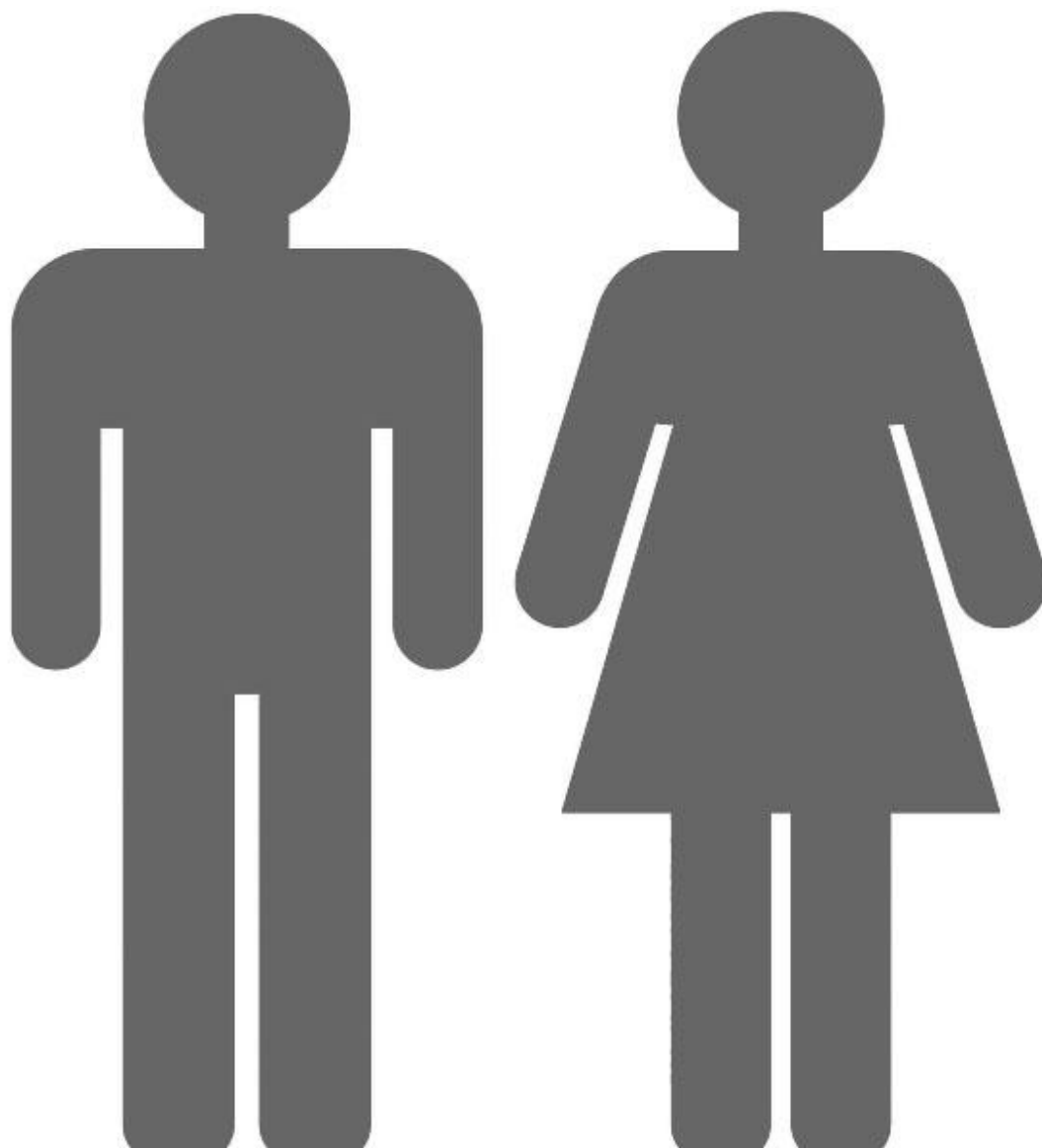




Department
for Exiting the
European Union

DExEU

Gender Pay Gap Report
2018



Foreword- Philip Rycroft, Permanent Secretary

DExEU was established in July 2016 and this report, our second covering the gender pay gap position, covers our second year of operation as a Department of State.

In the time since the last report the Department itself has grown significantly, from 228 staff on payroll at 31 March 2017 to 512 as at 31 March 2018. We continue to attract a significant number of people from inside and outside of the Civil Service and have a vibrant, committed and inclusive workforce committed to delivering our priorities. This is well demonstrated by the active and staff-led networks that consider and promote equality and diversity within the Department.

