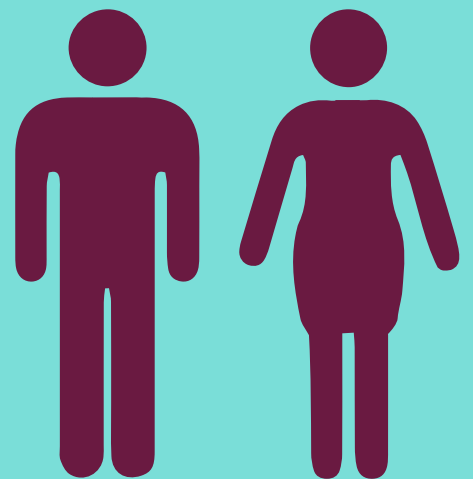


Gender Pay Gap

Report for the year 2016/2017



Department
for Work &
Pensions



DWP Gender Pay Gap Report 2016/2017

The Department for Work and Pensions' (DWP's) approach to pay and reward is just one way in which we promote the fair treatment of our employees, regardless of gender. When we talk about inclusion in DWP we mean that we create a workplace where everyone feels supported, empowered, valued, respected and fairly treated.

Background

Earlier this year, 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 the relevant organisations to publish their gender pay gap data by 30 March 2018, and then annually, including: 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** (GPG) 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.

The DWP promotes the fair treatment of all employees in its pay and reward, irrespective of gender. This report sets out where DWP fulfils reporting requirements and sets out 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 also published these mandatory figures on the Government Equality Office's designated Gender Pay Gap reporting website.

DWP Gender Pay Gap Report 2016/2017

Organisational Context

DWP is committed to building and maintaining an inclusive organisation that recognises and values the inherent worth and dignity of every person. DWP's diversity and inclusion strategy aligns with the Civil Service vision to be the most inclusive UK employer by 2020.

Equality of opportunity is a value core to our ethos and whilst we understand the clear business case for diversity, we are also committed to reducing and closing the gender pay gap because it is the right thing to do. We believe that transparency of equality data and setting clear objectives with accountability at all levels is the route to achieving this.

Organisational 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 automatic 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 have also aimed 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. Honesty 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 2017 snapshot date was 85412 employees. Of this headcount, 81640 employees were in scope for inclusion in the calculation requirements, as set out in the regulations.

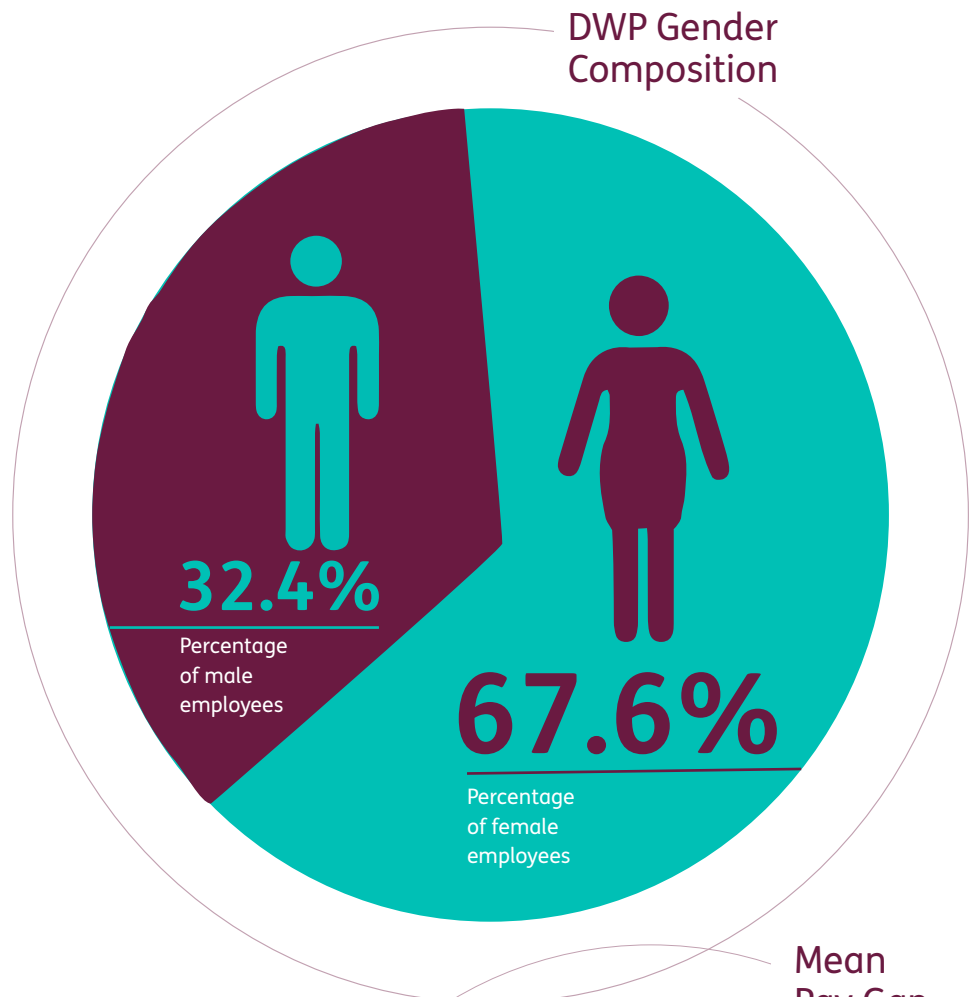
For this first reporting year, we have been unable to include in the reported aggregates those individuals who contract with DWP through a limited company and provide a personal service; this is due to our internal reporting mechanisms. Their exclusion is unlikely to have much effect on the reported figures.

