
Ofcom's Equal Pay and Gender-Ethnicity Pay Audit 2017/2018

About this document

This is the latest of Ofcom's regular pay reports, which we have published since 2004.

The report explains our gender and ethnicity pay data for 2017 and 2018, and contains a summary of our regular equal pay audit for 2017.

It includes broad analysis of how pay rates are distributed by gender and ethnicity across Ofcom, as well as comparison of the pay of men and women, and colleagues from different ethnic backgrounds in specific roles.

Alongside the data, the report sets out action Ofcom is taking to ensure a rigorous and fair approach to how colleagues are rewarded.

Contents

Section

1. Introduction	4
2. Gender pay data	7
3. Ethnicity pay	10
4. Equal Pay Audit	13
5. Methodology and data collection	15

1. Introduction

Our commitment to diversity and equality

“Excellence is underpinned by having a breadth of expert voices and viewpoints”¹

- 1.1 Ofcom aims to make communications work for everyone. As a UK-wide regulator, we need to make the best decisions for all UK citizens and consumers. To do this effectively, we need people from diverse backgrounds to help us represent the different perspectives within society. We are committed to treating all colleagues with dignity and respect in an inclusive and fair working environment – which includes a fair and equitable pay structure.
- 1.2 At Ofcom we celebrate diversity and strive to foster an inclusive culture where all colleagues reflect our values. For example, by 2020, we aim to have a 50% gender balance across Ofcom, with women to make up at least 40% of colleagues at a senior level.
- 1.3 Our Diversity and Inclusion Programme sets out our objectives and actions for the next four years. Our goals are to:
 - a) Build a diverse and inclusive workforce to better reflect the UK population we serve;
 - b) Ensure diversity and inclusion are central to our work practices and culture so everyone understands, supports and is accountable for diversity; and
 - c) Ensure the different needs and interests of all people are considered when carrying out our regulatory work.
- 1.4 The equal pay audit is an important piece of work flowing from our Diversity and Inclusion Programme. We are committed to equal pay. Since 2004 we have carried out regular equal pay audits and, where it was apparent there was a gap in salary, we have made adjustments.
- 1.5 Since we began publishing our pay audits, legislation has introduced formal requirements to do so.
 - a) The Equality Act 2010 has an equal work provision which gives women (and men) a right to equal pay for equal work. This provision applies to all employers, although those in the public sector (including Ofcom) are subject to the gender equality duty which requires employers to carry out a full audit.
 - b) Additional regulations were added to the Equality Act in April 2017², requiring public bodies to report on their gender pay gap. Ofcom is one of the public authorities listed in Schedule 2 of the regulations, and so we are required to publish pay gap data on a portal set up by the government.

¹ Sharon White, Ofcom CEO

² The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017

What we have done to promote fair pay

- 1.6 Our previous audits showed there were differences in pay levels across colleagues doing similar roles, although gender was not a significant factor behind those differences. After each audit, we took action to reduce the pay gaps that we found. We:
- Further investigated the small number of anomalies that could not be explained, and made adjustments to the salaries of men and women where there was a clear rationale to do so. In 2018 we have so far made fourteen salary adjustments (ten to female, and four to male salaries).
 - Used the findings from the equal pay audit to inform decisions during our annual pay review process, which takes place during May and June each year, with resulting pay increases taking effect from 1 July. We will use data from this audit during our forthcoming pay review to determine whether we need to make further salary adjustments.
 - Developed a plan for managing the pay progression of:
 - Colleagues whose salaries were low in comparison to their peers, or below the market rate for the job;
 - Colleagues who had recently been promoted.
 - Continued with our strategy for restraining the pay of those colleagues whose salaries were high in comparison to their peers or the external market.

What our pay audit covers

The report looks at our **gender and ethnicity pay gap**, and summarises the findings of our recent **equal pay audit**.

Gender and ethnicity pay gaps

A gender pay gap is a measure of the difference between the average earnings of all men and all women across an entire organisation, regardless of the nature of their work or their level of seniority. The pay gap, therefore, reflects not just pay differentials across the genders, but also the greater seniority of one gender over the other.

At Ofcom we are committed to closing not just our gender pay gap but pay gaps that might exist across our other diversity groups, which is why we are also reporting on our **ethnicity pay gap**.

Importantly, closing pay gaps is not the same as equal pay.

Equal pay

Equal pay relates to men and women being paid equally for equal work. This is a legal requirement in the UK, and an important principle that has always underpinned Ofcom's pay philosophy.