As a senior team we are committed to providing equal opportunities to all our staff. This approach is embedded within our core values which are well understood and embodied through the Department and our policies.

I am encouraged that we have made some progress since last year with a reduction in the mean gender pay gap. However, we have a lot of work to do to reduce this further and reverse the increase to our median gender pay gap.

The action plan we have set out in this report focuses on the issues we will prioritise over the course of this year and I hope will continue the momentum we have established on this issue.

Our Values



A handwritten signature in black ink, appearing to read 'Philip Rycroft', written in a cursive style.

Philip Rycroft
Permanent Secretary

Contents

Background

Summary of findings

Organisational context

Reporting requirements

Gender pay gap data

Pay by quartiles

Bonus gap

Closing the gap

Wider inclusion agenda

Conclusion

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 the relevant organisations to publish their gender pay gap data by 30 March 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 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.

DExEU supports the fair treatment and reward of all staff irrespective of gender as set out above and this is supported by our Permanent Secretary, Philip Rycroft alongside the whole senior management team.

Furthermore in October 2017 the new [Civil Service Diversity and Inclusion Strategy](#) was published. 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.

Summary of findings

This report sets out the Department's gender pay gap figures as at 31 March 2018. It also sets out the actions undertaken by the Department to address the gap since we published our 2016/17 gender pay gap report, and the actions we plan to take to further close the gap.

The gender pay gap analysis in this report is based on the methodology set out in the Equality Act (Specific Duties and Public Authorities) Regulation 2017.

In summary the headline figures are:



Mean hourly rate is 9.9% lower than men's



Median hourly rate is 14.5% lower than men's

Proportion of women in each pay quartile:



59.4%

First (lower) quartile



46.1%

Second quartile



56.3%

Third quartile



39.8%

Fourth (upper) quartile

Who received bonus pay:



48%

Vs



52%

Difference in bonus pay:



Mean bonus pay is 17.5% higher than men's



Median bonus pay is 33.3% higher than men's

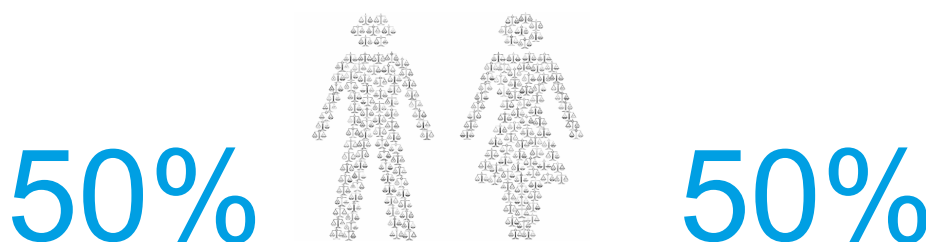
A detailed analysis of the above calculations is set out in the gender pay gap data section below.

Organisational context

The Prime Minister established DExEU in July 2016 following the result of the United Kingdom's (UK) referendum on membership of the European Union (EU). DExEU works to achieve a successful outcome in the negotiations and domestic preparations to ensure the United Kingdom seizes the opportunities and meets the challenges of EU exit.

In line with reporting requirements, the 2018 gender pay gap analysis includes only those staff deemed to be full paid relevant employees based in the UK, on DExEU payroll. Since the publication of the Department's last report, DExEU has grown significantly - from 228 staff on payroll at 31 March 2017, to 512¹ as at 31 March 2018 and has continued to grow since. The Department does not have any executive agencies or other organisations to report on.

As at 31 March 2018, 50% of staff on DExEU's payroll were women.



¹ This is the headcount of staff deemed to be full paid relevant employees based in the UK, on DExEU payroll reported for gender pay gap purposes. There were however 644 staff working for the Department as at 31 March 2018 as reported in the annual report and accounts [annual report and accounts](#), not all were on payroll or full paid relevant employees so not included in the gender pay gap report.

DExEU Pay Guidance

We are governed by the HM Treasury Civil Service pay guidance, as such, we are subject to current public sector pay rules. Senior Civil Servants (SCS) are covered by central pay arrangements which apply across the Civil Service. The grades represent the level of responsibility an employee has and we operate pay ranges for each grade. All DExEU staff are based in London, as a result we only operate a London payscale.

Gender pay gap data

The mean is the arithmetic average of men and women's pay in DExEU. It captures difference across distribution and gives a clearer understanding of gender disparities in income. In comparison, the median is the middle point of men and women's salaries when they are put in numerical order. The median compares typical values and is less affected by extreme values such as a small number of very high earners.

Mean gender pay gap



Mean hourly rate is 9.9% lower than men's

In other words when comparing mean hourly rates, women earn 90p for every £1 that men earn.

