



HOUSE OF LORDS

Gender and
Ethnicity Pay Gap
Report 2020

Introduction

The House of Lords Administration 2020 pay gap between men and women is **11.9%**. The gap has remained the same as it was in 2019 but is down overall from 13.1% in 2018 and 13.7% in 2017.

This is the second year we have reported on our ethnicity pay gap. This is as a response to the positive steps which have been taken by the Administration regarding the gender pay gap and its slow but gradual reduction since the beginning of reporting in 2017. In this, the second year of reporting, the ethnicity pay gap is **27.2%** marginally down from 27.8% in 2019.

Our progress against both pay gaps remains slow and we are not currently where we would like to be. In 2019 the House of Lords Administration launched its 'Focus on Inclusion' strategy. Since Focus on Inclusion was introduced, we have seen the representation of women and BAME colleagues increase in the Administration.

Nonetheless, our pay gaps are not reducing as much, or as quickly as we would like them to be, and there is more that can and should be done. Actions to eradicate the gaps and make the Administration more inclusive and more diverse are outlined in this report.

James Taylor
Acting HR Director

Our continued commitment to inclusion and diversity

In 2019 the House of Lords Administration launched its [‘Focus on Inclusion’](#) strategy, the aim was to drive culture change and make real the aims identified under the Administration’s key priority entitled ‘Embedding Inclusion and Diversity’.

Throughout the length of the Focus on Inclusion strategy, we have seen the Administration increase representation of both Female and BAME colleagues. Our pay gaps are not reducing as much or as quickly as we would like them to be and as always there is more that can be done.

From April 2021 we will shift from ‘Focus’ to ‘Action’. Our new ‘Action on Inclusion’ strategy will continue to look for innovative ways to attract, develop and retain a diverse workforce. One new initiative aimed at reducing our pay gaps will be to introduce a policy of open recruitment. This will involve roles graded at HL7 and above being advertised externally in the first instance, in order to attract as wide a talent pool as possible. Whilst simultaneously adopting the opposite approach for roles graded HLI-6 (which we will advertise internally first as standard).

Our HR Systems and Information and HR Operations Teams will continue to work closely with our Inclusion and Diversity team to provide insights and information about the make-up of our Administration and to identify any opportunities to increase our diversity or make our recruitment process more inclusive.

Gender pay gap reporting – overview

In 2017, the Government introduced legislation that makes it statutory for organisations with 250 or more employees to report annually on their gender pay gap. The legislation required relevant organisations to publish their gender pay gap by 30 March 2018 (and then annually) including:

- the mean and median gender gaps in hourly pay
- the mean and median gender gaps in bonus pay
- the proportion of men and women who received bonuses
- the proportion of men and women employees in each pay quartile.

Gender pay is different to equal pay. Equal pay compares the pay of two people who hold the same or similar jobs within an organisation, or who carry out work of an equal value. It is against the law to pay people unequally because of their gender or any other protected characteristic. Gender pay shows the difference in average pay

between men and women within an organisation, it is a group comparison which looks at gender diversity across all levels of an organisation.

While it is not yet a legislative requirement for any organisation to publish their ethnicity pay gap, the House of Lords Administration took the decision to start reporting our Ethnicity Pay Gap from the 2019 Gender and Ethnicity Pay Gap Report, in order to demonstrate our commitment to eradicating the ethnicity pay gap. As specific guidelines for reporting have not yet been written, and therefore cannot be adhered to, we have opted to use the guidance for the gender pay gap (as above) to examine the difference in pay between our BAME* and white employees.

**BAME – Black, Asian, and other Ethnic Minorities. The Administration only uses the acronym ‘BAME’ to produce headline data in line with comparative data sets. The Administration recognises the breadth of cultural differences within this grouping.*

Our 2020 gender pay gap report

As of 5 April 2020, the percentage of colleagues who had declared their gender on our HR system was 100%.

Mean Gender Pay Gap: 11.9%

Median Gender Pay Gap: 5.1%

Mean Bonus Gender Pay Gap: 14.1%

Median Bonus Gender Pay Gap: 0%

The proportion of male and female employees in each pay quartile:

| Quartile | Female % | Male % |
|-------------------------|----------|--------|
| First (lower) quartile | 58.4% | 41.6% |
| Second quartile | 53.5% | 46.5% |
| Third quartile | 54.8% | 45.2% |
| Fourth (upper) quartile | 44.5% | 55.5% |

The main reasons for the gender pay gap

The table below shows the percentage distribution of male and female employees in each grade, compared with 2019.

| Grade | F | | M | |
|-------------|-------|-------|-------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| HL1 | 57.1% | 59.3% | 42.9% | 40.7% |
| HL2 | 63.9% | 54.8% | 36.1% | 45.2% |
| HL3 | 41.5% | 41.5% | 58.5% | 58.5% |
| HL4 | 47.5% | 43.1% | 52.5% | 56.9% |
| HL5 | 55.3% | 56.3% | 44.7% | 43.7% |
| HL6 | 63.9% | 64.4% | 36.1% | 35.6% |
| HL7 | 52.9% | 52.6% | 47.1% | 47.4% |
| HL8 | 52.6% | 50.0% | 47.4% | 50.0% |
| HL9 | 25.0% | 25.0% | 75.0% | 75.0% |
| SCS | 25.7% | 25.6% | 74.3% | 74.36% |
| AFS | 50.0% | 20.0% | 50.0% | 80.0% |
| OTHER** | 62.5% | 66.7% | 37.5% | 33.3% |
| Grand Total | 52.8% | 51.6% | 47.2% | 48.4% |

For the first time since reporting, our gender pay gap has remained the same as the previous year's reporting figure.

