



Equal Pay Audit 2012 Summary

Foreword

The following summary is an abridged version of Ofcom's Equal Pay Audit 2012.

In the full version of the report we set out our key findings, commented on any issues arising and set out how we intend to address any pay inequalities. This summary, excludes the section detailing our key findings due to the need to ensure that individual colleagues are not identifiable. The key findings section within the full report, contained detailed analysis of each pay grouping and commentary on our findings. In a number of cases, the groupings were small so we are therefore publishing a summary of the report for Data Protection reasons to ensure that it is not possible to identify individuals.

The full version of the report was reviewed by Ofcom's [Executive Committee](#) and [Remuneration Committee](#).

The following sections are presented in their entirety and are exactly as they were in the full version of the Equal Pay Audit report:

- Section 1 - Introduction
- Section 2 - Methodology & Data Collection
- Section 3 - Colleague Profile

Section 4 - General Conclusion & next steps is an abridged version, again, to ensure that individuals are not identifiable.

Section 5 has been written for inclusion in this summary to provide an update as to what has been achieved since we produced the full version of the report earlier in 2012.

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Section 1

Introduction

1.1 Our commitment to diversity and equality

At Ofcom, diversity and equality are central to our values and to the way in which we operate. As a regulator, we have a duty to further the interests of citizens and consumers. To do this effectively, we need people from diverse backgrounds to help ensure we make sound decisions that are representative of the different perspectives within society.

It is essential, therefore, that we take steps to ensure we are a good employer that values and welcomes the different ideas, skills and behaviours of our colleagues.

Our diversity and equality policy is to treat all colleagues with dignity and respect in an inclusive and fair working environment, promoting equality of opportunity for all

As an employer, Ofcom's goal is to recruit, motivate, develop and retain outstanding people, reflecting the diverse communities we serve, who work together to deliver our common aims and objectives. Part of our ethos is to be a place where people choose to work because it offers equal and inspiring opportunities to everyone.

We support the principle of equal pay for work of equal value and are committed to providing an equitable pay structure, which rewards colleagues fairly. As part of that commitment, we carry out regular monitoring of the impact of our pay practices and have made this a key commitment in our in our Single Equality Scheme.

We are also mindful of our responsibilities under the Equality Act 2010, which gives women (and men) a right to equal pay for equal work. The equal work provisions apply to all employers, although those in the public sector (including Ofcom) are subject to the gender equality duty. This specifically requires us to carry out an equal pay audit.

In the report we set out our key findings, comment on any issues arising and set out how we intend to address any pay inequalities.

1.2 What is an equal pay audit?

An equal pay audit involves:

- Comparing the pay of men and women doing equal work;
- Identifying any equal pay gaps;
- Explaining and justifying any gaps using objective criteria;
- Addressing any gaps that cannot satisfactorily be explained on the grounds of work content; and
- Ongoing monitoring.

We carried out our first equal pay audit in 2004, and our second in 2007. The findings of these reviews showed that whilst there were some differences in pay levels amongst colleagues doing the same type of work there was no significant disparity in the pay of men and women working at comparable levels within Ofcom. The differences were largely as a result of differences in pay levels amongst colleagues who had come from different

regulators. We used the data from these reports to help us to address these internal relativities.

1.3 Ofcom's remuneration policy

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. Jobs in Ofcom are benchmarked against our chosen competitor markets and pay levels are compared to identify whether individual salary levels are below, within or above the market range. For the majority of colleagues we use the telecoms, media and technology (TMT) sector as the comparator group.
 - Broad salary bands to reflect a flat structure, see annex A. These have been 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 a 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 'Choices' allowance

- Benefits
 - Flexible benefits enabling individuals to choose the benefits they most value
 - Benefits based on market competitive package for job level
 - A defined contribution pension

In addition, Ofcom has a variety of flexible working practices, including home-working, compressed hours, and part-time working. Nine percent of Ofcom colleagues were working part time hours at the time of the review with 89% of part time colleagues being female.

Section 2

Methodology and Data Collection

2.1 Process for the Review

The equal pay audit model recommended by the Equality & Human Rights Commission (EHRC) was used to help construct the process for the review. The key steps were:

- 1) Deciding the scope of the audit and identifying the data required;
- 2) Identifying where men and women (and protected groups) were doing equal work: like work / work rated as equivalent equal value;
- 3) Collecting pay data to identify any gaps;
- 4) Establishing the causes of pay gaps and deciding whether they are free from discrimination;
- 5) If there is discrimination developing an equal pay action plan or if the results show that pay is free from discrimination ensure ongoing review and monitoring.

2.2 The Data

The report is based on salary data taken on 30 January 2012. The total population involved in the review was 770, of which 693 were based in London.