Median gender pay gap



Median hourly rate is 14.5% lower than men's

In other words when comparing median hourly rates, women earn 85p for every £1 that men earn.

What this means compared to last year ...

	2017	2018
Mean	15.3%	9.9%
Median	8.9%	14.5%

This table shows the proportion of men and women at each grade on DExEU payroll as at 31 March 2018:

DExEU grades	Civil Service common grades	Number of men in each grade	Number of women in each grade	% women in DExEU	% women Civil Service as a whole
SCS 1-4	SCS 1-4	30	14	32%	43%
Band A+	Grade 6	21	18	46%	46%***
Band A*	Grade 7	71	78	52%	46%***
Band B2*	HEO/SEO	93	82	47%	49%
Bands B1 and C**	EO/AA/AO	39	66	63%	57%

*Includes equivalent grades

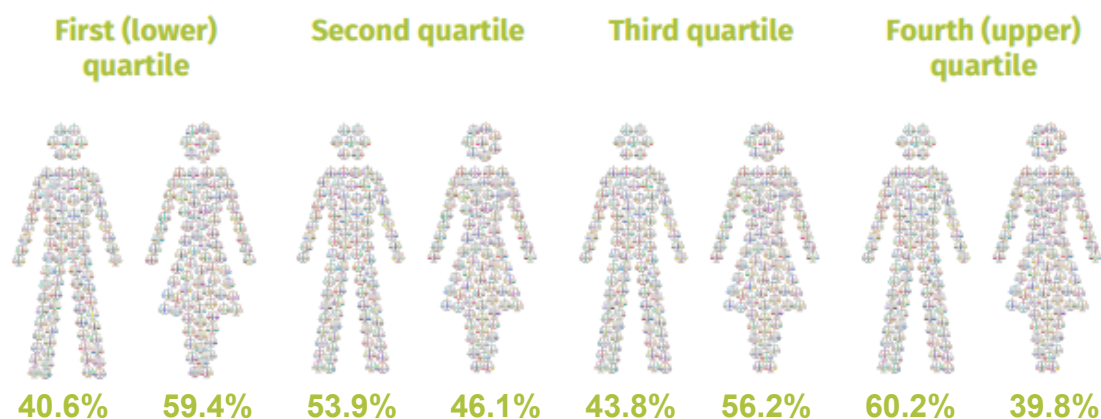
** Grades merged due to low numbers in Band C

*** Civil Service as a whole reported as Grades 7 and 6 combined

The table above indicates that women are overrepresented in our most junior grades (Bands B1 and C), where pay is lower, and they are under-represented in the most senior grades (SCS). As set out in the table above, this is fairly consistent with the wider Civil Service (data from ONS, Civil Service Statistics 2018) but indicates an issue for the Department to address.

Pay by quartiles

Pay quartiles are created by ranking all relevant employees (based on definition set out in section 83 of the Equality Act 2010) highest to lowest pay, dividing them into 4 equal parts (quartiles). The percentage of men and women in each of the four quartiles is then calculated. As at 31 March 2018 the pay by quartiles were:



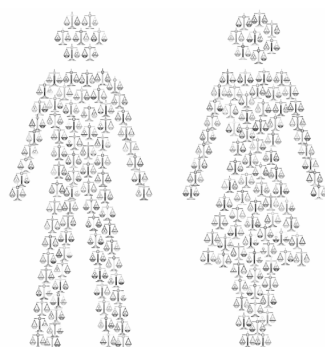
What this means...

A contributing factor to the decrease in the Departments mean can be attributed to the decrease from 66% to 59.4% in female representation in the first (lowest) pay quartile. Additionally there has been an increase in female representation the third pay quartile from 45% to 56.3%. However, it should be noted the female representation in the fourth pay quartile has decreased from 52% to 39.8%.

There remains more action required to increase representation of women in the fourth quartile.

Bonus data

The Department's gender pay gap report for last year did not include analysis on bonus data as at that stage, no payments had been made. In November 2017 the Department introduced and implemented a reward and recognition policy. During the reporting period, a total of 398 staff received a bonus payment and so have been included in the calculations.



**75.1% of men
received a bonus**
VS
**80.2% of women
received a bonus**

Difference in bonus pay



Mean bonus pay is 17.5% higher than men's



Median bonus pay is 33.3% higher than men's

Bonus payments in the Department (e.g. end of year performance awards and in-year awards) are not calculated on a pro-rata basis for part time staff. Therefore, all staff regardless of working pattern receive the full value of the bonus. As such, the bonus pay gap is not affected by the number of part time staff in either gender.

