

Health and Safety Executives Gender Pay Gap Report 2018

Foreword

This report is an important part of giving assurance on the equality of our pay systems, and for helping us to understand and address any emerging issues in relation to gender. It supports our ongoing work to improve the diversity of our workforce and reform our overall reward offering.

The Health & Safety Executive (HSE) supports the fair treatment and reward of all its people, irrespective of gender. HSE is committed to building and maintaining a diverse and inclusive organisation, with equality of opportunity at the heart of this. As part of the Civil Service, our overall aim is to be the most inclusive employer in the UK and to be representative of the communities that we serve.

HSE recognise that its Gender Pay Gap is significant and to address this fully, for the benefit of our organisation, we will need to set ourselves challenging goals, which deliver a more representative workforce, in relation to gender. These cover areas of gender parity during recruitment into senior grades and improving ways of growing and supporting our internal female talent in their career development with HSE; all to ensure better gender balance across all grades and disciplines in HSE.

HSE Management Board is fully committed to improving our Gender Pay Gap and are developing an action plan to support this, whilst keeping within the parameters of Government pay guidance.

I confirm that the data reported by the Health & Safety Executive 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.

**by Karen Nightingall,
Director of People and Capability Division**

Introduction

In 2017, the Government introduced world-leading legislation that made it statutory for 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 31st March 2017. These regulations underpin the [Public Sector Equality Duty](#) and require the relevant organisations to publish their Gender Pay Gap data by 30th March annually. This includes mean and median Gender Pay Gaps; the mean and median Gender Bonus Gaps; the proportion of women and men who received bonuses; and the proportions of female and male employees in each pay quartile. This Gender Pay Gap report is based on data at 31st March 2018.

The Gender Pay Gap shows the difference in the average pay between all women and men in a workforce. If a workforce has a particularly high 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.

The Gender Pay Gap is different to equal pay. Equal pay deals with pay differences between women and men who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a woman or a man.

This report sets out where HSE fulfils the reporting requirements and sets out what we are doing to close the Gender Pay Gap in the organisation. We have published these mandatory figures on the Government's designated Gender Pay Gap reporting website and our own external website.

Definitions and scope

The Gender Pay Gap is defined by 2 figures, the difference between the mean hourly rates of pay that female and male colleagues receive; and also the difference between the median hourly rates of pay that female and male colleagues receive.

The Gender Bonus Gap is defined as the difference between the mean or median bonus amounts that female and male colleagues receive.

The mean is calculated as the average pay/bonus number.

The median takes all the pay/bonus numbers in the sample, lining them up in order from lowest to highest and is the middle number.

Organisational Context

HSE is governed by the HM Treasury's Pay Guidance and is therefore subject to current public sector pay policy and pay limitations. The classification of roles into our Banding system is defined by the level of responsibility that employees have in their job roles. HSE has 2 types of pay ranges; a Standard Pay Range and Specialist Pay Ranges.

- Standard Pay range covers 2/3rds of HSE employees and the gender ratio of women to men on this range is 58%:42%
- The specialist pay ranges attract higher rates of pay, due to the prevailing market rates for the roles. The gender split within our specialist pay ranges is 37%:63% women to men. The management of HSE's pay ranges require continual research and analysis of internal and external factors that can impact on the organisation.

Proportion of men and women at each grading level

Overall, HSE employs a broadly equal proportion of women and men. However, the proportion of women to men is not evenly balanced throughout the organisational structure. There are higher proportions of the female employees occupying roles in the lower grades (Bands 4 – 6) with the proportion of men increasing significantly through the organisational hierarchy (Bands 1 -3 and SCS levels).

Number of men and women employed at each grading level on 31st March 2018

Pay Structures

| Gender | Band 6 | Band 5 | Band 4 | Band 3 | Band 2 | Band 1 | SCS | Non-Executive Board Member | Total |
|----------|--------|--------|--------|--------|--------|--------|-------|----------------------------|-------|
| Female | 262 | 253 | 217 | 402 | 115 | 28 | 8 | 3 | 1288 |
| Male | 100 | 138 | 174 | 568 | 249 | 58 | 19 | 5 | 1311 |
| Total | 362 | 391 | 391 | 970 | 364 | 86 | 27 | 8 | 2600 |
| % Female | 72.4% | 64.7% | 55.5% | 41.4% | 31.6% | 32.6% | 29.6% | 37.5% | 49.6% |

HSE maintains a number of different pay ranges to cover the wide range of specialist and technical disciplines, required to fulfil our obligations as an industry Regulator. These specialist pay ranges predominantly start at Band 3 but also occur at Band 1 and 2, and attract higher rates of remuneration. HSE annually reviews all pay ranges to ensure that they enable HSE to attract and retain the people we need.

