



Equal Pay Audit 2014 Summary

About the document

The following summary is an abridged version of Ofcom's equal pay audit 2014.

In the full version of the report we set out our key findings, comment on any issues arising and set out how we are addressing any pay inequalities.

This summary excludes the detailed data on our key findings due to the need to ensure that individual colleagues are not identifiable.

The full version of the report has been reviewed by Ofcom's Executive Committee and Remuneration Committee.

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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.

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 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 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, our second in 2007 and our third in 2012. The findings of the 2004 and 2007 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 at the five legacy regulators which merged in 2003 to form Ofcom. We used the data from these reports to help us to address these internal relativities.

Similarly, our equal pay audit in 2012 indicated that there were some differences in levels of pay amongst colleagues doing similar roles but there did not appear to be a clear gender bias. When we examined the salary data in detail we were, in many instances, able to determine what lay behind the differences in pay levels.

Following the 2012 audit, we:

- made a small number of salary adjustments (32 colleagues: 15 female colleagues and 17 male colleagues)
- developed a longer term pay progression plan for a small number of colleagues

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.
 - Broad salary bands to reflect a flat structure. 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.
- Benefits
 - Flexible benefits so that individuals can choose the benefits they most value
 - A defined contribution pension

In addition, Ofcom has a variety of flexible working practices, including home-working and part-time working. Nine percent of Ofcom colleagues were working part time hours at the time of the review with 90.5% of part time colleagues being female.

Section 2

Methodology and Data Collection

2.1 Process for the Review

We used the equal pay audit model recommended by the Equality & Human Rights Commission (EHRC). 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 and comparing pay data to identify any significant equal pay gaps;
- 4) Establishing the causes of pay gaps and deciding whether they were free from discrimination;
- 5) If there appeared to be discrimination, developing an equal pay action plan or if the results showed that pay was free from discrimination then ensuring ongoing review and monitoring.

2.2 The Data

The report was based on salary data taken on 24 February 2014. The total population involved in the review was 812, of which 720 were based in London.

Some colleagues were excluded from the analysis on account of there not being an appropriate internal comparator for their role.

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.

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 indicates 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.

Annex 1 provides detail about the profile of Ofcom colleagues.

Section 3

Key Findings & Recommendations

3.1 Key Findings

The report indicated that:

- neither gender was consistently paid more than the other gender;
- there were some differences in levels of pay amongst colleagues doing similar roles but no clear gender bias;
- where there were pay differences, these could often be explained.

It was also clear that we had made progress since our last equal pay audit in 2012.

The gender pay gap by job level was as follows:

	2014	2012	Progress in closing the gap
Administrators	Average female salary 6.68% higher than average male salary	Average female salary 7.57% higher than average male salary	
Associates	Average male salary 0.5% higher than average female salary	Average male salary 3.4% higher than average female salary	
Senior Associates	Average female salary 1.9% higher than average male salary	Average female salary 0.04% higher than average male salary	
Principals	Average male salary 3.2% higher than average female salary	Average male salary 7.43% higher than average female salary	
Senior Managers and Specialists	Average male salary 5.05% higher than average female salary. But when CEO removed there is no pay gap at this level.	Average male salary 10.06% higher than average female salary.	

As noted in 2.2 above, our job levels and pay bands are very broad and contain different roles which have their own market range within the broader band. To get a more accurate view on whether there was a gender pay gap across colleagues doing equivalent work, we grouped individuals into professional categories.

Our analysis showed that

- The average salary for males was higher than the average salary for females in 30 categories (this was 33 in 2012)
- The average salary for females was higher than that for males in 16 categories (this was 22 in 2012)
- There was no clear difference between average male and female salaries in 26 categories (this was 14 in 2012)

It should be noted that some of the comparison groups were 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, 59% of all colleagues are male and 41% are female. There is a much higher concentration of male colleagues in some areas, such as Spectrum Policy Group, Information Technology and in parts of Operations, whereas the proportion of female colleagues is higher in administration roles and within teams such as Legal and HR. 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.

In a number of instances, the data showed that colleagues who had been promoted in the last couple of years were paid less well than their colleagues in equivalent roles. This applied to both male and female colleagues. Our focus is now on ensuring that, where appropriate, we have an individual pay progression plan in place for those colleagues.

In some instances 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 instances, however, colleagues who came from a legacy regulator appeared to be on a higher average salary than their peers who had joined Ofcom directly.

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 will be to restrain the pay of the individual with the higher salary.

3.2 Recommendations

Although gender did not appear to be a significant factor behind the differences in levels of pay for colleagues doing similar roles, there were some actions identified as a result of this audit. These include:

- Carrying out a more detailed investigation of the reasons for any pay anomalies which were not clear from the data.
- Developing a plan for managing the pay progression of:
 - colleagues whose salaries were low in comparison to their peers and were below the market rate for the job; and
 - colleagues who had recently been promoted.
- Continue with our strategy for restraining the pay of those colleagues whose salaries were high both in comparison with their peers and the external market.

We will continue to monitor pay and ensure that we meet the commitments that we have made in our Equality Scheme.