In our 2019 gender pay gap report our female representation in HL6-HL9 and the senior grades had increased, which was in part the reason that the gender pay gap had reduced from the previous year.

The table above shows that whilst much of the progress made in 2018-19 has been maintained (with only minor changes in HL6-HL9), there has also been an increase in the female representation in HL2 and HL4. This, in conjunction with the other minor changes in other grades has led to our mean gender pay gap remaining consistent from 2019.

** Variable hours employees and employees on secondment, not paid on House of Lords pay scales.

Gender bonus gap

No non-consolidated performance-related bonus payments were paid during 2019. However, those at the maximum of their pay scales received a non-consolidated amount, as part of the 2019 pay award. Such awards fall within the definition of 'bonus' for gender pay gap reporting purposes. This resulted in a bonus gap of 14.1%.

Due to the different ways that the annual pay award is applied each year, these figures are not truly comparable from year to year as they represent different things.

In 2018 there were very few payments of this nature, so the figure (-36.7%) was unreliable, and heavily skewed by the low number of recipients (<10).

In 2019 there were a greater number of people in receipt of bonuses (as defined above). In total there were 61 recipients of a non-consolidated amount, which is in part the reason for such a big change in mean bonus gender pay gap.

It should also be noted that the legislation asks that bonus pay is measured using the actual amount paid, rather than the full time equivalent (FTE) amount. Of those that received a pro-rated amount, four were female and one was male. If you produce the same figure with the FTE amounts, the gender bonus pay gap shrinks to 10.6%.

Ethnicity Pay Gap

As of 5 April 2020, the percentage of colleagues who had declared their ethnicity on our HR system was 92.9% (White 74%, BAME 18.9%).

Mean Ethnicity Pay Gap: 27.2%

Median Ethnicity Pay Gap: 27.2%

Mean Bonus Ethnicity Pay Gap: -9.5%

Median Bonus Ethnicity Pay Gap: 0.0%

| Quartile | BAME % | White % | Not Stated % |
|-------------------------|--------|---------|--------------|
| First (lower) quartile | 39.4% | 52.9% | 7.7% |
| Second Quartile | 16.1% | 75.5% | 8.4% |
| Third Quartile | 14.9% | 81.8% | 3.2% |
| Fourth (upper) Quartile | 5.2% | 85.8% | 9.0% |

The main reasons for the ethnicity pay gap

It should be noted that our mean ethnicity pay gap has reduced slightly (by 0.4%) since the 2019 report, however clearly there is still significant progress to be made.

The most prominent reason for the ethnicity pay gap is the representation of BAME employees throughout the pay grades. Of all BAME colleagues in the Administration, 66.7% are within grades HLI-HL5, and 23.1% in grades HL6-HL9. By comparison, 39.3% of white colleagues are represented within grades HLI-5, and 45% in HL6-9.

The contrast is particularly stark in the senior grades, where 7% of white colleagues are represented, and 1.7% BAME colleagues are represented.

The ethnicity bonus gap

No non-consolidated performance-related bonus payments were paid during 2019. However, those at the maximum of their pay scales received a non-consolidated amount as part of the 2019 pay award. Such awards fall within the definition of 'bonus' for gender pay gap reporting purposes (as there is currently no guidance or legislation on how to report on ethnicity pay gaps we have adopted the same principles as the gender guidance).

Due to the different ways that the annual pay award is applied each year, these figures are not truly comparable from year to year as they represent different things.

In the 2019 ethnicity pay gap report, we reported that no BAME colleagues were in receipt of a bonus payment as defined above.

This is not the case in the 2020 pay gap report. The bonus ethnicity pay gap this year was -9.5% in favour of BAME colleagues. Whilst this is an encouraging snapshot, the average for BAME colleagues is higher than that of white colleagues because there were several low value non-consolidated payments made to white colleagues.

The distribution of non-consolidated payments still heavily favoured white colleagues (47 white colleagues received payments, vs. 7 BAME colleagues) however the range of values of the amounts received within white colleagues was broader which has led to a lower mean average overall.

Working towards eradicating the gender and ethnicity pay gaps

In 2020 the Administration:

- Launched our Leadership Development Programme
- Evaluated the 'Press Pause' initiative, extending it wider than the senior grades to include roles graded at HL7 and above.
- Signed up to the 'Business in the Community - Race at Work Charter' and we have begun implementing relevant recommendations
- Continued to improve diversity data disclosure rates to further understand the make-up of our organisation.

In 2021 we aim to continue building on our progress through:

- Continuing to review and improve our recruitment practices to ensure we are attracting a diverse pool of applications
- Shifting from 'Focus' to 'Action' with the launch of our new 'Action on Inclusion' strategy
- Deliver the recommendations emerging from the 'Employee Lifecycle' project, which aims to examine key HR touch points (such as candidate attraction, recruitment, development and retention) to ensure processes and practices are as inclusive as possible
- Create a communications plan to encourage colleagues to take part in development opportunities like training and mentoring.

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