However, where relevant to the legislation, they will be included in future years. DWP does not have other contractors that require inclusion in the calculations as set out in the legislation.

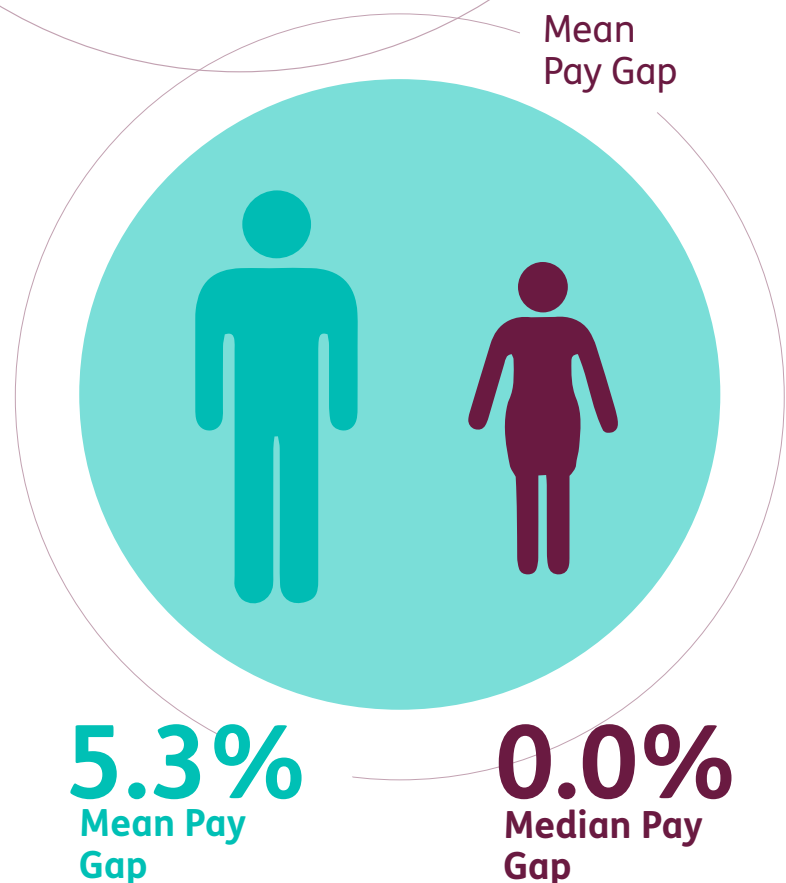
Gender Pay Gap Data

DWP Gender Composition

As visualised in the graph on the right, the gender composition of DWP's workforce, that were in scope of the calculation, shows significantly more female (67.6%) than male (32.4%) employees



At 5.3%, the mean gender pay gap of DWP is significantly smaller when compared with wider Civil Service mean gender pay gap of 10.6% as published by the Office for National Statistics (ONS) in March 2017. DWP has no median gender pay gap, at 0.0%, which also compares favourably with the overall Civil Service's median pay gap of 12.7%.



The ONS published DWP's mean pay gap at March 2017 as 4.9%, 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 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 hopes 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 38.8% compared to men at 61.2%. This demonstrates an under-representation of women in senior grades when compared to the gender composition across the entire department of 32.8% men and 67.2% 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 0.4%. 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 4.5%, and when the Senior Civil Service grades are added increases further to our overall mean pay gap of 5.3%.

