



Department  
for Work &  
Pensions

# Gender Pay Gap

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Report for the year 2021



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# Background

**In 2017, the government introduced legislation requiring 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 annually.

This includes:

- the mean and median ordinary 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.

Gender pay gap is different from 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 gender pay gap shows the difference between the average pay for all men and women in a workforce. If a workforce has a particularly large 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.

For 2020/21, the Gender Pay Gap figures were published for the second time, in the Annual Civil Service Employment Survey (ACSES) in July, to provide an overall picture across government.

This report fulfils DWP's reporting requirements and sets out the actions we are taking in relation to improving gender parity. This information is published on gov.uk and the Government Equality Office (GEO) portal. Our report is also in line with the recommendations made from the Inclusive Data Taskforce report published in September 2021.

In addition to the mandatory requirements, we have chosen to carry out further analysis in collaboration with our analysts, to better understand DWP's gender pay gap and its causes, in order to tackle it more effectively going forward.

## Organisational context

DWP supports the fair treatment and reward of all staff irrespective of gender, and we are committed to making the department an inclusive place where people can be at their best. Our goal is to ensure that these commitments, reinforced by our values, are embedded in our day to day working practices with all our customers, colleagues and partners. As an employer, DWP is committed to the Civil Service ambition to become the UK's most inclusive employer and we will continue to be representative of the communities that we serve.

We have set ourselves challenging objectives around ensuring that we have a diverse workforce which, in relation to gender, include:

- growing and supporting our internal pipeline of women progressing through the grades; and
- achieving and maintaining gender parity in our Senior Civil Service (SCS) workforce for external recruitment.



## Organisation structure

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 national pay range (with some location based pay differences), with higher grades receiving higher salaries. As a Civil Service department we are subject to current public sector pay policy and pay restrictions and comply fully with all requirements of Civil Service Pay Guidance.

Under the historical contractual pay progression policy, employees moved through the pay range for their grade annually. This meant that the longer someone had spent in a grade the more we would expect them to earn, irrespective of their gender.

Contractual pay progression was removed from Civil Service pay in 2013. The majority of DWP employees (junior grades) are now on spot rates, where everyone within grade and pay zone is paid the same single rate. However, the historical impact still affects our gender pay gap, particularly where employees have remained on legacy terms and conditions following the introduction of the Employee Deal (ED) Collective Agreement in 2016.

DWP's annual pay award consists of two main elements paid to all employees with satisfactory performance:

- a consolidated pay award
- a non-consolidated pay award

We are confident that our pay strategy is non-discriminatory in its design and this is supported through our analysis, which demonstrates the pay gap to be largely attributed to the structure of the workforce, specifically lower female representation in higher grades. However, the gender pay gap continues to be a key consideration as we develop our future reward approach.

DWP's total headcount (staff in post) on the 31 March 2021 snapshot date was 91,806 employees; this represents all paid and unpaid employees. Of this number, 90,766 employees were identified as 'full pay relevant employees', as set out in the regulations, and included in the calculations. This includes contractors who are on DWP payroll and provide a personal service to the department. DWP has no other contractors that should be included in the calculations, as set out in the legislation.

# Gender pay gap data

## Gender pay gap

	Mean		Median	
	2020	2021	2020	2021
Ordinary Pay Gap	5.4%	<b>4.2%</b>	0.0%	<b>0.0%</b>
Bonus Pay Gap	15.3%	<b>14.7%</b>	9.1%	<b>13.5%</b>

There has been a decrease (1.2%) in the mean ordinary pay gap in 2021. This is in part due to the impact of recruitment on our grade distribution and the approach we took in our 2020 Pay Award which is outlined later in this report.

The median pay gap remains at 0%. Over 53% of DWP employees are at the EO grade and most are on a spot rate; this means the median fell within the EO range for both genders.

DWP’s GPG figures compare favourably to both the 2021 Civil Service mean of 7.8% and median of 8.1%.

Nevertheless, we have carried out further analysis to identify and better understand the main causes of our gender pay gap so we can take mitigating action where needed.

## Analysis of ordinary pay gap

### 2021 Gender composition



The overall gender composition of DWP’s workforce, in the scope of the calculation, is constituted of significantly more female (65%) than male (35%) employees.

However, this is not consistent across the whole range of the grades. More women are employed in the junior grades where pay is lower (AA to HEO). In contrast, at the more senior, higher paid grades (SEO to SCS3), the proportion of women is lower at 52.45%.

The most highly paid roles, those in the Senior Civil Service, show that female representation is continuing to increase each year, up from 48.6% in 2020, to 50% in 2021.