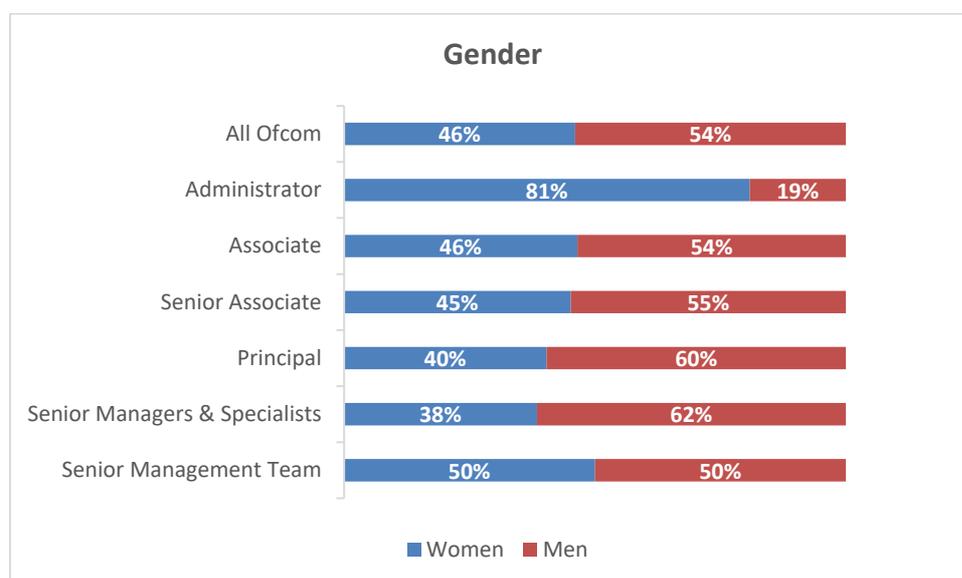
As part of our broader commitment to diversity, we have expanded our equal pay audit this year to look at whether there are any differences in pay levels amongst Ofcom colleagues who are doing the same or similar jobs, by both gender and ethnicity.

Ofcom is strengthening the diversity of its workforce

- 1.7 This report helps Ofcom to understand what we need to do to deliver our commitment to a fair and equitable pay structure, which is a key objective of our Diversity and Inclusion Programme (DIP). The audit also shines a light on those parts of the organisation where we need to do more to increase the mix in gender and ethnicity of our employees.
- 1.8 In our DIP, we have set ambitious objectives for the next four years aimed at addressing all aspects of diversity, with a particular focus on broadening the mix of our senior employees. We will continue to work towards our gender and ethnicity targets, which we set ourselves in 2015, and which we aim to achieve by 2020. These are:
- 50% gender balance across Ofcom;
 - Women to make up at least 40% of colleagues at a senior level; and
 - At least 13% of senior colleagues to come from a Black, Asian or Ethnic-minority background.
- 1.9 We have designed these targets to encourage a broader, more imaginative approach to how we employ staff. Ofcom is carrying out a comprehensive review to ensure that our approach to recruitment reflects our aim to be a diverse organisation, attracting a more diverse range of applicants.
- 1.10 We will further embed the mandatory ‘unconscious bias’ training already delivered to colleagues in people management or senior level roles, by requiring all Ofcom colleagues to undertake a form of this training.
- 1.11 We have a range of programmes, including Future Leaders, reciprocal mentoring, and a role-modelling scheme, to support the progression of women and other minority groups at Ofcom.
- 1.12 The equal pay audits we have carried out regularly since 2004 have helped us to put in place a fair-pay structure across the organisation. We are now focused on ensuring the gender pay gap is reduced. We use our fair-pay structure as the basis from which to develop pay progression plans for specific individuals whose pay is not in line with their peers. The data will also inform our annual pay review decisions.
- 1.13 A full copy of our [Diversity & Inclusion Programme](#) can be found online.

