



Ministry
of Defence

Gender Pay Gap Reporting Year 2021

Ministry of Defence Civil Servants (including MOD Agencies)
(snapshot taken 31 March 2021)

27 January 2022

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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 median and mean gender pay gaps¹; 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.

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 male or female.

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 Strategies outline how we plan to achieve this.

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. This report is also in line with the recommendations made from the National Statistician's Inclusive Data Taskforce report, published September 2021.

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 Williams, Permanent Secretary

Lieutenant General James Swift, Chief of Defence People

¹ Based on average hourly pay.

Headlines

The UK National gender median pay gap 2021 was **15.4%**² up from 14.9% in 2020. MOD compares favourably with this:

Gender Pay Gap³:

MOD Civil Servants

Median pay gap of **8.8%**, down **1.1 percentage points** from last year.

Mean pay gap of **9.7%**, up **0.6 percentage points** from last year.

Gender Bonus Gap:

MOD Civil Servants

Median bonus gap of **19.4%**, up **10.9 percentage points** from last year.

Mean bonus gap of **14.6%**, down **3.4 percentage points** from last year.

Definitions

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

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.

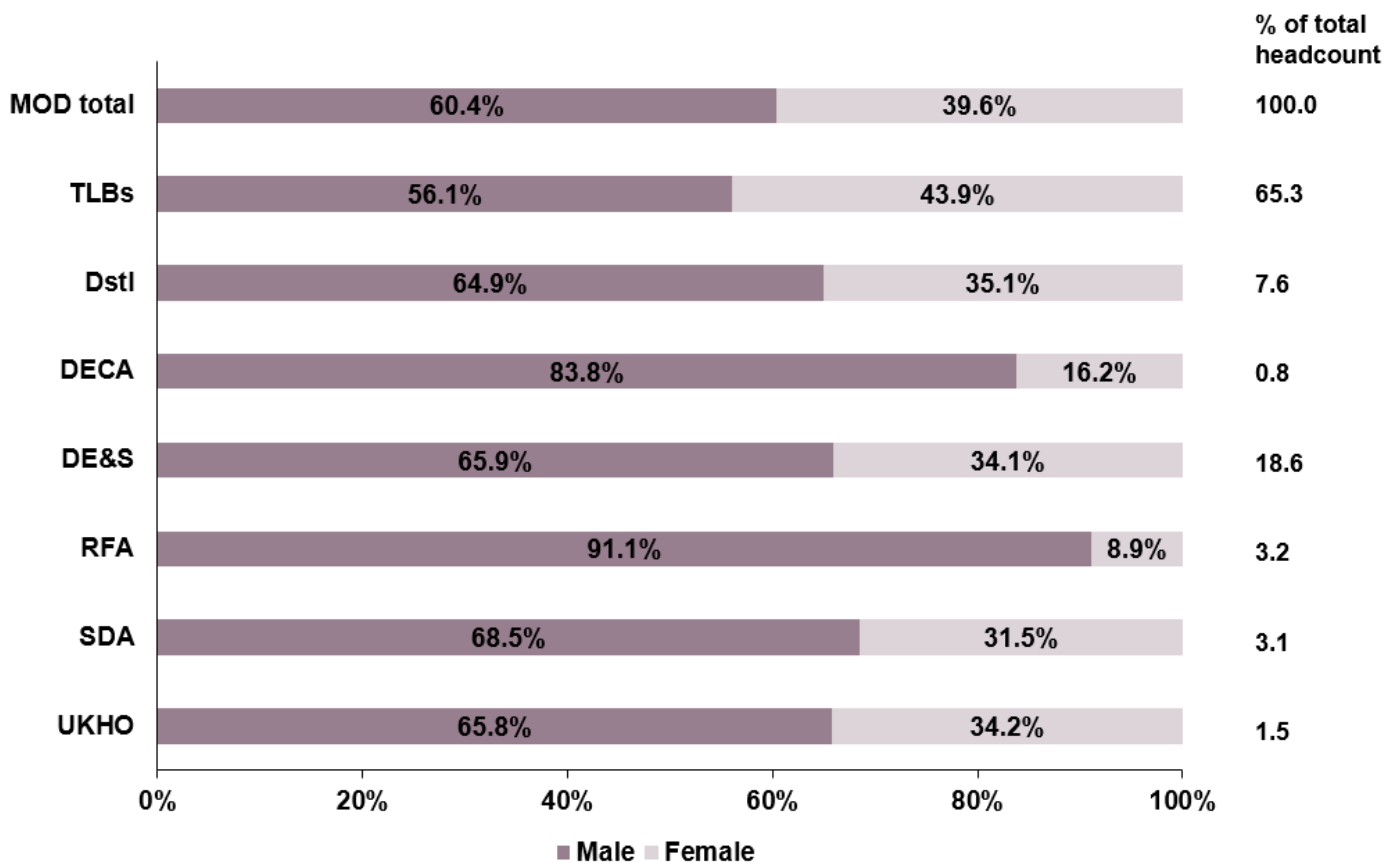
² The UK National Median figure quoted as **15.4%** is for 2021 as quoted in the 'Annual Survey of Household Earnings (ASHE)'. Which can be found here: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2021>.