## Pay gap grade breakdown

The GPG increases as we add more senior grade groups.

Grade	AA to HEO	AA to G6	AA to SCS
2020 Mean Pay Gap	1.2%	4.8%	5.4%
<b>2021 Mean Pay Gap</b>	<b>0.6%</b>	<b>3.8%</b>	<b>4.2%</b>

When we further analyse these figures by grade we can see a decrease in the overall gender pay gap figure for AA to HEO grades from 1.2% in 2020 to 0.6% in 2021.

This is mainly attributable to the significant EO recruitment over the last year which has altered the overall grade distribution within DWP. This has created a proportional decrease in all other grades apart from SCS. 54.7% of women and 52.6% of men are now within the EO grade, receiving the same amount of pay known as a spot rate which has meant that the mean GPG has decreased.

Over time, as we reduce the pay ranges so all employees in grades AA to HEO are on the same, or similar, rates of pay, the gender pay gap will continue to reduce significantly or disappear altogether in these grades.

Overall mean salaries have increased more for women across delegated grades when compared to men; this is an opposite trend to previous years. A further factor contributing to this change was the approach for the 2020 pay award.

The 2020 award provided a flat 2.5% increase to all delegated grades, resulting in a more equal increase in average salaries than in previous years.

### Pay by quartiles (AA to Grade 6)

Quartile	2021		2020	
	Female %	Male %	Female %	Male %
Lower quartile	67.1%	32.9%	71.2%	28.8%
Lower middle quartile	73.3%	26.7%	71.5%	28.5%
Upper middle quartile	59.3%	40.7%	62.1%	37.9%
Upper quartile	62.1%	37.9%	62.3%	37.7%

Although we have achieved equal gender representation in SCS grades, our analysis shows that DWP's gender pay gap can be attributed to there being more men paid in the upper quartile compared to women.

The table above shows DWP's pay by quartiles. The quartiles approximately map with the gender composition of the department (65% female and 35% male). The proportion of females to males in the lower quartiles has decreased slightly from 2020.

## Employee Deal

DWP operates with 2 sets of core contractual terms and conditions, with accompanying pay scales:

1. Employees employed on DWP's modernised Employee Deal (ED) terms and conditions
2. Employees employed on DWP's legacy terms and conditions

The pay element of ED covered a contractual period of four years ending in July 2019 and applied to grades AA to HEO (around 94% of our workforce).

It enabled us to start to reform our pay structures by:

- reducing the length of our pay scales,
- moving towards spot rates, and
- better aligning DWP's pay rates to other Civil Service departments for AA to HEO.

The majority of our employees (90%) are now employed on these modernised terms and conditions, and associated pay rates, including all new recruits to DWP since 2016. However, we have a minority of employees who opted to remain on legacy terms. We have analysed the pay gaps between ED and legacy employees, to understand how they impact the overall picture.

### Mean gender pay gap %

AA to HEO Grades	ED	Legacy
2020	0.4%	1.9%
2021	-0.25%	1.9%

Due to the shortening of pay scales under ED, the mean GPG figures for those employees are significantly smaller, decreasing from 0.4% in 2020 to -0.25% in 2021. This is due to the greater amount of females in junior grades, and particularly at the EO grade, meaning the mean GPG has moved slightly in favour of women. This is compared to 1.9% for legacy colleagues, which has remained the same since 2020.

Although legacy pay ranges have not shortened in comparison to ED, the provision of a flat 2.5% consolidated pay increase in 2020 for both ED and legacy colleagues has prevented the figure growing further. Indeed, the 2.5% pay award for all colleagues of grades AA-G6 means the ED has far less impact on the gap than in recent years.



## Analysis of bonus pay gap

The significant majority of DWP’s performance bonus awards were paid as end of year awards and were pro-rated for part time employees. These are paid at set values irrespective of gender or any other protected characteristic.

The total budget available for end year non-consolidated bonuses within DWP has reduced year on year as part of the ED pay offer and currently forms a smaller part of overall remuneration than in previous years.

### Percentage of employees paid a bonus

Overall 86% of females and 82% of males were paid a bonus in the 12 months ending 31 March 2021. To be entitled to a bonus, employees had to:

- Be in post on both 31 March and 1 July;
- Not be undergoing formal poor performance action;
- Have 60 days’ actual performance (exceptions to this are where the absence is due to maternity, paternity, adoption or disability related sickness absence).

### Mean and median bonus pay gap

	2021	2020
Mean	14.7%	15.3%
Median	13.5%	9.1%

We have carried out an internal review of our bonus GPG data, including trends in the frequency and distribution. As a result of that we have identified a number of reasons as to why we continue to have a bonus pay gap and what has led to a slight increase in our median GPG figure.