2. Gender pay data

Colleague profile



Overall gender pay gap

March 2018

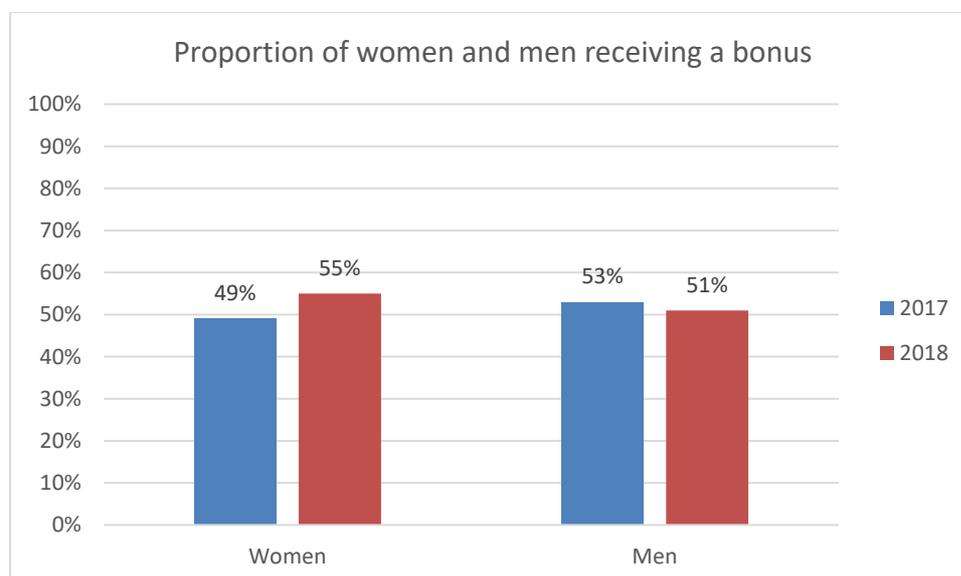
Mean pay gap	Median pay gap
10.6%	10.5%

March 2017

11.7%	12.1%
<p>The mean gender pay gap is the difference in average hourly rates of pay that male and female employees receive. This gives an overall indication of the gender pay gap, by taking all hourly rates of pay and dividing by the total number of employees in scope.</p> <p>The % figure above shows the extent to which the average hourly rate for women at Ofcom is lower than that for men.</p>	<p>The median gender pay gap shows the difference in the midpoints of the ranges of hourly pay rates for men and women, by ordering individual rates of pay from lowest to highest and comparing the middle value.</p> <p>The % figure above shows the extent to which the average hourly rate for women at Ofcom is lower than that for men.</p>

Bonus gap

To be an effective regulator Ofcom must attract and retain a high-performing workforce. In recognition of exceptional performance, when colleagues outperform against their objectives they may be eligible for a bonus at the discretion of the organisation.



This compares the percentage of men and women at Ofcom who received a bonus in the 12 months leading up to 31 March 2017, the snapshot date for reporting on the Government portal, and 31 March 2018. Bonuses include year-end performance bonuses as well as management reward payments, which are paid throughout the year to reward colleagues in the moment.
Bonus recipients will vary year on year.

March 2018

Mean bonus gap	Median bonus gap
16.5%	16.7%

March 2017

11.3%	8.3%
The mean gender bonus gap is the difference in average bonus paid to male and female employees. The % figure above shows the extent to which the average bonus for women at Ofcom was lower than that for men.	The median gender bonus gap shows the difference in the midpoints of the ranges of bonus pay received by male and female employees. The % figure above shows the extent to which the average bonus for women at Ofcom was lower than that for men.

Proportion of men and women by pay quartile

Gender	Lower quartile	Lower middle quartile	Upper middle quartile	Top quartile	Total
Female	52.5%	44.6%	40.5%	36.0%	43.4%
Male	47.5%	55.4%	59.5%	64.0%	56.6%
Total	100%	100%	100%	100%	100%

This is the percentage of men and women at Ofcom in four quartile pay bands, i.e. having divided our workforce into four equal parts, as at the snapshot date of 31 March 2017.

Notes on the data

- 2.1 The figures for calculating the pay gap include base salary, Choices allowance, performance bonus, management reward and any shift pay.
- 2.2 The calculation of the mean and median gender bonus gap excludes colleagues who did not receive any bonus pay in the 12 months leading up to the snapshot date of 31 March 2017. It does not take account of individual circumstances, which may have affected the actual bonus payment an individual received (including whether an individual was working part-time or for part of the year).