Some colleagues were excluded from the analysis on account of there not being an appropriate internal comparator for their role. This was the case with some of the colleagues working on the Olympics and some of the Nations and Regions based colleagues. Group Directors were also excluded from the analysis.

Salaries for part-time colleagues were factored up to the full time equivalent salary.

Our pay bands and job families are very broad and so to help us to determine what constituted work of equal value we grouped jobs into professional categories and levels of seniority using Towers Watson's pay benchmarking methodology. This system sorts jobs into:

- Functions – such as 'administrative services' or 'corporate affairs/communications'
- Disciplines – these are sub-sections of the functions. For example, the administrative services functions contains disciplines such as receptionist/switchboard and secretarial; and the corporate affairs/communications function includes public relations and internal communications.
- Levels – these are referred to as global grades and provide a more granular description of the size and scope of a job than our broad job levels. A copy of the global grade descriptors is contained in annex 2.

Prior to undertaking the equal pay audit we worked with senior managers from across Ofcom to ensure that all jobs were appropriately coded.

The reports show the average pay of male and female colleagues at each level and for each professional category and indicate the percentage value of any pay gaps. The gap is shown as a -% if females are paid less than males and a +% if females are paid more than males.

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. The threshold for significance and recommended further investigation drops to gaps of 3% or more where there is a pattern of gaps favouring one gender.

2.3 Groups analysed

We sorted our analysis into the following professional groups:

- Administrators
- Personal Assistants
- Ofcom Consumer Contact team
- Finance
- ICT
- Market Research and Market Intelligence
- Consumer Policy, Consumer Protection and Internet Policy Team
- Competition Investigations
- Competition Finance
- Competition Policy
- Economists
- Lawyers
- SPG Policy Roles
- SPG Authorisation, Products & Licensing
- Technology
- Strategy
- Radio Content & Broadcast Licensing, Standards
- Government & Parliamentary Business and International
- Nations and Regions
- Secretariat, HR, Communications and Operational Transformation
- Business Services - Spectrum Licensing, Quality and Process and Numbering Team
- Business Services - Spectrum Interference
- Business Services – Spectrum Services
- Business Services –Technical Division
- Business Services – Spectrum Enforcement

Section 3

Colleague Profile

3.1 Background

Ofcom was formed as a result of the Communications Act 2003 and inherited the duties and employees of its legacy regulators – the Radiocommunications Agency, Ofcom, the Independent Television Commission, the Radio Authority and the Broadcasting Standards Commission. The proportion of employees who transferred from these five bodies has decreased over time as a result of staff turnover and currently stands at 28% of the workforce. The majority of colleagues have, therefore, been directly recruited by Ofcom. However, a small number – 25 – transferred from Postcomm in October 2011 when Ofcom assumed responsibility for regulating post.

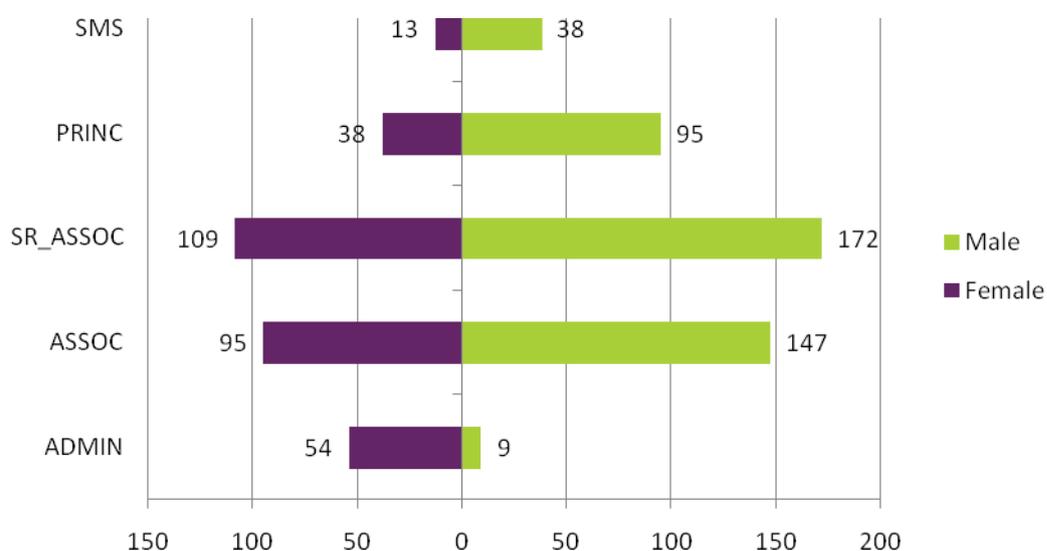
3.2 Gender distribution

The gender split was 60% male, 40% female with higher female representation at administrator level and higher male representation at associate, senior associate, principal and SMS level, see table below.