As is common standard practice across many organisations, DWP’s non-consolidated bonus payments are pro-rated in accordance with the number of hours worked by each employee.

Within DWP, 45% of women work part-time compared to 14% of men. As a result, women appear to receive disproportionately lower bonuses than men but this is largely attributable to a higher proportion of women working part time, which accounts for a significant proportion of the 14.7% bonus pay gap. This also impacts on the median bonus gap which has widened in favour of men.

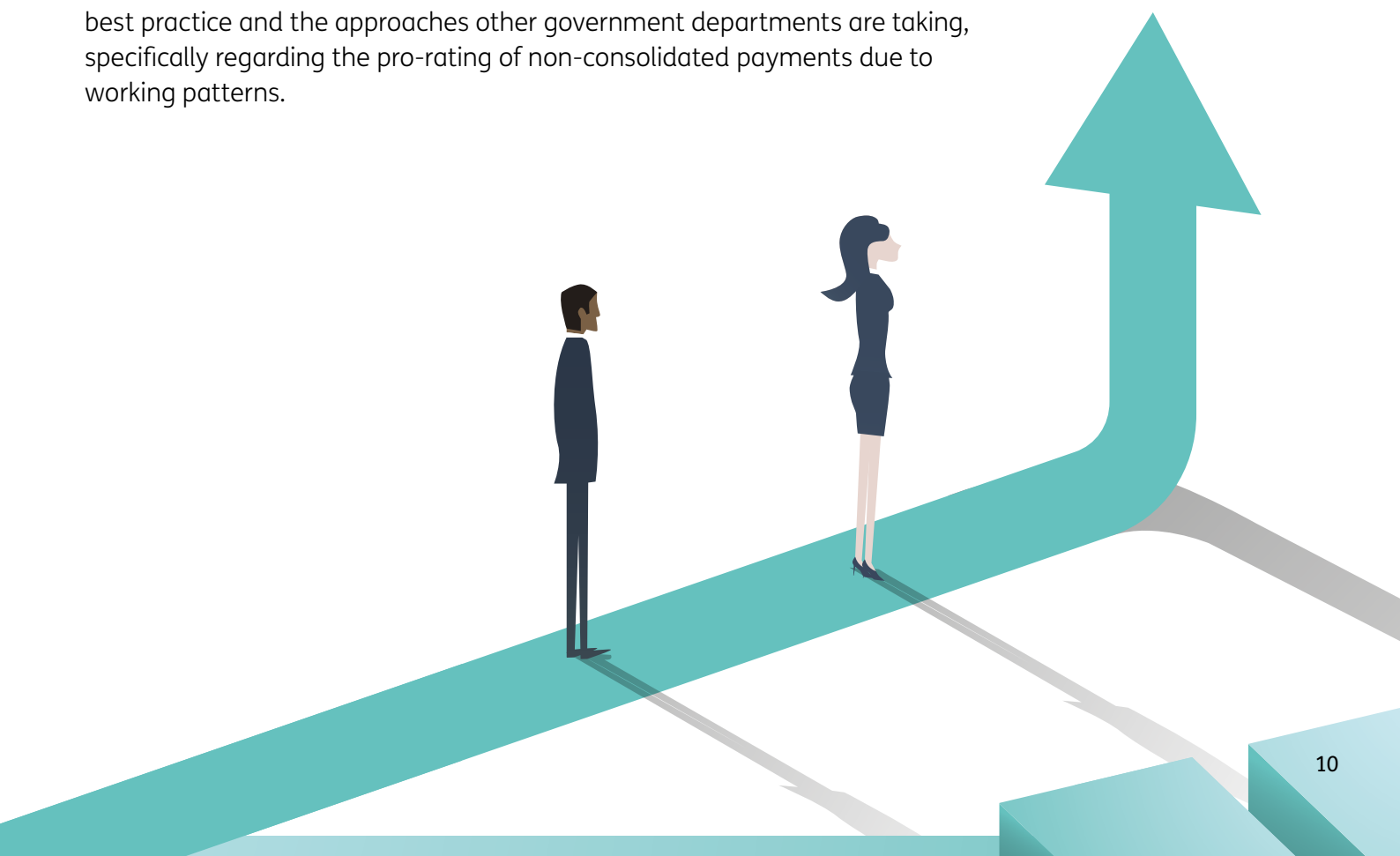
The calculation for the bonus pay gap, which uses actual values received rather than full time equivalent values, means we will have a bonus pay gap which will fluctuate according to the number of part-time employees, most of whom (86%) are female.