- 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. To determine the extent to which the structure of our workforce contributes to our gender pay gap we carried out further analysis to estimate what DWP’s pay gap would be like if we adjusted for this factor. If DWP had a 50:50 male to female gender composition at all grades, our mean gender pay gap would reduce to 0.2%.

Pay Gap Grade breakdown

Grade	AA-HEO	AA-Grade 6	AA-SCS
Mean GPG%	0.4%	4.5%	5.3%

- What contributes to the remaining 0.2% pay differential? Employees in service, prior to the removal of the automatic within grade pay progression policy, will have benefitted from the annual pay progression for having spent a longer length of service in each grade. Within DWP the trends show that men tend to spend longer in senior grades compared to women, and this will have an effect on the mean pay gap.

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 and 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. These AA -HEO employees in service at the time of the deal were able to decide to opt-in or opt-out of the terms.

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	-0.3%	2.5%	0.4%

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 -0.3%, compared against 2.5% for legacy staff

Bonus pay gap

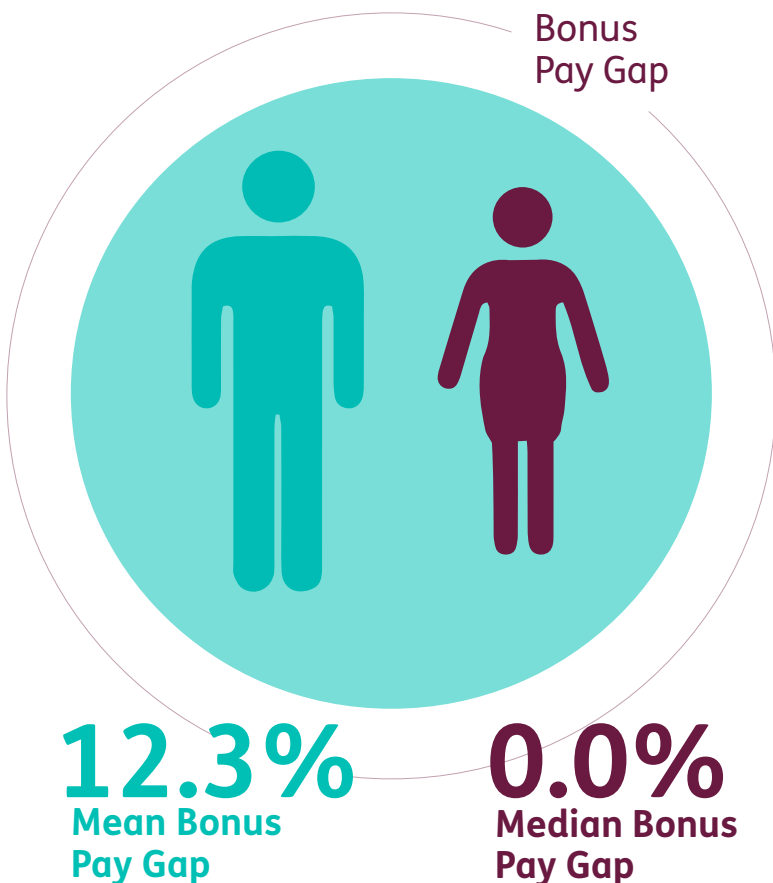
The significant majority of DWP's performance bonus awards were paid as end of year awards, dependent on performance level and grade. These are paid at set values irrespective of gender or any other protected characteristic.

Analysis revealed DWP has a mean bonus pay gap of 12.3% in favour of men, and no median pay gap at 0.0%.

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 (60%) compared to men (27%). This means that under this methodology women will show as receiving disproportionately lower bonuses than men, which accounts for a significant proportion of the 12.3% bonus pay gap.

We calculated that if all bonuses were converted up to the full-time equivalent values, the mean bonus pay gap would reduce to 1.1%.

