

Pay Gap Report

2020



Introduction

Our diversity and inclusion strategy is a priority across Ofcom. We have set ourselves some challenging workforce targets to ensure we build an organisation that reflects the whole of the UK. An important part of that is ensuring that colleagues are paid and rewarded fairly.

Pay gaps are an equality measure based on the pay of people across an organisation as a whole, regardless of the job they do. They compare the salaries of one characteristic with another – such as women with men – and the ‘gap’ is the difference between the two. (The pay gap does not show differences in pay for comparable jobs, something which is already against the law.) Pay gaps are influenced by the make-up of the organisation based on the characteristic in question (such as gender, ethnicity or disability), and where particular types of jobs are concentrated. We have also continued to audit equal pay at Ofcom, including that of disabled colleagues and we provide an update on this.

As a public sector organisation, Ofcom reports its gender pay gap information under regulations that came into force in April 2017. However, since 2004 we have gone beyond these requirements by publishing both equality and gender pay data. Since 2018 we have also published our ethnicity pay gap, and in this year’s report we have chosen to extend our coverage further to include disability pay gap information.

Although we are making progress in some areas, such as ensuring we have greater levels of diversity in our graduate and apprenticeship population, we know that the impact of these decisions will take time to come to fruition. We take a long-term view of the pay gap challenge, ensuring any decisions we take now, our Diversity and Inclusion strategy and targets for 2021-26 will support us to meet our goals not just now, but in five years’ time.

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Overview

Gender pay gap

Ofcom reports the following gender pay gap statistics each year as at 31 March.

- Mean (average) pay gap by gender
- Median pay gap by gender
- Percentage of men and women in each pay quartile
- Mean (average) bonus gap by gender
- Median bonus gap by gender

For this report, our data is taken as at **31 March 2020** and includes all employees and pay elements, in line with government reporting requirements.

Ofcom's workforce

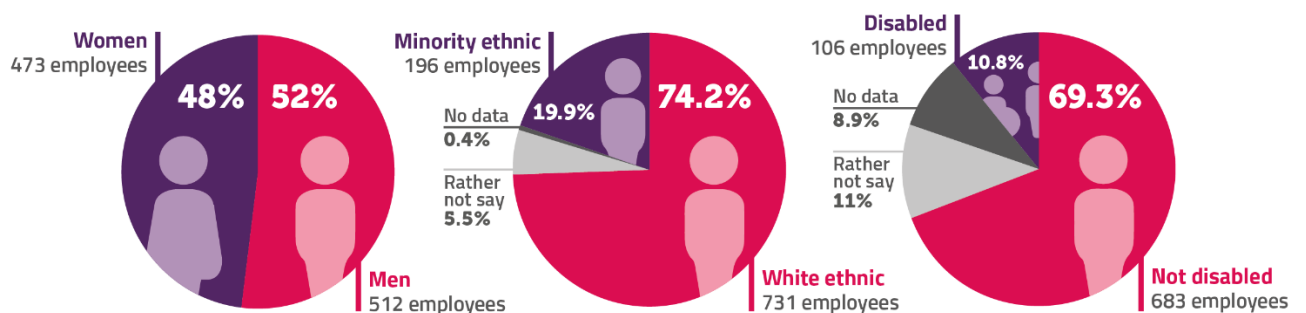


Figure 1: Ofcom employee make-up. Data as of 31 March 2020.

To note as at 31 December 2020, Ofcom's workforce was 50:50 for men and women, 21% ethnic minority colleagues and 12% disabled.



How we are doing

Gender

Between March 2019 and March 2020, Ofcom pay gaps (mean and median) showed an increase for gender and ethnicity. For gender in 2020, there was an increase of 1.1 percentage points to 9.9% in the mean pay gap and 3.4 percentage points increase to 12.1% in the median pay gap.

Bonus gaps have reduced for gender (to 4.9% mean and 19.5% median). There was a higher percentage of women receiving a bonus (55.0%) than men (50.8%) which will have helped reduce the gender bonus gap.

Ethnicity

For ethnicity, the pay gap increased by 5 percentage points to 19.5% for mean and by 0.4 percentage points to 14.2% for median (see figures 3 and 4).

The percentage of minority ethnic employees receiving a bonus decreased by 2.1 percentage points to 45.9% in 2020, and increased for white ethnic employees by 2.7 percentage points to 54.7%. As a result, the ethnicity bonus gaps rose last year (to 23.3% mean and 31.3% median respectively).

Disability

In the first year of reviewing our disability pay, the data shows there are gaps in mean and median pay (11.0% and 5.6% respectively) and bonus (20.0% and 37.5% respectively).

Analysis

As a relatively small organisation, staff movements can make a material difference to Ofcom's pay gaps. For example, as we increase the gender and ethnicity diversity of our graduate cohort, we have seen this have a negative effect on our pay gap – but potentially a positive effect on our future senior diversity. As we make progress on our Diversity and Inclusion programme, we acknowledge that this may affect our pay gaps in the short term. We will continue to monitor the effectiveness of the programme to ensure it brings about the results we need, both for our workforce targets and for reducing our pay gaps.

The Ofcom [Diversity and Inclusion Strategy](#) was published in January 2021. In the report, Ofcom as an employer will focus on transforming three main areas: recruitment, career progression and performance management. Reward will be an important element in each of these areas, to ensure they support a fair and transparent reward and pay culture.