Analysing the data

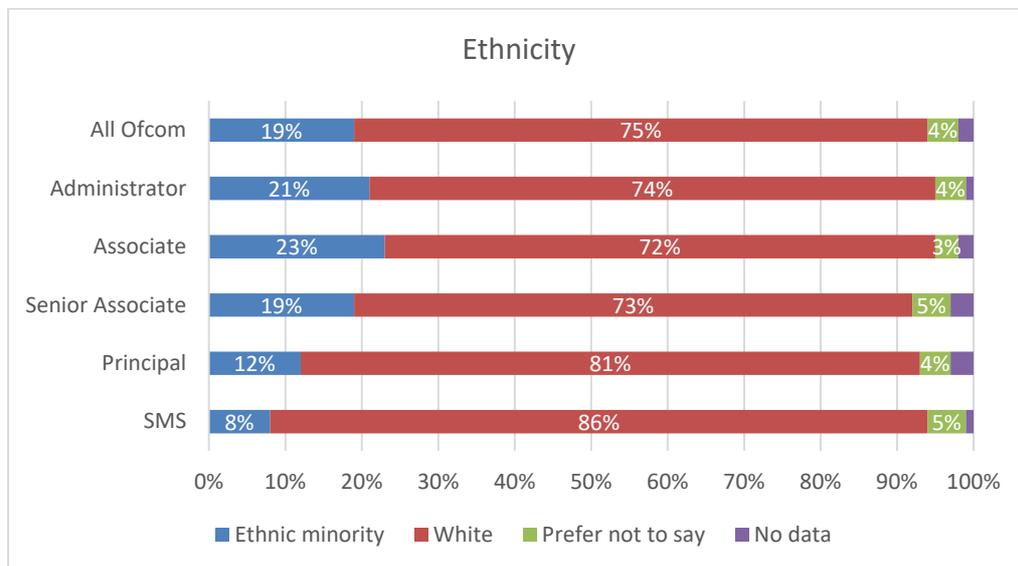
- 2.3 The gender pay gap is an equality measure that shows the difference in average earnings between women and men. Importantly, it does not show differences in pay for comparable jobs.
- 2.4 There are relatively more women than men in junior roles, which is a factor in the difference in average salary by gender. More than half of women at 'senior manager and specialist' (SMS) level either joined Ofcom or were promoted to that grade within the last two years. In these cases, their current salary level reflects their relative lack of experience at SMS level. We have pay progression plans for specific SMS colleagues to prevent unjustifiable pay issues occurring in the future.

Our progress in closing the pay gap

- 2.5 Ofcom's overall gender pay gap – using the **mean** average – has consistently declined. It is now 10.6% in favour of men, a reduction from 11.7% in 2017, 13.97% in 2016 and 19% in 2014.
- 2.6 We attribute the reduction in our gender pay gap over the past year to our general work to achieve our gender targets, which has focussed on attracting, recruiting and promoting more senior women, as well to the pay adjustments we made following our equal pay audit at the end of last year.

