



FCO SERVICES

FCO Services Gender Pay Gap Report

© Crown Copyright 2017. No part of this document may be reproduced in any form or by any means, electronic or mechanical, including photocopying, for any purpose other than for use by the Foreign and Commonwealth Office without the express permission of FCO Services.

PLEASE DO NOT PHOTOCOPY THIS DOCUMENT

This will help us keep track of its circulation so that we can keep you up to date.

Further copies are available on request from: FCO Services, Hanslope Park, Milton Keynes,
Buckinghamshire, MK19 7BH



Who we are and what we do

FCO Services is a Trading Fund of the FCO and specialises in providing a range of integrated, secure services worldwide to the FCO and other UK government departments. We also provide services to foreign governments and international organisations closely linked to the UK.

Our ambition is to be a world class provider of operational support services across the globe.

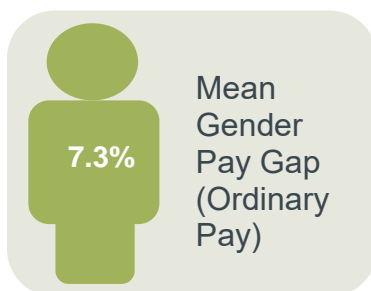
What is Gender Pay Gap Reporting?

The gender pay gap shows the difference in the average earnings between all men and women in an organisation. From 2017 onwards, any UK organisation employing 250 or more employees has to report on its gender pay gap in six different ways: 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 number of men and women according to quartile pay bands.

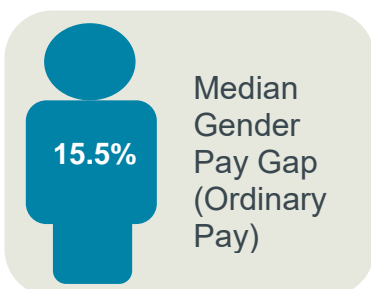
Our report includes data for FCO Services staff as at 31 March 2017. In line with legislation, staff are defined as our UK based Civil Service staff that are on our payroll. It does not include data for Contractors unless they are defined as meeting IR35. Data includes; base pay after salary sacrifice; allowances relating to location and duty (e.g. on-call, shift disturbance, Short Trip Allowance and retention/market). It excludes overtime and overseas compensation.

Gender Pay Gap data

Ordinary Pay



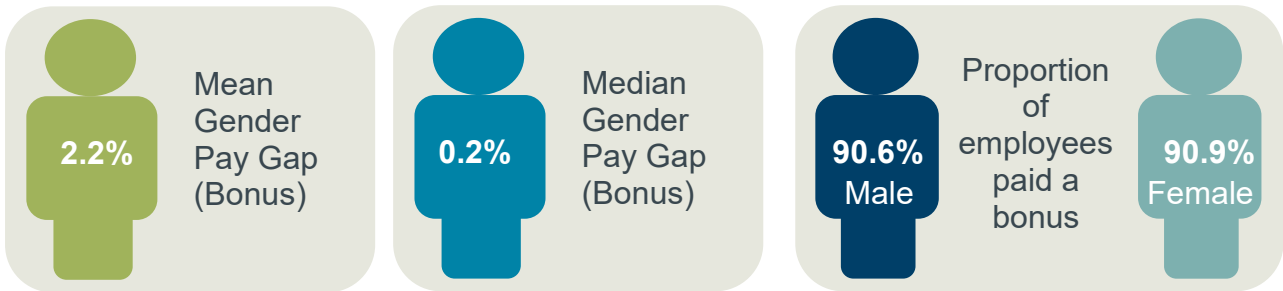
The mean gender pay gap is the difference between the mean “ordinary pay” for female and male employees. In FCO Services, the mean “ordinary pay” for men is 7.3% higher than for women.



The median gender pay gap is the difference between the median “ordinary pay” for female and male employees. In FCO Services, the median “ordinary pay” for men is 15.5% higher than for women.



Bonus Pay



FCO Services recognises performance through the following bonus schemes:

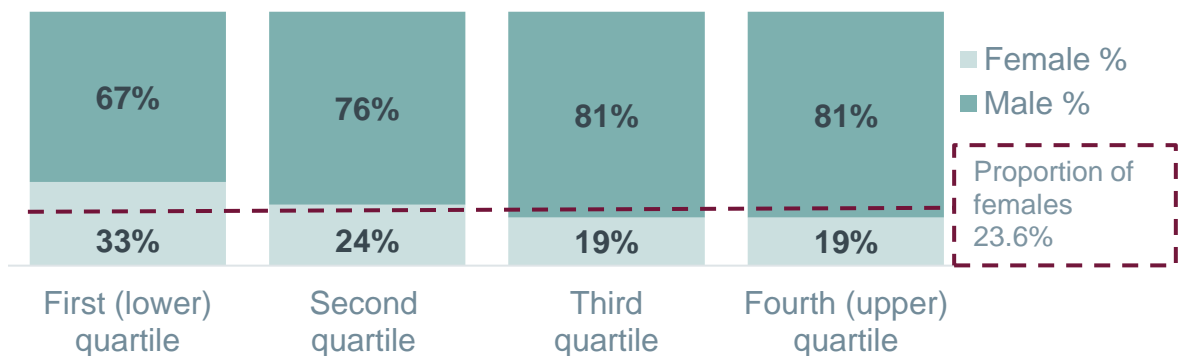
End of Year Performance Related bonus - Paid to all satisfactory performing staff at the end of year. Bonus values are fixed depending on grade and level of performance – with enhanced payments being paid to those who have exceeded in delivery of objectives and demonstration of competence.