Pay Award & Performance Year

The pay award for HSE has an effective implementation date of 1st October annually. The performance year runs from 1st April to 31st March annually. This is HSE's second Gender Pay Gap report. During the 12 months since the last report, HSE has implemented its annual pay award 2017. The award comprised of a 1% pay increase for most people, with awards of up to 5% for scarce specialisms; whilst most of those at the maximum of their pay band received smaller consolidated awards¹ up to 0.75%, with a 0.5% non-consolidated/bonus top up².

The data contained in this report includes the salary increases from the 2017 Pay Award and the one-off bonus payments. HSE bonus payments relate to the Performance year 1st April 2016 to 31st March 2017, which were paid on 31 October 2017.

Bonus Pay Gap & Max Top-Up

One element of the 2017 pay award was that one-off payments were paid to individuals on the maximum rate for their band. This top-up for individuals on their band maximum has been in place for a number of years, as part of drive to reduce the length of HSE's pay ranges.

This has been achieved by awarding a lower consolidated salary increase for individuals on the maximum of their band, than those lower down. To reduce the detriment to these individuals, a non-consolidated one-off award (Top-Up) was paid to provide them a comparable in-year pay award. These one-off payments are included as part of the bonus calculations.

Therefore, those at the higher end of the pay ranges (predominantly men) have received generally higher "bonuses" than those at the lower end (predominantly women), who have received lower one-off bonuses, but higher salary increases.

Bonus Pay Gap & Legacy Pay Ranges

HSE's legacy offshore Oil and Gas pay ranges are the highest value pay range and has a significantly higher proportion of men, as only 16% of employees are women. These legacy pay ranges were created on 1st October 2016, when it was determined that there was a significant market downturn, with future unpredictable conditions.

People appointed after 1st October 2016 were placed on new lower pay ranges

¹Consolidated awards are permanent increases to base salary.

² Non-consolidated/Bonus Top Up payments are one-off and do not increase the base salary.

aligned to the prevailing market rates at the time, as demonstrated by independent pay benchmarking. Individuals already employed were retained on their existing pay ranges, which were closed off to new entrants. Currently the gender split for the new offshore Oil and Gas pay ranges is a ratio of 1:12, women to men. An evaluation of this strategy will take place in 2019.

HSE awarded significantly lower consolidated salary increases to individuals on these legacy pay ranges. Similarly, to the Max Top-Up strategy, HSE has looked to reduce the detriment to these individuals by paying a non-consolidated one-off award (Top-Up) to provide them a comparable in-year pay award. These one-off payments are included as part of the bonus calculations.

HSE Gender Pay Gap Reporting Figures for 2018

| | | | | |
|---------------------------|---|---|--------------|--------------|
| Mean Gap | Difference between the average hourly rate of pay for women and men | 23.06% Women £18.66 Men £24.25 | | |
| Median Gap | Difference between the middle value of pay for all women and men | 25.06% Women £17.21 Men £22.97 | | |
| Mean Bonus Gap | Difference between the average bonus paid to women and men | 11.38% Women (£594.54) Men (£670.91) | | |
| Median Bonus Gap | Difference between the middle value of bonus paid to men and women | 0% Women £600 Men £600 | | |
| Bonus Proportions | The proportions of men and women, who were paid a bonus | Women 96.2% Men 95.0% | | |
| Quartile Pay Bands | The proportion of women and men in the lower; lower middle; upper middle and upper quartile | | Women | Men |
| | | Q4 (Upper) | 27.1% | 72.9% |
| | | Q3 | 45.2% | 54.8% |
| | | Q2 | 60.6% | 39.4% |
| | | Q1 (Lower) | 65.2% | 34.8% |

Summary of Results

HSE figures for 2018 are broadly similar to 2017, with slight movement up/across the statutory reporting figures. The noticeable exception to this is a significant increase in the Mean Bonus Figure.