3. Ethnicity pay

Colleague profile



Overall ethnicity pay gap

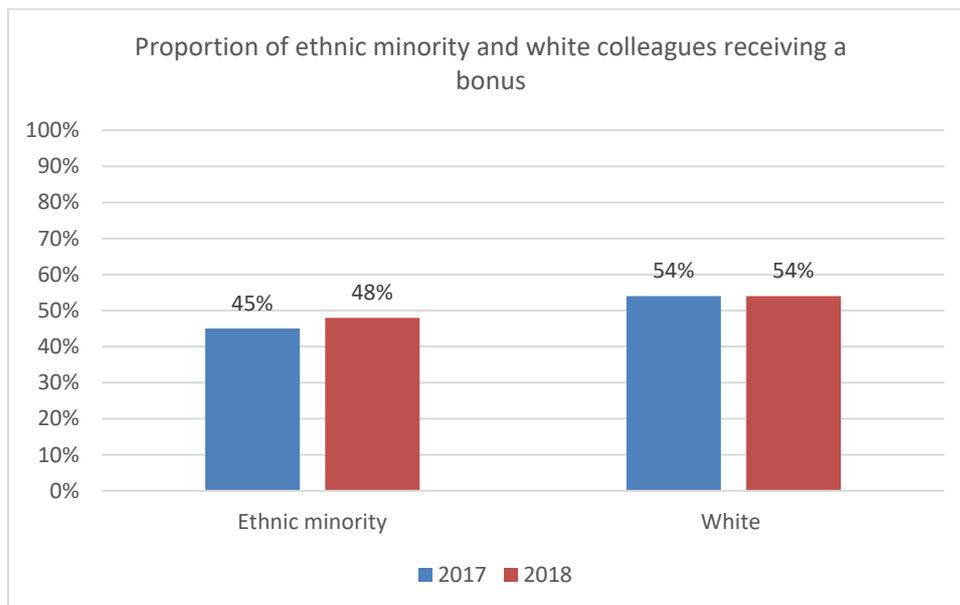
March 2018

Mean pay gap	Median pay gap
14.2%	12.1%

March 2017

13.6%	15.4%
<p>The mean ethnicity pay gap is the difference in average hourly rates of pay that white and ethnic minority employees receive. This gives an overall indication of the ethnicity pay gap by taking all hourly rates of pay, and dividing by the total number of employees in scope.</p> <p>The % figure above shows the extent to which the average hourly rate for ethnic minority employees at Ofcom is lower than that for white employees.</p>	<p>The median ethnicity pay gap shows the difference in the midpoints of the ranges of hourly rates of pay for white and ethnic minority employees, by ordering individual rates of pay from lowest to highest and comparing the middle value.</p> <p>The % figure above shows the extent to which the average hourly rate for ethnic minority employees at Ofcom is lower than that for white employees.</p>

Bonus gap



This compares the percentage of white and ethnic minority employees who received a bonus in the 12 months leading up to 31 March 2017 and 31 March 2018. Bonuses include year-end performance bonuses as well as management reward payments, which are paid throughout the year to reward colleagues in the moment. **Bonus recipients will vary year on year.**

March 2018

Mean bonus gap	Median bonus gap
8.4%	7.4%

March 2017

9.1%	0%
<p>The mean ethnicity bonus gap is the difference in average bonus paid to white and ethnic minority employees.</p> <p>The % figure above shows the extent to which the average bonus for ethnic minority employees at Ofcom was lower than that for white employees.</p>	<p>The median ethnicity bonus gap shows the difference in the midpoints of the ranges of bonus pay received by white and ethnic minority employees.</p> <p>The % figure above shows the extent to which the average bonus for ethnic minority employees at Ofcom was lower than that for white employees.</p>

Notes on the data

- 3.1 The figures for calculating the pay gap include base salary, Choices allowance, performance bonus, management reward and any shift pay.
- 3.2 The figures for calculating bonus include both performance bonuses and management rewards. The calculation of the mean and median ethnicity bonus gap excludes colleagues who did not receive any bonus pay in the 12 months leading up to 31 March 2017. It does not take account of individual circumstances, which may have impacted the actual bonus payment an individual received (including whether an individual was working part-time or for part of the year).
- 3.3 The numbers exclude those for whom we have no ethnicity data, approximately 9% of employees.

Analysing the data

- 3.4 Our pay gap in favour of white colleagues is driven by the fact that there are more white colleagues in higher paid senior roles and more ethnic minority colleagues in junior roles.
- 3.5 Changes in the composition of our workforce account for the difference between our 2017 and 2018 ethnicity pay gap figures. We also recently conducted an exercise within Ofcom to encourage more colleagues to declare their ethnicity data. This may have had an impact on our data.
- 3.6 The difference in the ethnic composition of our workforce also affects the bonus gap, because senior colleagues tend to receive larger bonuses than junior colleagues.

4. Equal Pay Audit

Equal pay audit – gender

- 4.1 Our equal pay audit looks at differences in pay levels amongst colleagues doing the same or similar jobs.
- 4.2 Our analysis showed a good deal of consistency in pay across different categories. Pay decisions are made carefully. We have taken internal relativities into account, and pay gaps identified by previous audits have been substantially reduced.
- 4.3 However, we identified some differences in average pay levels by gender among colleagues within the same professional group and at the same job level. In some cases, the average female salary was higher, and in others the average male salary was higher. In most cases, those pay differences were objectively justified. Reasons included the following:
- Differences in levels of capability, skills, professional qualification, experience, performance and potential among colleagues within comparator groups. This was particularly the case in some of our broader categories, such as Policy and Economists.
 - Promotions and new joiners: as in our previous two audits in 2014 and 2016, the data showed that colleagues who had been promoted or joined Ofcom within the last few years often had lower salaries than colleagues in equivalent roles. We have taken an active approach towards managing pay levels for colleagues who have been promoted. In many cases we have put in place individual pay-progression plans to ensure that the pay of these colleagues does not fall behind that of their peers. Evidence shows this approach has helped to reduce our pay gaps, and we will continue this approach.
 - Skills shortages and specific difficulties in recruiting to some disciplines have, in some cases, broadened the pay gap in some of our categories. This is because we have had to recruit new employees at a higher pay rate than existing colleagues in similar roles. However, some of these jobs are very difficult to benchmark accurately against both the external market and internal peers, as they are unique to Ofcom and can require specialist knowledge.
 - Some professional categories were very small and so one outlier (either relatively low or high) skewed the data.
 - Legacy effects: in some cases, the data showed that colleagues who joined Ofcom from one of its legacy regulators were paid relatively less well than colleagues who joined Ofcom more recently. In other cases, the reverse was true. We found fewer legacy issues in this year's audit than previously. This suggests that our approach of restraining the pay of colleagues who are above benchmark, and putting in place pay progression plans for those who are below benchmark, has been effective.