Corporate Bonus - As a Trading Fund we pay an end of year Corporate Bonus to all satisfactorily performing staff as a means to share in the success of the business. Payments are linked to overall organisational performance against our ministerial objectives.

In Year bonus Scheme - Individual Business groups can award in year cash bonuses and vouchers to recognise specific examples of exceptional performance which contribute towards FCO Services or Business Group objectives and which demonstrate our people values.

The mean bonus is 2.2% higher for men than for women and the median bonus is 0.2% higher for men than women. Overall a similar proportion of men and women receive a bonus with only a 0.3% difference in favour of women.

Proportion of Men to Women in Each Pay Quartile



The illustration above shows the proportion of male and female staff in each pay quartile. It highlights the fact that there is a higher concentration of women in the lower pay quartile (33%) compared to the upper pay quartile (19%). As at 31st March 2017 23.6% of all UK based staff were female.



Explaining our Gender Pay Gap

Ordinary Pay

Our analysis shows that the main drivers behind our gender pay gap for ordinary pay is length of service, location and that we employ a significantly higher proportion of male employees in our technical roles. These roles have higher starting salaries than their equivalent non-technical grades. The majority of these roles will also have a requirement to travel overseas regularly being able to claim short trip allowances and some have the opportunity to earn allowances such as on-call, shift disturbance and unsociable hours.

Table 1 below sets out the proportion and total female and male employees employed at each grade with A2 being the lowest and SMS2 the highest. Table 2 shows the gender split of our technical and non-technical roles.

Table 1 – Proportion of Men to Women (By Grade)

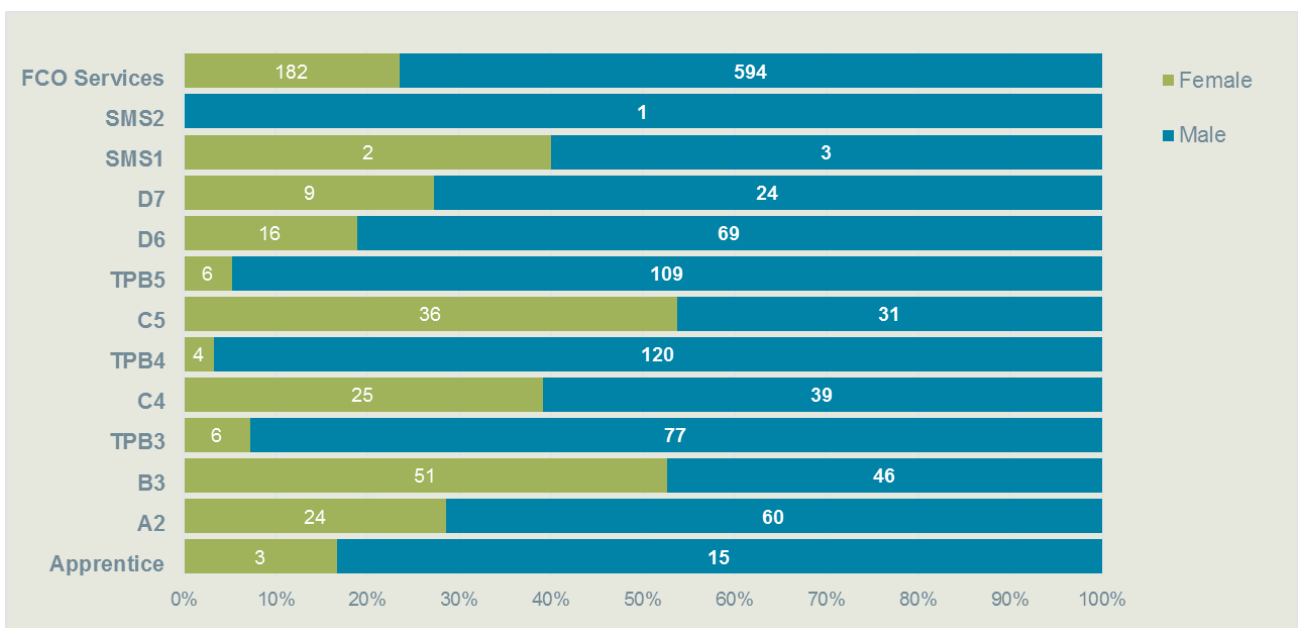
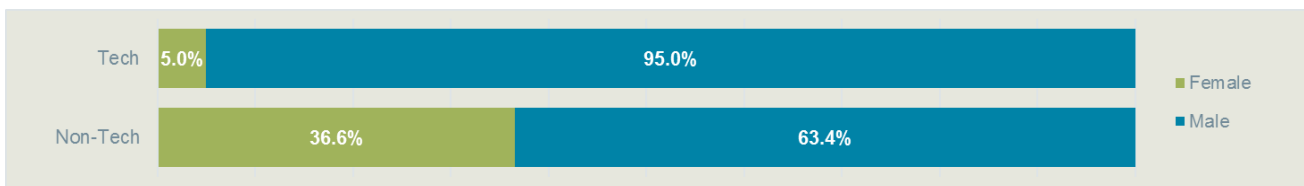