- Mean Pay Gap has increased from 22.93% in 2017, to 23.06% in 2018.
 - The hourly rate for male workers increased by an average of 31p per hour. The average increase for female workers was 21p per hour.
- Median Pay Gap has decreased from 25.97% in 2017, to 25.06% in 2018.
 - The mean or midpoint of salaries for women increased by 59p per hour from 2017 to 2018, whereas for men the midpoint only increased by 51p per hour.
- Mean Bonus Gap substantially increased from 3.25% in 2017 to 11.38% in 2018.
- Median Bonus Gap remained at 0% in 2018, as it had been in 2017.
- The proportion of HSE employees who received a bonus increased for both women and men;
 - With a higher increase for women of 88.72% in 2017, increasing to 96.2% in 2018, than for men 89.25% in 2017 rising to 95% in 2018.
- The proportions of female to males in each quartile has also remained relatively static.

| Quartiles | 2017 | | 2018 | |
|-----------------------|--------|-------|--------|-------|
| | Female | Male | Female | Male |
| Upper Quartile | 27.3% | 72.7% | 27.1% | 72.9% |
| Upper Middle Quartile | 42.4% | 57.6% | 45.2% | 54.8% |
| Lower Middle Quartile | 60.6% | 39.4% | 60.6% | 39.4% |
| Lower Quartile | 66.9% | 33.1% | 65.2% | 34.8% |

Further Analysis

- 1) **Mean Bonus Gap Increase** - HSE carried out further analysis of the data collated to identify the reasons for the increase from 2017 to 2018. This analysis indicates that there were a number of decisions made in HSE's 2016 and 2017 Pay Awards, which have impacted on this reporting measure.

As described in **Organisational Context**, HSE has utilised one-off top-up payments as part of its Pay & Reward Strategy. Individuals given a lower salary increase, are also given a one-off top-up award, to bring their total in-year remuneration in line with the standard award.

These top-up payments are captured as part of the Gender Bonus Gap, within the Bonus Pay Gap calculations. HSE utilised “top-up” payments across a number of areas in its 2017 Pay Award that were not made in 2016. Top-up payments impacted on the mean Bonus Gap and explain the higher bonuses paid to men than women.

Bonus Pay Gap & Max Top-Up

Over 35% of our people sit on the maximum for their pay range. In 2017 HSE’s standard pay award was a 1.25% increase to base salary. Individuals who were on the top of their pay range, and not subject to any other eligibility criteria, were awarded a 0.75% increase to their base salary, with a 0.5% one-off top-up (reported here as a bonus).

Whilst the gender distribution of those on the maximum of their pay range is relatively equally distributed (55% Female:45% Male) there isn’t as equitable distribution through the organisational structure, with the majority of females in the lower paid bands. The one-off bonus/top-up payments for individuals on the maximum of their grade therefore provided a greater monetary increase to the bonus figures for men than women, as they occupy the higher banded roles

Bonus Pay Gap & Legacy Pay Ranges

The ratio of female to male within the legacy pay range is 1:10. Therefore the one-off bonus/top-up payments for individuals on the legacy pay ranges provided a greater overall monetary increase to the bonus figures for men than women.

The conclusion that can be gained from this further analysis is that the utilisation of one-off top-ups, as a reward strategy will need to be carefully considered to assess the impact on Gender Bonus Gap compared with the impact it has on our overall Gender Pay Gap.

2) Breakdown by Band

In line with our commitment to be the most inclusive employer in the UK, HSE is looking to better understand and address its organisational Gender Pay Gap. The following further analysis has been undertaken, which goes above and beyond statutory reporting requirements.

HSE Mean Gender Pay Gap for each band

| Mean Gender Pay Gap | Band 6 | Band 5 | Band 4 | Band 3 | Band 2 | Band 1 | SCS | Non-Executive Board Member | HSE |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|----------------------------|--------|
| Hourly pay rates Female | £11.27 | £14.62 | £16.72 | £22.58 | £28.90 | £34.36 | £46.04 | £69.39 | £18.66 |
| Hourly pay rates Male | £11.14 | £14.12 | £16.65 | £26.43 | £30.89 | £36.62 | £48.23 | £69.39 | £24.25 |
| Mean Gap | -1.2% | -3.6% | -0.4% | 14.6% | 6.5% | 6.2% | 4.5% | 0.0% | 23.1% |

- HSE's widest Gender Pay Gap in 2018 is the same band as 2017, at Band 3. In 2017 the pay gap in this area was 12.5% mean gap and 1% median gap, which has grown to 14.6% mean gap and 2.2% median.