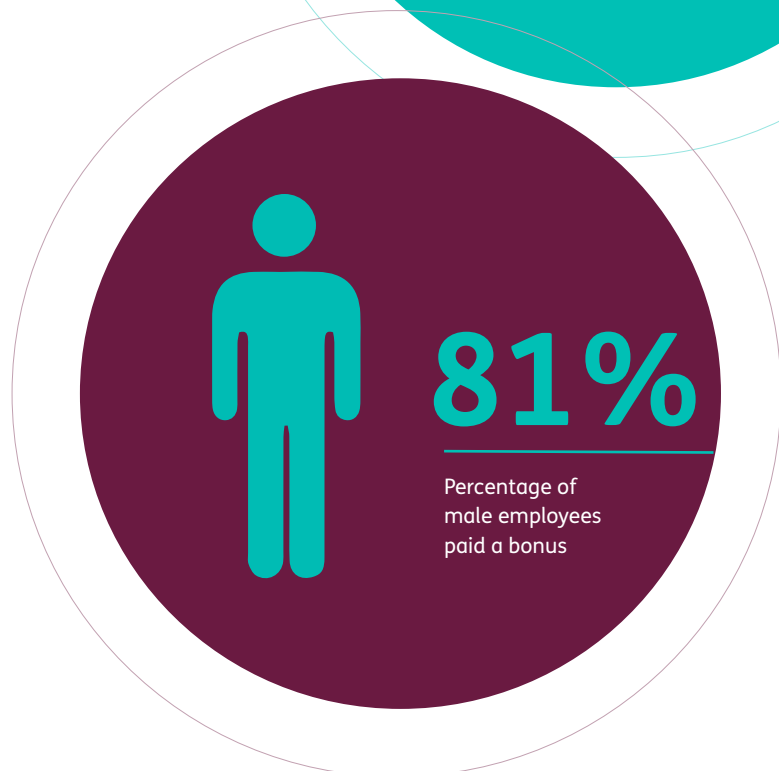
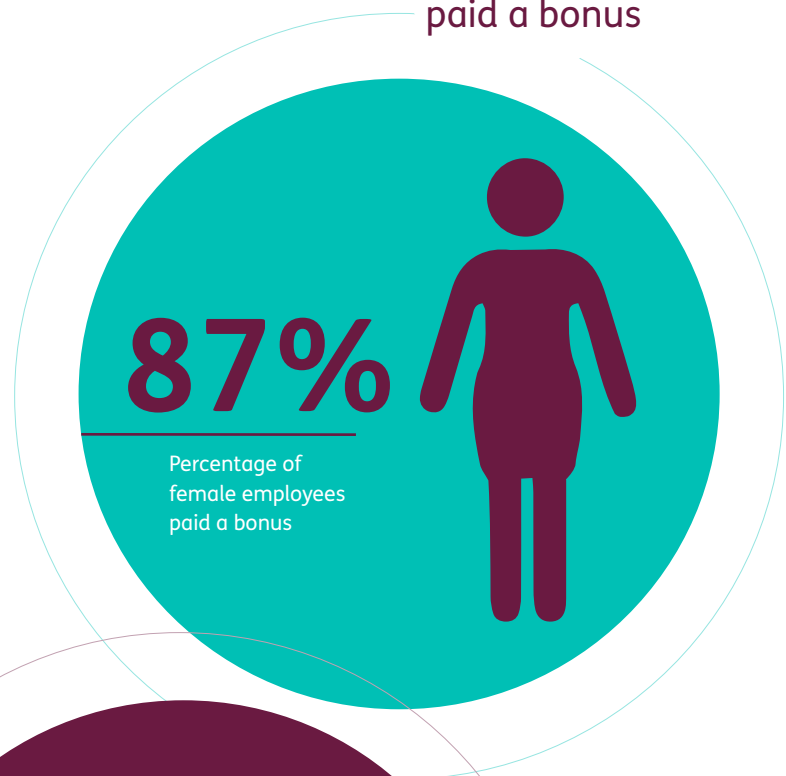


As the value of non-consolidated bonuses increases with increasing grade, and as there is a greater representation of men than women at senior grades structures, this will make the average bonus for men higher than that of women.

Therefore it is likely that the structure of our workforce significantly contributes to the remaining 1.1% bonus pay differential.



87% of females and 81% 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.

Proportion of men and women paid a bonus



Pay by Quartiles

The table below shows DWP's pay by quartiles. As 67.6% of DWP's staff in scope of this dataset are women, and 32.4% are men, the quartiles approximately map with the gender composition of each quartile.

Quartile	 %	 %
Lower quartile	65.50%	34.50%
Lower middle quartile	70.51%	29.49%
Upper middle quartile	69.85%	30.15%
Upper quartile	62.39%	37.61%

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.