Table 2 – Proportion of Technical and Non-Technical roles by gender

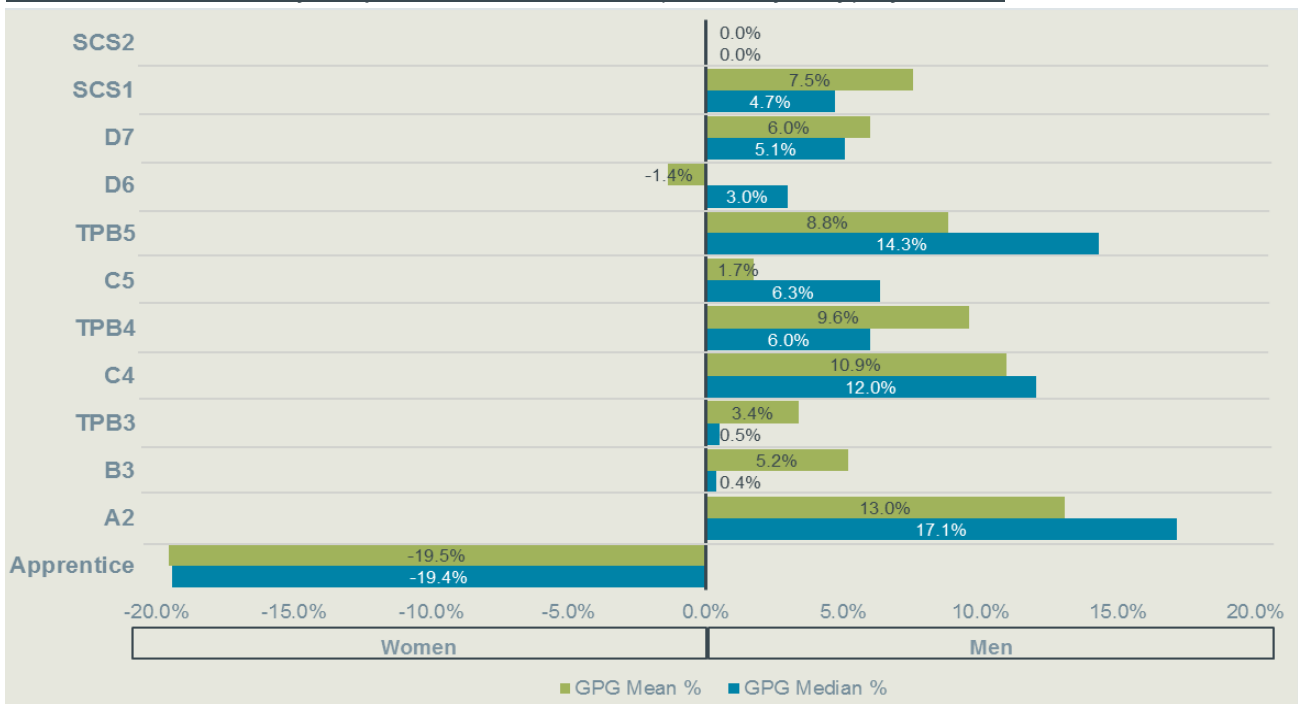




Public sector pay constraint since 2010 and controls on incremental salary awards have limited opportunities to address pay progression within grade issues; and have contributed to the higher proportion of female employees paid in the lower quartile.

When looking at the gender pay gap by grade, Table 3 below shows that the gap is more prominent towards males across all the technical grades and at C4 and A2 level. The gap is in favour of females in the apprentice grades and marginally so at D6 level when looking at the mean.