³ 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.

Analysis

MOD Top Level Budgets (TLBs)⁴ make up 65.3% of the total MOD headcount. The Ministry of Defence has several agencies⁵, whose staff have been included in these figures, as required by the Regulations. These are 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 at 31 March 2021



⁴ The major organisational groupings of the MOD directly responsible for the planning, management & delivery of departmental capability.

⁵ 'Agencies' in this context is a collective term.

As at 31 March 2021, the MOD civilian personnel headcount was 57,680.

In 2021 there was an increase of female civilian personnel across MOD and all agencies compared against 2020, excluding SDA.⁶ The proportion of female Senior Civil Servants in MOD TLBs increased by 3.2 percentage points from last year to 37.9%.

Gender Pay Gap

MOD Civil Servants:

For the financial year 2020/21, there is a **median pay gap of 8.8%** in favour of men, a decrease of 1.1 percentage points, and **mean pay gap of 9.7%**, an increase of 0.6 percentage points from financial year 2019/20. Average pay for men remains higher than that for women, however there has been a reduction in the median gender pay gap. The change from 2020 reflects the changes in the proportion of men and women in each of the pay quartiles (see page 9). There is still a disproportionately high number of men at the highest pay quartile.

A key positive outcome is that the proportion of female Senior Civil Servants in MOD TLBs increased by 3.2 percentage points from last year to 37.9%. The proportion of Band B (42.4%) and Band C (44.5%) civil servants who are women has increased by 0.6 and 0.1 percentage points respectively.

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 progression⁷ was ended by the Department in 2010; removing the ability to 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 closer to the pay scale maximum. The Department took a similar approach in civilian pay awards in 2020 (Pay 2020), 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.

Whilst affordability remains a significant challenge for the Department, a significant review of pay and reward approach is due to commence in 2022. An explicit part of the success criteria for this activity will be to see 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 15.4% for 2021, 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 10 of report).

⁶ In 2020 reporting SDA data was grouped with Defence Nuclear Organisation (DNO), a Top Level Budget holder, meaning no direct comparison can be drawn on 2021 figures.

⁷ 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.

Gender Bonus Gap

MOD Civil Servants:

For the financial year 2020/21, there was a **median bonus gap of 19.4%** in favour of men, an increase of 10.9 percentage points and a **mean gender bonus gap of 14.6%** a decrease of 3.4 percentage points from financial year 2019/20.

59.0% of male employees (an increase of 5.7 percentage points from last year) and 56.2% of female employees (an increase of 2.4 percentage points from last year) were paid a bonus. While a higher proportion of women received bonuses in compared to the previous financial year, the value of bonus payments to women is lower than those awarded to men.

MOD Top Level Budgets⁸

MOD TLBs represent the largest proportion of the MOD Civil Servant workforce, (65.3% of all MOD Civil Servants including agencies) and therefore TLBs are likely to have had an impact on the median bonus gap, despite there being a 0% gender bonus gap reported for MOD TLBs for both financial year 2020/21 and 2019/20.

The proportion of men receiving a bonus in MOD TLBs has increased by 4.4 percentage points (37.3% - 41.7% from 2020 to 2021) whereas the proportion of women receiving a bonus remains largely unchanged (45.2% - 45.5% from 2020 to 2021). This indicates that while women's nominal bonus value would remain constant, men's median bonus amount will rise, leading to a larger nominal difference in men and women's bonuses. Grade seniority is found to be a significant factor in not just the likelihood of receiving a bonus, but the size of the bonus received. A continued increase of women in higher grades will lead to the gender bonus gap decreasing.

The 2020/21 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.

⁸ 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 a significant impact on the median gender bonus gap for all MOD Civil Servants. Despite their median bonus gap decreasing by 8.1 percentage points from financial year 2019/20, it still stands at 17.8% in favour of men. The mean gender bonus gap has decreased by 3.4 percentage points to 19.4% in favour of men on financial year 2019/20. Removing DE&S from the median gender bonus gap calculation leads to MOD's 2021 median gender bonus gap figure decreasing on financial year 2019/20.