What this means...

This illustrates that during the reporting period, more women were paid bonuses than men and on average received a higher amount in bonus payments than men. This indicates that there is no concern regarding gender pay gap in relation to bonus allocations for women

during the reporting period. This does however indicate the need to continue to review the guidance and governance around bonus decisions.

Closing the gap

Since the analysis and publication of the 2016/17 gender pay gap [report](#) the Department has taken a number of steps to address the gap. To date this includes:

- Launch of the Department's Diversity & Inclusion strategy 2018/2019 with a strong focus on representation and inclusivity, this included increasing the diversity declaration data and developing an inclusive attraction strategy.
- Development of a programme of recruitment training to further promote fairness and transparency in the recruitment process including name blind sifting
- Promoted our family friendly policies to our internal staff and potential candidates through our [careers website](#).
- As part of our employee value proposition, the DExEU Difference offered one-to-one coaching for staff, with over half of the places utilised by women.
- Continued our commitment to supporting career progression of staff through talent management for all grades, including supporting staff through the cross Government Positive Action Pathway programme for those with protected characteristics.
- Fully implemented the Department's pay and reward policies, including governance structures to monitor diversity.

We have made progress in improving the mean gap since last year but there remains further work to do, particularly at our most senior grades, to close this further. The Department is committed to monitoring the success of these interventions to ensure the action taken is targeted and effective.

Actions to close the gap

Based on the analysis of this year's report, the Department intends to target the following three key themes that were identified from the data analysis and implement an action plan to address these:

- Attraction & recruitment
- Gender representation at all grades
- Pay & reward

Attraction and Recruitment

The Department has embedded its recruitment policies in line with the Civil Service Commissioners principles. DExEU remains committed to taking action to ensure that we

attract and recruit a diverse workforce. The Department intends to take a number of actions to further support this including:

- Embedding changes to the recruitment process in line with cross Civil Service principles of '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.
- Ensuring job adverts are advertised and presented in a way which attracts a diverse candidate pool. We will monitor and analyse the impact and success of this.
- Providing a strong training offer for recruiting managers to ensure fair and unbiased outcomes.

Gender representation at all grades

The review of quartiles revealed that while there had been an improvement in gender balance in the lower quartile, the majority of staff within this group continued to be women. Similarly, in the upper quartile women are underrepresented.

The Department is committed to achieving greater representation at all levels and will therefore be undertaking the following actions:

- Conducting data analysis to identify trends and identify any further actions that can be taken in attraction, recruitment and retention.
- Launch a DExEU 6 month formal sponsorship programme for women across the Department.
- Create a formal action learning set programme for women in feeder grades to SCS.

In undertaking the above actions we hope to create more equal gender representation across all grades across the Department.

Pay and Reward

Last year we reported that 90% of DExEU staff were on loan from other government departments (OGDs), which could have impacted our data due to OGDs operating their own pay scales and policies. This year the makeup of the Department has changed with 60% of staff being on loan from OGDs as at the snapshot date.

As the number of staff appointed on a fixed term appointment grows, the Department intends to undertake the following actions to ensure that fairness and equality remains central to all pay decisions controlled by the Department:

- A review of the diversity impact of all pay and reward decisions, including bonuses and salaries.
- Further guidance for all managers on pay and reward to reinforce the importance of diversity and inclusivity considerations when making all pay and reward decisions.

Wider inclusion agenda

We are also committed to supporting the wider inclusion agenda through the following activities.

DExEU Diversity & Inclusion Strategy

Our mission is to create an inclusive and diverse environment through embedding diversity and inclusion in all processes and procedures; creating a culture where everyone can bring their whole selves to work, feel valued as an individual and able to develop and reach their potential.

In support of the Civil Service Diversity and Inclusion Strategy, the Department has developed a Diversity and Inclusion strategy for 2018/19. The strategy outlines a three pillared approach which focused on attraction, inclusion and development of our staff, to achieve our ambition to be a more inclusive employer. In developing our strategy we have taken account of the Civil Service wide feedback on diversity and inclusion, reviewed feedback from our own People Survey results and gained valuable feedback from our equality networks.

Our Values and Culture

Staff were fully involved in shaping and identifying the Department's values to ensure we have an inclusive culture in which all are valued. The DExEU values define what is important and what makes DExEU unique.

Our values have been incorporated into our policies, reward strategy and performance management. They are also celebrated annually through DExEU Awards, to celebrate excellence across the Department.

United by our strong sense of public service, we continue to live by the enduring Civil Service values that run through all that we do: integrity, honesty, impartiality and objectivity.