Section 4

Follow up activity

The full equal pay audit was completed earlier in 2014 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; and
- Made a small number of salary adjustments where there was a clear rationale to do so:
 - 16 colleagues (7 female colleagues and 9 male colleagues) were given an increase

In most cases, an uplift was given because the colleague's salary was low in relation to 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. We used the findings from the equal pay audit to inform pay decisions during our 2014 pay review process.

In addition to presenting the equal pay audit 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).

Annex 1

Colleague Profile

Gender distribution

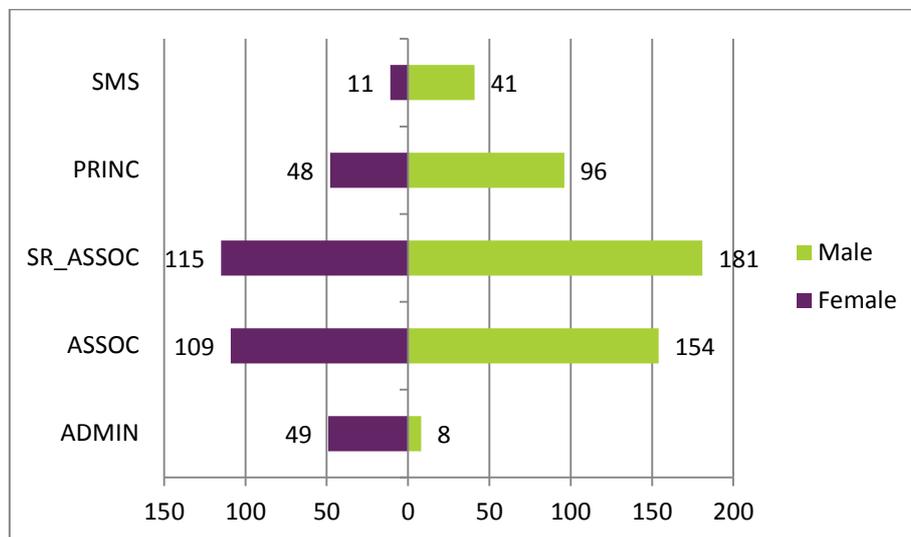
The gender split was 59% male, 41% female with higher female representation at administrator level and higher male representation at associate, senior associate, principal and SMS level, see table below.

Level	Female	Male
Administrator	86%	14%
Associate	41%	59%
Senior Associate	39%	61%
Principal	33%	67%
SMS	21%	79%
Total	41%	59%

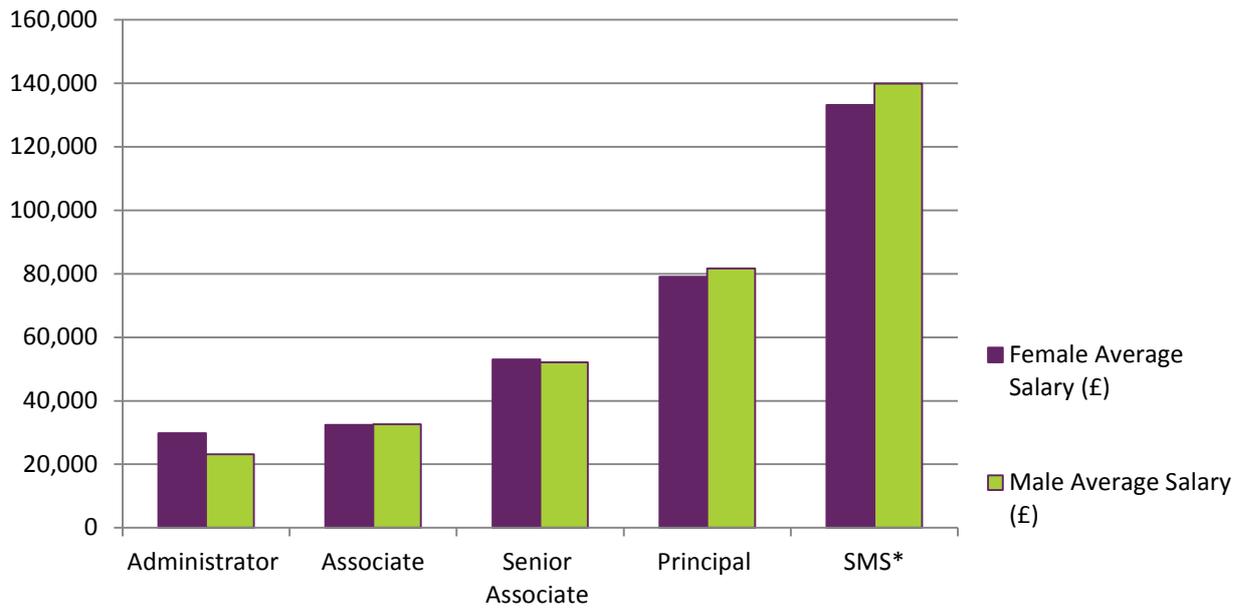
Additional note added to Equal Pay Audit Summary:

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 colleagues at each level, split by gender



Average Salary by Gender, By Level



Average Salary by Gender



*Senior manager and specialist