Level	Female	Male
Administrator	86%	14%
Associate	39%	61%
Senior Associate	39%	61%
Principal	29%	71%
SMS	25%	75%
Total	40%	60%

Additional note added to Equal Pay Audit Summary:
As noted in 2.2 above, our job levels and pay bands are very broad as they contain a range of different roles which have their own market range within the broader band.

Number of employees at each level, split by gender



Average Salary by Gender, By Level

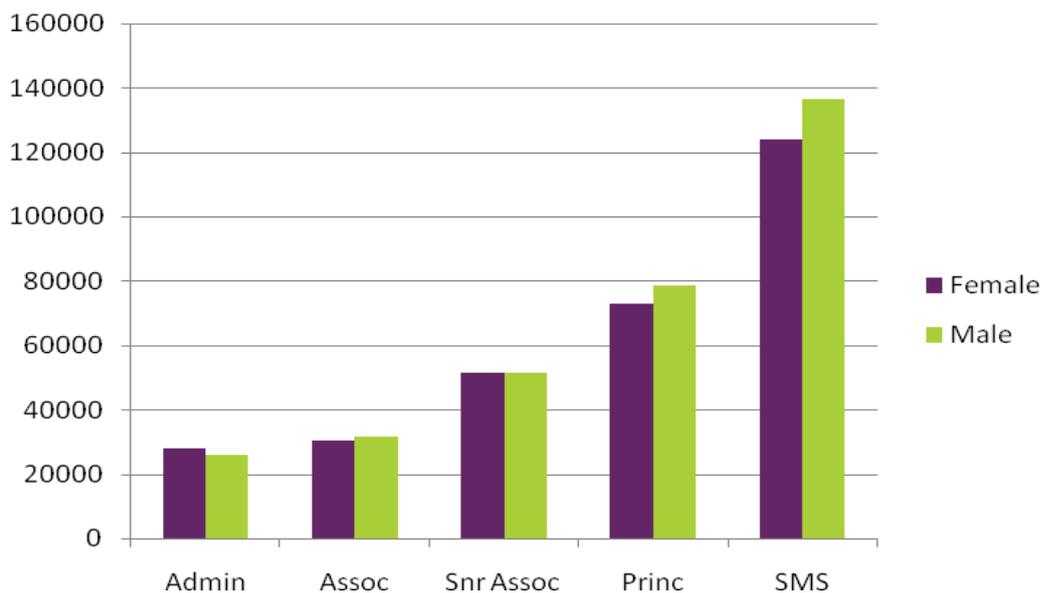
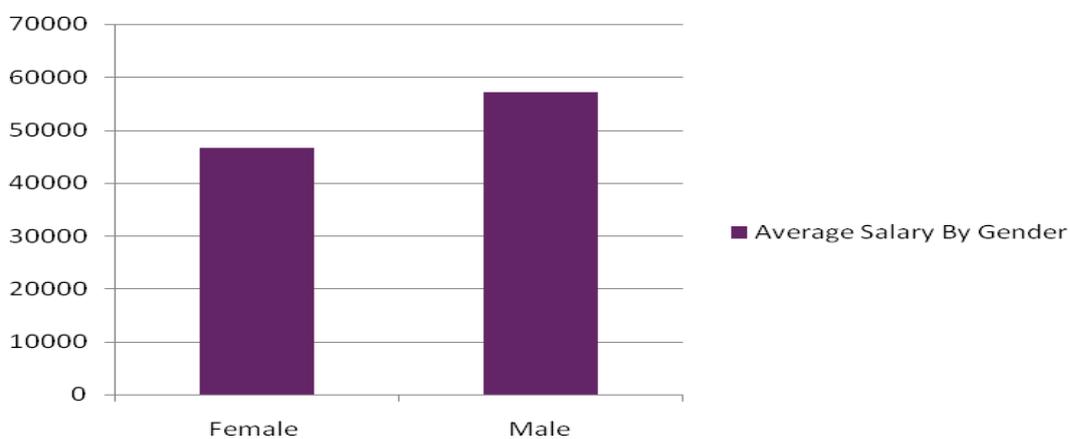


Table Showing Average Salaries by Level and & Pay Gap.

Level	Female Average Salary (£)	Male Average Salary (£)	Pay Gap (%)
Admin	28,032	26,060	7.57
Assoc	30,538	31,578	-3.40
Snr Assoc	51,580	51,370	0.04
Princ	72,989	78,416	-7.43
SMS*	123,975	136,452	-10.06

*all SMS (ie. including Group Directors)

Average Salary by Gender



Section 4

General Conclusions and next steps

The report indicates that there are some differences in levels of pay amongst colleagues doing similar roles but there does not appear to be a clear gender bias.