HSE Median Gender Pay Gap at each grading level.

| Median Gender Pay Gap | Band 6 | Band 5 | Band 4 | Band 3 | Band 2 | Band 1 | SCS | Non-Executive Board Member | HSE |
|-------------------------|--------|--------|--------------------|--------|--------|--------|--------------------|----------------------------|--------|
| Hourly pay rates Male | £11.23 | £14.14 | £17.0 ₁ | £23.19 | £29.79 | £35.72 | £44.4 ₄ | £69.39 | £22.97 |
| Hourly pay rates Female | £11.31 | £14.98 | £16.6 ₁ | £22.69 | £28.46 | £34.75 | £44.0 ₂ | £69.39 | £17.21 |
| Median Gap | -0.7% | -5.9% | 2.4% | 2.2% | 4.4% | 2.7% | 0.9% | 0.0% | 25.1% |

- Overall the trend of a negative pay gap figure in the lower bands of the organisation and a positive pay gap figure in the higher bands continues in 2018.

- There is an increase in the Gender Pay Gap for SCS from -0.5% mean gap and -0.6% median in 2017, to 4.5% mean gap and 0.9% median gap in 2018. This is due to targeted investment into critical discipline lead roles at SCS level.

3) Conclusions

Based on the analysis, HSE's Gender Pay Gap is caused by 3 main factors:

- **The ratio of female workers in higher paid, technical, specialist disciplines.** Of HSE's specialist regulators around 33% are women. HSE does perform well in the market in being able to attract and retain female talent in the organisation. However due to the higher rates of pay and the gender imbalance, the pay gap increases significantly at Band 3, where these roles predominantly sit. Remuneration for the technical specialist roles is higher than for non-technical roles and are mainly filled by men, hence this is one of the main causes of HSE's Gender Pay Gap.
- **The ratio of females to males within each pay band of the organisation.** HSE's overall gender ratio is evenly balanced at 49.6% female: 50.4% male. However nearly 2/3^{rds} of females at HSE are in the lower 3 pay bands (Bands 4-6) accounting for 732 of 1288 females. As salary levels increase up the pay band, the gender imbalance within the organisation hierarchy is a cause of HSE's pay gap.
- **The ratio of female to male workers within each pay quartile.** The analysis of the quartiles for HSE in 2017 and 2018 shows very little change to the position of individuals across the 4 quartiles. Salaries increase as individuals move up the pay band, so the gender imbalance within HSE's pay bands is a cause of the pay gap.

Overview of Key Actions: 2017 & 2018

2017

- 1) To respond to the small numbers of women employed within Science, Technology, Engineering and Maths, HSE began a campaign to support Women in Engineering, promoting the work and successes of its female scientists and engineers on social media, through its employee brand, "**You Can**" and recruitment campaigns, with the aim of encouraging more women to apply for roles at HSE.

Data gathered between April 2018 and November 2018 highlight some of the success that promotion initiatives generated in the short term and which will have a positive impact on future pay gaps. Within this period HSE promoted females at a higher rate than males (53% of promotes were female) In the short term, these promotions place female workers in the lower quartile of their new pay band, however this is negated by the increased remuneration. The data captured also indicates that female applicants are more likely than male applicants to be given a job offer at the end of a recruitment process. With 6% of the female applicants ready to hire, as opposed to only 4% of the total male applicants ready to hire.

2018

- 2) HSE implemented a new Diversity & Inclusion Strategy 2018-2020; which set the organisation's ambitious plans to;
 - Improve targeting in recruitment campaigns,
 - Increase the number externally recruited interns,
 - Identify initiatives that support inclusivity in recruitment
 - Improve HSE's understanding of its current demographics
 - Have supportive people policies, which are inclusive of all genders
 - Reduce its Gender Pay Gap.
- 3) HSE invested and supported the launch of a new Gender Equality Staff Network. The network is primarily focused on increasing awareness of gender inequality by:
 - Ensuring employees understand the opportunities and rights to flexible working, parental leave and career development
 - Promoting gender equality in career development; equipping individuals to balance working and personal responsibilities
 - Promoting and supporting individuals to challenge and report inappropriate behaviour, via the Speak Up Campaign and all other communication channels.
 - Challenging gender stereotypes and championing positive gender role models.
 - Informing HSE policy so that it reflects the full representation of its workforce.

Forward look across 2019/2020

HSE pay arrangements are governed by the Civil Service Pay Guidance and the restrictions imposed by Government policy impacts HSE's spending decisions. The actions that HSE has taken and is continuing to take are not quick fixes and will need to be driven continually in order to deliver the desired change.

A detailed action plan based on detailed understanding of HSE's Gender Pay Gap by discipline, pay scale and band, to identify causes or concerns is being developed. Specific actions will focus around:

- Attraction and Retention of employees
- Talent Development and Career Progression
- Pay Systems and Structures