- 4.4 We compared average salaries for men and women across 81 categories and found that there were:
- 24 categories in which there was no pay gap (i.e. the difference between average male and female salaries was less than 5%);
 - 35 categories in which the average male and female salaries differed by more than 5%:
 - 20 categories in which the average male salary was higher (10 of which were objectively justified);
 - 15 cases in which the average female salary was higher (9 of which were objectively justified); and
 - 24 categories which comprised colleagues of one gender.
- 4.5 Our analysis also indicated that half of the pay gaps favouring men were at Principal and SMS level, while just over a quarter of pay gaps favouring women were at Principal and SMS level.

Equal pay audit – ethnicity

- 4.6 This year's report examines pay levels across colleagues from different ethnic backgrounds doing the same or similar jobs.
- 4.7 In general, our analysis showed a great deal of pay parity across colleagues of different ethnic groups. Across the 81 categories we found there were:
- 25 categories in which there was no pay gap (i.e. the difference between average white and ethnic minority salaries was less than 5%);
 - 19 categories in which the average white and ethnic minority salaries differed by more than 5%:
 - 9 categories in which the average white salary was higher (3 of which could clearly be objectively justified);
 - 10 cases in which the average ethnic minority salary was higher (6 of which could clearly be objectively justified); and
 - 39 categories which comprised colleagues of one ethnicity:
 - 38 of these categories comprised only colleagues who had declared themselves as white. However, it should be noted that 8% of Ofcom colleagues had not declared their ethnicity.

5. Methodology and data collection

Gender and ethnicity pay audit

- 5.1 We collated and analysed data in this part of the report in line with the gender pay reporting regulations. We are required to publish data by 31 March 2017 on the Government's website. We have chosen also to include current data (as at March 2018) in this report to show the progress we have made.

Equal pay audit

- 5.2 As in previous years, we followed the Equality & Human Rights Commission's (EHRC) equal pay audit model to construct the process for the review. The key steps recommended by the EHRC are:
- a) Decide the scope of the audit and identify the data required;
 - b) Identify where men and women (and protected groups) are doing equal work: like work / work rated as equivalent equal value;
 - c) Collect and compare pay data to identify any significant equal pay gaps;
 - d) Establish the causes of pay gaps and decide whether they are free from discrimination;
 - e) If there appears to be discrimination, develop an equal pay action plan or if the results show that pay is free from discrimination ensure ongoing review and monitoring.
- 5.3 Our pay bands and job families are very broad. So to help us to determine what constituted work of equal value, we worked with senior managers across Ofcom to group jobs into professional categories and levels of seniority.
- 5.4 Our review comprised a comparison of average salaries by gender and by ethnicity.
- 5.5 We calculated the pay gap by taking the higher salary and dividing it by the lower salary to give the % pay gap between men and women (or between ethnic groups).
- 5.6 The EHRC equal pay review kit advises that any gaps of 5% or more between the average pay of men and women at the same grade is 'significant', and should be investigated. Where there is a pattern of gaps favouring one gender, the threshold for significance and further investigation drops to gaps of 3%.
- 5.7 Although the Equality Act does not require us to compare the pay of colleagues from different ethnic groups, we have chosen to broaden our audit to include ethnicity and used the same principles as for the gender audit.

Ofcom's remuneration policy

- 5.8 Ofcom has a total reward approach which includes the following:
- Salary

- Base salary linked to 'the market' – defined as the 'going rates' earned by people doing comparable jobs outside Ofcom;
 - Broad salary bands constructed around the market median rate;
 - Salary progression based on colleagues' performance, external market relativities, internal relativities (i.e. a colleague's salary relative to others in the same or similar role) and potential (colleagues who haven't yet achieved their full potential but show great promise and flair in making a significant contribution to Ofcom);
 - Non-consolidated performance bonus opportunity for colleagues who over-perform against their objectives;
 - Non-pensionable, flexible allowance.
- Benefits
 - Flexible benefits so that individuals can choose benefits they most value;
 - A defined contribution pension scheme.

5.9 In addition, Ofcom has a variety of flexible working practices, including home-working and part-time working. Ten percent of colleagues were working part-time hours at the time of the review, with 88% of part-time colleagues being female.