In 2020, all colleagues in delegated grades received a flat end of year non-consolidated bonus, pro-rated for part time colleagues. The flat rate payment enabled us to recognise the contribution of all colleagues as part of the department's response to the pandemic, regardless of grade. This approach supports improvements in the mean bonus pay gap; if not pro-rated for part time colleagues, pay gap is reduced to 8.4%

In-year recognition payments also fall within the bonus pay category; these include both cash payments and vouchers. Directorates are given a budget to use as appropriate and local processes are put in place for nominating and decision making. The reduction in the mean bonus pay gap is primarily because the gap in the average value of cash awards given to men and women has reduced.

Additionally, SCS non-consolidated awards are performance based and in 2021, men received higher non-consolidated awards in comparison to women. This has negatively impacted the SCS bonus GPG. If we removed SCS from the bonus pay gap equation, then the mean bonus pay gap reduces from 14.7% to 11.3%.

DWP continues to make both in-year and end of year performance awards. We continue to review our approach to recognition and reward as part of the wider pay and reward strategy. The impact on gender and other protected characteristics forms one element of this review. We will also look to learn from best practice and the approaches other government departments are taking, specifically regarding the pro-rating of non-consolidated payments due to working patterns.



# How are we starting to address DWP's gender pay gap?

DWP is committed to continuing to improve the gender pay gap. We are working on ways to further develop initiatives and programmes to sustain our talent pipeline and maintain gender parity at senior levels. This year we have achieved our 2025 stretching target of 50% female on-flow into SCS roles, an increase year on year over the last 5 years from 39.2% in 2017 to 50% in 2021, an increase of 10.8%.

## 1. Recruitment, retention and developing a diverse workforce

DWP understands that our recruitment and retention practices are pivotal to eliminating the gender pay gap and we will continue to ensure a strong talent pipeline in our organisation. Our recruitment policies and selection guidance maintain the following as standard:

- All recruitment is external by default with the exception of a small number of specialist/ business critical roles where a robust business case has to be approved.
- Implementation of 'name-anonymised' recruitment since 2016.
- Selection panels must include female representation.

Targeted work on addressing the gender balance during attraction and recruitment is also being undertaken. This includes:

- Use of inclusive language in job adverts and inclusive language in all communications.
- Vacancies must be advertised as equally available to all working patterns.
- Enhanced LinkedIn and Glassdoor profiles.
- Monitoring the pipeline into SCS with 6-monthly reviews of recruitment campaigns to understand where under-represented groups fall out of the process.

## 2. Progression and building a diverse talent pipeline

Within DWP we have a board level Gender Diversity Champion, who chairs bi-monthly Gender Steering Group meetings to identify and address gender representation and inclusion barriers.

We have a range of ongoing actions and initiatives in place, which includes:

- Actively promoting participation in talent and leadership development programmes. We monitor the diversity of all applicants throughout each stage of the application processes.
- Developing a DWP Early Talent Strategy to develop a strong and diverse talent pipeline.
- Springboard Leadership Programme Pilot for a group of 62 women in operational roles, gaining an Associate Institute of Leadership and management qualification.
- Continued membership to Business in the Community's (BITC) Gender Campaign.
- Commitment to introduce a DWP Returners Programme to support talented women on their return to DWP.

## 3. Career paths

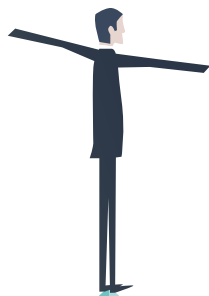
We have a range of ongoing actions and initiatives in place, which includes:

- Colleagues at all grades have access to staff networks to support them throughout their careers and progression.
- The introduction of Shadow Board opportunities for colleagues to inform and influence senior decision-making and increase individual's exposure and experience.
- Active Sponsorship and mentoring to increase visibility and advocacy and support development needs.
- The implementation of 'Let's Talk about Race' conversations and Listening Circles.

# Promoting a family-friendly DWP

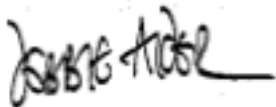
## We at DWP actively promote:

- 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.
- Shared Parental Leave (SPL), 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.
- Information on SPL which is specifically targeted towards men during International Men's Day with the goal of increasing awareness and uptake amongst men.



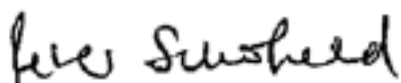
# Declaration

We confirm that data reported by DWP 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.



**Debbie Alder**

People Capability and Place Director General



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DWP Permanent Secretary



Department  
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