and the Civil Service that provide support to the Networks and act as role models.

## Recruitment & Outreach

- The UK Armed Forces are undertaking a range of activities to encourage women to join including opening up Ground Close Combat roles to women for the first time, more targeted community engagement and marketing activities.

## Recruitment & Outreach (cont)

- Improving the recruitment process to reduce unconscious bias. The Civil Service Recruitment Toolkit was launched in January 2018 to support and upskill recruiting managers on the end-to-end recruitment process (includes guidance on using gender neutral language). Mandated minimum qualifications have been removed.
- Senior Civil Servants speaking and participating in Science, Technology, Engineering and Maths events alongside industry, Civil Service and Military colleagues.
- Anonymising the Civil Service job application process, and encouraging diverse recruitment panels and staff engagement panels (in line with Cabinet Office guidance). For Senior Civil Servant vacancies, the MOD Permanent Secretary must give express permission for interviews to progress to the next stage if there is an all male shortlist.
- Attracting women into Senior Civil Service: we are working on targeted recruitment campaigns to improve job adverts and job descriptions, using gender neutral language, advertising more widely to encourage more women to apply and making better use of social media.
- Pay progression<sup>10</sup> was removed in 2010. Over the past six years, MOD has made good progress in increasing the proportion of women in managerial grades, which has helped to reduce the gender pay gap. MOD pay awards since 2013 have provided greater increases to individuals at the bottom end of each pay scale in order to shorten the gap between the top and bottom of each pay scale. This has advantaged female staff (more of whom are at the bottom of the pay scale) and we have thus been able to reduce the gender pay gap each year since 2013.

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