At a high level, there is a pay gap of -3% for associates (i.e. the average salary for a male associate is 3% above the average salary for a female associate), -7% for principals and -10% for SMS. The position is reversed for administrators for whom the pay gap is +7% (i.e. the average female salary is 7% higher than the average male salary). There is no pay gap at senior associate level.

These figures compare with a pay gap of -20.2%¹ across the UK workforce as a whole, and a gap of -13%² for the Civil Service.

However, if we compare salaries by professional group and level of seniority, it appears that neither gender is consistently paid more than the other gender. We divided the data into specific comparison groups and the analysis showed that:

- The average salary for males was higher than the average salary for females in 33 categories
- The average salary for females was higher than that for males in 22 categories
- There was no clear difference between average male and female salaries in 14 categories

It should be noted that some of the comparison groups are quite small and so, in a number of cases, just one salary anomaly skewed the data.

These results have to be seen in the context of the general distribution of male and female colleagues across Ofcom. Overall, 60% of all colleagues are male and 40% are female. There is a much higher concentration of male colleagues in some areas, such as SPG and in parts of Operations whereas the proportion of female colleagues is higher in administration roles and within teams such as Market Research and Intelligence, Legal, HR and Communications. There is also a higher concentration of male colleagues in more senior roles.

We examined the salary data in detail and, in many instances, were able to determine what lay behind the differences in pay levels.

Where there are colleagues whose salaries appear to be higher than their peers for historical reasons there is no obligation on us to increase the salaries of those in comparable roles. Instead, our approach is to restrain the pay of the individual with the higher salary. Exceptional performance could be rewarded with non-consolidated bonus payments.

There are also some pay gaps in teams containing colleagues who have recently been promoted. This affects both male and female colleagues. Our focus now is on ensuring that, where appropriate, we have an individual pay progression plan for those colleagues.

¹ Office for national Statistics 2010

² Office for national Statistics 2010

Although gender does not appear to be a significant factor behind the differences in levels of pay for colleagues doing similar roles, there are a number of issues on which we will focus. These include:

- A more detailed investigation of the reasons for any pay anomalies which are not clear from the data. This should include a comparison of those salaries against the market rate for the job.
- A plan for managing the pay progression of:
 - colleagues whose salaries are low in comparison to their peers and are below the market rate for the job; and
 - colleagues who have recently been promoted to ensure that an equal pay gap does not develop in the future
- A strategy for managing the pay of those colleagues whose salaries are high both in comparison with their peers and the external market.

On a more general level we will:

- Continue our approach of placing the focus on 'market rate for the job' rather than a new joiner's previous salary when appointing new colleagues in order to reduce the likelihood of creating new pay gaps in the future.

Section 5

Follow up activity

The full Equal Pay Audit was completed earlier in 2012 so this section is provided as an update on the steps that have been taken to address the points raised in the report.

Since carrying out the audit we have:

- Further investigated the small number of anomalies that could not be explained
- Made a small number of salary adjustments where there was a clear rationale to do so:
 - 32 colleagues (15 female colleagues and 17 male colleagues) were given an increase

In most cases, an uplift was given because the colleague's salary was low against their peers and the external benchmark for their role. In some cases additional factors were taken into consideration which included the fact that the colleague was:

- a high performer
- a key retention challenge
- a technical specialist / a skill set in short supply
- on a salary that was not reflective of their increased level of responsibility
- playing a key role in the group
- on a much lower salary than their peers as a result of transferring from another group

Ofcom's annual pay review takes place during May and June with resulting pay increases taking effect from 1 July each year. As we write this summary, our annual pay review is almost at its completion and findings from the equal pay audit were also used to inform pay decisions.

Ofcom is committed to gender equality and we will continue to monitor our pay practices in order to ensure that we reward colleagues fairly. We will continue to base pay decisions on colleagues' performance, external market relativities, internal relativities and potential. Ongoing monitoring and awareness of our equal pay obligations is important and we need to ensure that we do not create equal pay issues where previously none have existed. When we are recruiting new colleagues, when existing colleagues are promoted or move roles, we need to be mindful of internal relativities and all pay decisions, regardless of gender, should be fair and justifiable.

We appreciate that an equal pay audit is not a one-off event so in order to ensure that our pay practices remains free from bias we will continue to review and monitor pay outcomes. A further full equal pay audit will be carried out in two years.

In addition to presenting the Equal Pay Audit (in its entirety) to Ofcom's Executive Committee and Remuneration Committee, a high level overview of the report was discussed with:

- Ofcom's Corporate Responsibility Steering Group (CRSG)
- Prospect (our recognised Union)

- Ofcom's Monthly management briefing (a briefing attended by all managers with five or more direct reports)