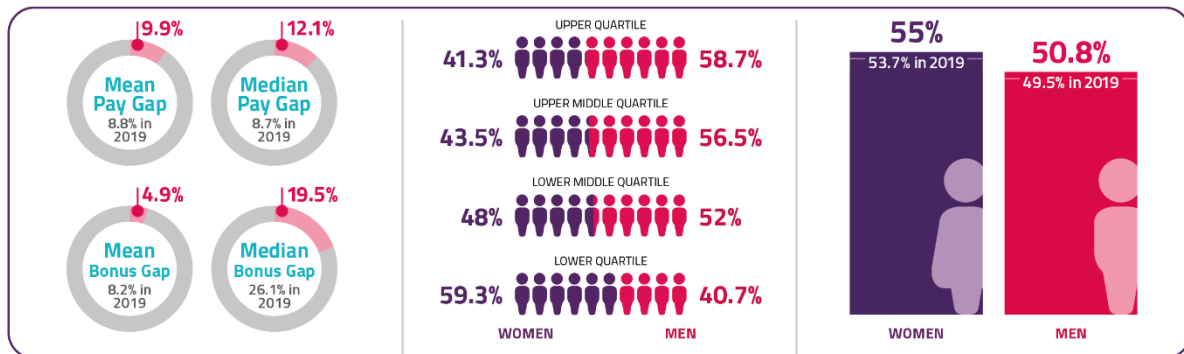


Figure 2: Gender Pay and Bonus Gap, % of employees by quartile and % of employees receiving a bonus



Figure 3: Ethnicity Pay and Bonus Gap, % of employees by quartile and % of employees receiving a bonus

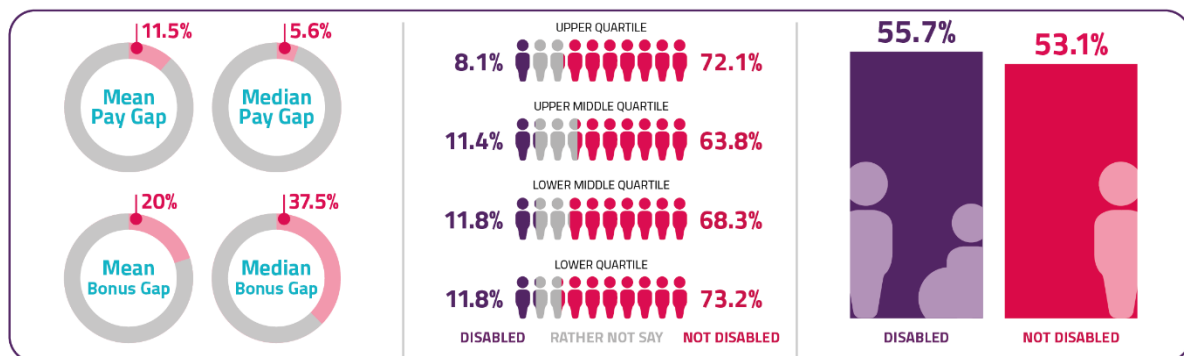


Figure 4: Disability Pay and Bonus Gap, % of employees by quartile and % of employees receiving a bonus



What we are doing

Diversity and inclusion strategy

Ofcom's wider approach to creating and developing a diverse workforce, an inclusive culture and a fair working environment for everyone can be found in our January 2021 report.

Based on consultation with our employees, the priority areas for Ofcom as an employer are explained below. We will review and if necessary overhaul our processes to make them fair and equitable by design, so that people of all characteristics and backgrounds can succeed in their career. Our reward structures will play an important role in each of these areas to ensure we can reduce or close our pay and bonus gaps for our colleagues. These priority areas will be supported by new, stretching, five-year workforce targets to 2026:

- Senior ethnicity: 16% of our senior leaders from minority ethnic backgrounds
- Senior gender balance: An equal gender balance at senior levels
- Disability: 15% representation of colleagues with disability



Recruitment

In our D&I strategy, we committed to improving our recruitment practices to create better opportunities for hiring more diverse talent. Hand in hand with this must be fair pay practices in deciding pay offers for candidates, while remaining competitive in the labour market. We have already started to work through our current processes and have partnered with an external recruitment partner to help us attract, find and shortlist a diverse range of candidates for every role.



Career progression

To support our work in developing a pipeline of diverse leaders, in 2019 we launched Rise, our targeted development programme for high-performing individuals from under-represented groups. We will build on this by looking at our career frameworks to support people in progressing; how we allocate our work; and how we create career paths for both technical and management roles. This framework will also be supported by a promotion pay structure that encourages movement of colleagues across teams.



Performance management

Performance management and reward are inextricably linked. Having the right tools available to managers is essential to embedding a performance culture where everyone can do their best. During 2021 we are undertaking a full review of our performance management processes, considering how they affect everybody and could help us to reduce pay gaps. We will implement changes from 2022 onwards.



Equal Pay Audit

Equal Pay

Equal pay is different to pay gaps.

Pay gaps are calculated by looking at the organisation as a whole. They are influenced by the make-up of the organisation based on the characteristics in question, such as gender.

Equal pay looks at the difference in average pay by characteristic for those doing like-for-like work, or work rated as equivalent, and/or of equal value. Therefore, the focus is on particular groups of roles, rather than the whole organisation.

In line with previous years, we have conducted our Equal Pay Audit this year as guided by the Equality and Human Rights Commission. We have done this for gender, ethnicity, and disability characteristics. Any differences in pay between men and women, between people from minority ethnic backgrounds and non-minority ethnic backgrounds, and between people who are disabled and non-disabled have been investigated, and pay adjustments have been made where pay differences are not justifiable.

Both pay gap and equal pay audit reporting are important measures to supporting Ofcom's aims to be to be a diverse, fair and inclusive employer. At Ofcom we are committed to ensuring we have a fair and equitable pay structure while hiring and retaining the best talent. Equal pay audits are a critical tool to supporting this commitment.