Our Values



A Brilliant Civil Service

We are also guided by the vision for 'A Brilliant Civil Service'; that is, one that is capable of serving modern Britain. One that truly reflects the people it serves and provides opportunity for talented people to fulfil their potential, regardless of their background.

DExEU is part of a brilliant Civil Service that helps to keep the United Kingdom prosperous and secure, supporting the government's we serve in implementing their commitments and delivering high quality services for the public.



Defining and valuing employees contribution



Our employee value proposition the DExEU Difference was launched in November 2017 and further enhanced in June 2018.

The DExEU Difference is our commitment to supporting our staff to give their best; to use their time at DExEU to help develop their potential and longer term, to achieve their aspirations. It puts equality, diversity and inclusion at the heart of the business creating a truly inclusive culture.

Supporting Learning and Development

DExEU values learning and development (L&D) and provides staff with equal opportunities to develop and succeed. Since last year, we have updated the DExEU Academy, the Department's online learning and development hub, to make access to learning easier than ever. We have also introduced a new learning platform which is supported through a series of short video interviews, over 600 videos relating equality, diversity and inclusion.

Promoting Employee Voice

We utilise a variety of channels for everyone in the Department to have their say and shape the Department. The Department recognises three Trade Unions (FDA, PCS and Prospect) who we regularly engage with regarding our staff.

Additionally the Department has a shadow board made up of a range of staff from across the Department which sees and discusses all the papers going to the Operations Committee. The Shadow Board offers feedback and inputs the views of our staff so the Committee can take a well-rounded view before making decisions. The Shadow Board works on a rotation to ensure all staff have the opportunity to represent their directorate.

Collaborating with Equality, Diversity and Peer Networks

DExEU has a broad range of equality and diversity networks and peer networks. We have recently introduced fair treatment ambassadors adding to our existing networks which include those relating to age, BAME, disability, LGBT, mental health, social mobility, religion, gender, parenting and flexible working. Alongside the equality and diversity networks, we also have peer networks for different pay grades.

These networks have all signed a charter which ensures that DExEU maintains an enjoyable, supportive and inclusive environment, where diversity is respected and everyone feels valued.

The networks have achieved a significant amount including; having held both mental health and wellbeing weeks & diversity weeks, launched a reverse mentoring programme, trained Mental Health First Aiders, adopted the Time to Change pledge two years in a row and held various training events, panels and speaker series.

Performance Management approach

For the 2017/18 performance management year, DExEU launched a new approach. The new system was centered around our DExEU values and enabled 360° feedback through an online tool for all staff. The process allowed for a more supportive environment where managers and colleagues alike could help staff to reach their highest potential.

Reporting requirements

What do we report on?

For the purpose of reporting, the definition of an employee follows the definition set out in section 83 of the Equality Act 2010². Public sector organisations are required to base their data on staff employed on the 'snapshot' date of 31 March annually. The data is drawn from the payroll system and includes grade, gender, contractual hours, working pattern, gross monthly salary and allowances.

The gender pay gap differs from equal pay. The gender pay gap shows the difference in the average pay between all men and women in a workforce. The below table sets out the definitions used for these calculations.

Table of definitions

Mean gap	The difference between the mean* hourly rate of pay of men and women *average pay for all men and average for all women employees
Median gap	The difference between the median* hourly rate of pay of men and women * middle value of pay for all men and middle value for all women employees
Mean bonus gap	The difference between the mean* bonus paid to men and women *average bonus for all men and average for all women employees
Median bonus gap	The difference between the median bonus pay paid to men and women *middle values of bonuses paid to all men compared to all women employees
Bonus proportions	The proportions of men who were paid a bonus and women paid a bonus
Quartile bands	The proportions of men and women in the lower; lower middle; upper middle; and upper quartile pay bands

² <https://www.legislation.gov.uk/ukpga/2010/15/section/83>

Conclusion

Over the past year we have successfully taken a number of steps which has resulted in a significant reduction in the mean gender pay gap. However, there remains more work to do, particularly to increase female representation at our most senior grades. The Department remains committed to taking action to enable us to better support our staff and making our organisation more representative of the population that we serve.

As detailed above, the Department has developed a comprehensive plan of actions which we expect to support us in realising this ambition. We will review and reassess these actions on a regular basis.

At DExEU we are committed to providing equal and fair opportunities to all our staff and we will endeavour to make DExEU *'a great place to work'*, a core value of being part of *'A brilliant Civil Service'*.

Declaration

The data presented in this report has been established in line with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The report has been reviewed by the Operations Committee and women's network who support the actions to close the gap and the wider diversity and inclusion agenda.