Table 3 - Gender Pay Gap Mean and Median (Ordinary Pay) by Grade



Technical Grades (TPB3, TPB4 and TPB5) – These grades are filled predominantly by men (95%). We operate a higher pay band minima and maximum for our technical grades. The main drivers of the gender pay gap are length of service and role specific allowances - the majority of these roles will have a requirement to travel overseas regularly being able to claim short trip allowances and some have the opportunity to earn allowances such as on-call, shift disturbance and unsociable hours.

C4 grade – Whilst we have better female representation at C4 level the gender pay gap for this grade is higher than the FCO Services gender pay gap. Our analysis shows that the majority of females (96%) at this grade are based in Hanslope Park. 52.6% of males are based in London which attracts a higher location allowance. Another factor at play is that those at the higher end of the pay range have on average 10 years more length of service and some are in receipt of role specific allowances.

A2 grade – The majority of our A2 roles (85%) are filled by men. 75% of the roles are non-administrative, ranging from couriership to warehousing with the opportunity to earn on-call, shift, hazardous conditions and short trip allowances. Those in receipt of higher



pay have significantly longer length of service than those at the lower range and a high proportion also receive the allowances associated with their role. This along with 45% of the males at A2 being based in London, receiving London location allowance (compared to 12.5% of females based on London) widens the Gender Pay Gap in favour of male employees.

Apprentices - The Gender Pay Gap Mean and Median (Ordinary Pay) is in reality in favour of males. The swing towards females is due to receipt of an allowance linked to travel overseas captured in the data snapshot. If you remove the allowance, the Mean is 6.6% and Median is 6.7% in favour of males. We operate a spot rate pay structure for our apprentice grades with the rates based on the scheme and apprenticeship year being undertaken. The gap can be explained by the type of scheme female employees are undertaking and/or being early into their apprenticeship.

All grades - Pay gap differences in some grades can also be impacted by the higher proportion of women working part-time (17% females are part time compared to 2% males).

Bonus

Our policy to pay all satisfactory performing staff both an end of year bonus and flat rate corporate bonus has helped to ensure the proportion of employees paid a bonus by gender is broadly the same with only a 0.3% difference weighted towards females. The data shows we do have a small bonus pay gap with the mean and median gap being low at 2.2% and 0.2% respectively. End of year performance related bonus values are higher at the more senior grades with a higher proportion of males in these roles. Additionally more women work part time than men and our end year bonuses are pro-rated to reflect part time hours. 6% of our workforce are part time (44 employees) and 75% of these are female (33 employees).

Addressing the Gender Pay Gap

Issues

Our female population is low at 23.6% compared to the wider civil service (54%) and the UK Labour market at 47% (source ONS UK Labour Market March 2018). The main issue facing us as a Technical, Cyber and Engineering organisation is how we attract and retain the best talent when the female labour market for Science, Technology, Engineering and Maths (STEM) is in short supply; only 11% of females work in engineering, 12% in construction and 17% in technology. Within FCO Services only 5% of our technical roles are undertaken by females. As technical roles will naturally attract higher pay and have opportunity to earn allowances, we need to improve female representation to close the gap. Additionally, we need to address inconsistencies within the pay ranges linked to length of service.



Progress

To improve the talent pipeline and to create a level playing field (by providing further support from under-represented groups including women) we have implemented the following initiatives:

- Gender neutral imagery used for recruitment campaigns – with particular emphasis on apprentice campaigns.
- Anonymised recruitment introduced for all recruitment campaigns below SMS.
- Diverse selection panels introduced with a target of 50% of all selection panels to have male and female representation by 2017 and 75% by 2018.
- All roles now automatically open to flexible working arrangements unless robust business reasons exists.
- Work with schools to help open young mind to careers in STEM.
- Launch of FCO Services Women's Association and recognition of International Women's Day for two years running, with female key-note speakers from external organisations.
- Provision of additional support for those on extended leave (such as Maternity/adoption) to help ensure that they can pick up their careers where they left off. This included a review of processes, setting up mentors to work with returning staff, promoting support available including the Keeping in Touch Scheme.
- Unconscious bias training for hiring managers and those in senior leadership roles.

Future Action

FCO Services is committed to promoting a diverse and talented workforce and improving representation from under-represented groups.

- Review of attraction strategy to ensure we appeal to under-represented groups.
- Introduction of a work life balance campaign to promote flexible working.
- Introduction of diversity champion for gender.
- Sponsoring and encouraging women to take part in talent schemes.
- Extending coaching and mentoring opportunities for all employees.
- Promoting the work of the FCO Services women's staff association and working with them to understand how we can improve representation.

Pay Policy

We follow HM Treasury and Cabinet Office Civil Service pay guidance and policy. We are reviewing our pay strategy to ensure we are able to offer a competitive reward package that helps us to attract and retain and engage individuals with the skills and qualities we need to deliver our business objectives. Our pay strategy will focus on delivering improvements to career and pay progression opportunities, resolving in-grade pay inconsistencies and improving relative market position.