The same eligibility criteria was used as previous years for pay and reward, however due to the COVID pandemic in 2020 performance management was not completed as focus was on other COVID support priorities. All eligible employees were therefore marked as 'Good' performance. Performance award levels varied according to grade within the organisation. Performance awards were paid as a one-off non-pensionable lump sum payment in July 2020. There are a greater number of male employees to female at the higher levels; with higher percentage of bonus payable to the higher levels, also impacting the gender bonus gap.

Submarine Delivery Agency (SDA)

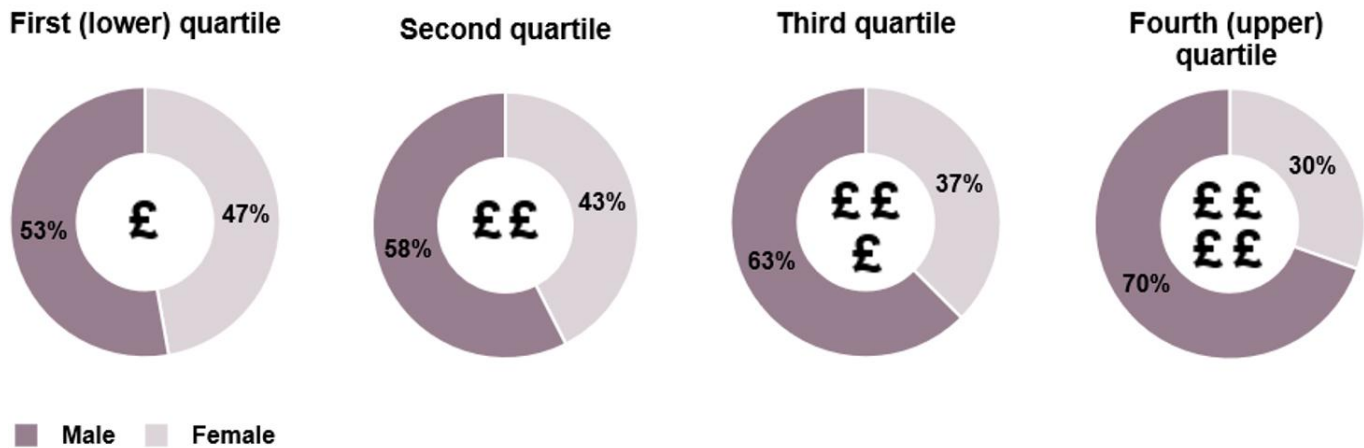
SDA recorded a 22.6% median bonus gap and 18.7% mean bonus gap in favour of men in financial year 2020/21. SDA data used to be grouped with Defence Nuclear Organisation (DNO), a Top Level Budget holder, until financial year 2020/21 reporting. This means no direct comparison can be drawn on this year's figures. SDA operates a market-facing pay system to recruit the people needed to manage this highly complex enterprise and the current SDA gender split is 68.5% male to 31.5% female.

SDA Performance Awards paid in 2020 were lower overall than in the previous year. Everyone was given the same, capped performance evaluation marking due to the pandemic affecting end of year processes. This led to less differentiation and a lower mean and median bonus gap than previous years. As a result, gender bonus gap figures reduced in comparison to financial year 2019/20. The increase in both men and women receiving a bonus is explained by the removal of Defence Nuclear Organisation (DNO) from the data set for 2021. SDA is currently undertaking a review of the reward framework 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 that are in each pay quartile, when we arrange staff in order of hourly pay rate.

Graph 2. Percentage of men and women in each pay quartile (civilian personnel)



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

- Diversity and Inclusion in Defence has had a significant resource uplift, establishing a new D&I Directorate. This additional resource reflects Defence's commitment to make significant progress across Defence 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 their skills recognised, their individuality and experience respected and are able to achieve their full potential.

Reward Strategy

- Civilian pay awards within MOD TLBs 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. We will continue to adopt this approach to future pay awards.

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 relaxed bandwidth hours (i.e. 0700-1900) to allow employees to arrange their working day to suit personal commitments, e.g. caring responsibilities.

Development Programmes & Support

- In 2021 Defence developed pilots for two new civilian Early Talent Programmes: Rise (aimed at AA-EO) and Elevate (HEO-SEO).

Staff Networks & Champions

- Defence provides peer support through 9 gender focused employee support networks across Defence, with over 24 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 across Government and external adverts prior to uploading on Civil Service Jobs.
- Further work is underway to promote professions which are typically male dominated to female audiences.