The Department for Work and Pensions is an organisation that values difference, and encourages and supports individuals to thrive and be themselves at work. We are promoting the importance of this in our 'I Can be Me in DWP' campaign which aims to encourage people to initiate conversation about inclusion, share their stories, and promote understanding of what being included feels like.

The business case for gender diversity

DWP recognises the potential barriers that exist within our department and that of many other UK organisations for women progressing to senior positions.

We believe transparency is crucial to this, therefore, we've chosen to go beyond the requirements in the legislation to undertake further analysis to explain our gender pay gap.

Identifying the root causes to effectively tackling our pay gap will enable us to better support our female employees, make our organisation more representative of the population that we serve, alongside increasing productivity and organisational performance.

Our approach acknowledges that it's not only morally right and strategically important to eliminate the gender pay gap, but to also recognise the economic case for achieving gender parity.

A report, published by McKinsey Global Institute in 2015, estimates that improving gender parity across the UK workforce could add £150 billion to UK GDP in 2025.

The DWP and its executive team are committed to tackling our gender pay gap. Actions that will be taken to tackle our Gender Pay Gap are embedded in DWP's 2017 Diversity and Inclusion action plan. 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 but are not limited to:

1. Recruitment and developing a diverse workforce

DWP understands that our recruitment and retention practices are crucial to removing barriers faced by women to progress to senior roles.

When it comes to our recruitment strategy, the DWP has taken steps to continuously improve how we attract females into senior and higher paid specialist roles. This includes:

1.1. DWP has implemented 'name-anonymised' recruitment since 2016, with aim to eliminate unconscious bias from the early stages of our recruitment process.

1.2. Our recruitment strategy requires that all selection panels include female representation to ensure gender balance. It is also mandatory within DWP that selection panel members have completed trainings for unconscious bias and interviewer skills to ensure our policies and processes are adhered to.

1.3. Our selection guidance promotes the importance of using gender-neutral language in job adverts and inclusive language in all communications to gain the attention and interest of diverse applicants, targeting areas for improvement in SCS and specialist recruitment. All job descriptions and candidate information packs are quality-assured for inclusivity before publication.

1.4. In DWP all 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. To challenge gender stereotypes in professions, and tackle occupational segregation in roles traditionally dominated by men, we have developed an Employee Value Proposition (EVP) using market intelligence to engage and attract female candidates. We have also been showcasing the important roles and contributions of our female digital specialists on DWP's Digital Careers website.

2 . Progression

2.1. DWP actively promotes participation in its talent and leadership development programmes including: Civil Service Positive Action Pathway, Future Leaders Scheme and Senior Leaders Scheme, and closely monitors the diversity of all applicants throughout the application process.

The positive action pathway programme is open for application to women of grades HEO to Grade 6, and provides mentoring, shadowing and coaching to promote progression and improve female representation at senior grades.

2.2. DWP has a board level Gender Diversity Champion, who chairs bi-monthly Gender Steering Group meetings to identify and address gender representation and inclusion barriers. Our Gender Champion ensures senior level buy-in and commitment required for a cultural shift. Actions implemented include:

2.2.1. Membership to 'Business in the Community's (BITC) Gender Campaign to access and use best-practice to make progress to achieving gender parity.

2.2.2. DWP's gender champion commissioned a gender parity survey report, to investigate barriers and perceived obstacles for women from feeder grades (grade 6s and 7s) to progress into senior civil service (senior management) positions. Outcomes of the report have been analysed and plans to implement recommendations are already underway to promote a real shift to Departmental culture.

3. Career Paths

3.1. DWP employees 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 and the Menopause Network. These staff networks are continuously promoted. Vacancies are also actively advertised to these networks to encourage a diverse and representative range of candidates.

3.2. Those about to take a break from DWP or newly returning have access to the support of a DWP Returners Network. 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. The DWP HR Group have piloted a Returner Coaching Programme which helps those on Maternity Leave to remain connected to work while in this period of extended leave. The pilot continues to be developed and expanded, however, the small cohort of participants have provided positive feedback.

3.4.. We also provide comprehensive guidance on planning and managing long-term breaks including advice and support on how to have career interviews.



4. Promoting a Family friendly DWP

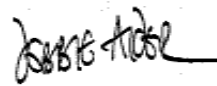
4.1. We at DWP actively promote flexible, home-working, job-sharing and part-time working to support employees with caring responsibilities and encourage a good work-life balance.

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. 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.

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.



HR Director General:
Debbie Alder



DWP Permanent Secretary:
Robert Devereux





Department
for Work &
Pensions

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Department of Work & Pensions
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