

# LSE Gender Pay Gap Report 2020

## Introduction

Within its overarching LSE 2030 strategy, the School has committed to a number of steps related to equity, diversity and inclusion. The School recognises the benefits of having a diverse staff and student population and aims to ensure that all staff and students are treated fairly and equitably. This report, which focuses specifically on the question of the LSE's gender pay gap is published in accordance with the reporting regulations introduced by the UK Government in 2017 under the Equality Act 2010 and forms part of our wider commitment to equity, diversity and inclusion.

The report sets out the required data from the reporting period of 1 April 2019 to 31 March 2020 based on the snapshot date of 31 March 2020. At this point LSE had 3,739 staff in post, of which 1,949 (52%) were women and 1,790 (48%) were men. This represents a one percentage point increase in favour of women compared to the last reporting period.

Our previous reports have explained the key reasons why a gender pay gap exists at LSE, namely a higher representation of men in senior positions and in the higher-paid academic disciplines. This year's data shows that a gender pay gap continues to exist at LSE but with an overall reduction in both the median and the mean since the report in 2019. The report explains our understanding of this year's data and the continued work that we are undertaking as part of our commitment to reducing the gender pay gap as well as advancing gender equity more generally within the School.

'Improving equity, diversity and inclusion' is a key work strand under the LSE 2030 strategy. Despite the impact of COVID-19 both during 2020 and at the time of writing, we have continued to include this at the heart of our agenda when confronting the many challenges that have arisen. We have been very mindful of the negative impact that many women have faced as a result of the pandemic and have taken steps to mitigate this as far as possible, by providing flexibility for those with parental and caring responsibilities, providing an extension to the academic promotion process for pre Major Review staff, equality impact assessing initiatives and processes and providing dedicated staff resources to support wellbeing.

Since the last report was published, we have been successful in achieving the Athena SWAN Bronze Institution Award which is a Higher Education charter mark for advancing gender equality. Our application included a comprehensive action plan which focuses on key areas to support our progress in eliminating gender bias and developing an inclusive culture. Work towards achieving the targets set out in the plan is overseen by the Gender Equality Steering Group, chaired by the School Secretary – our senior champion for gender – and the group is focusing on key areas around recruitment, career development and promotion of female staff. In addition, individual departments are being supported in applying for their own Athena SWAN departmental awards, with the Department of Statistics having achieved this.

The Athena SWAN action plan is aligned to supporting the School's commitment in reducing its gender pay gap and some of the actions are included in the final section of this report 'What are we doing to close our gender pay gap?'

## Calculating the Gender Pay Gap

For the purpose of gender pay gap reporting, one needs to distinguish between ordinary pay and bonus pay:

- Ordinary Pay includes basic pay, shift premium pay, pay for piecework, supplements and honoraria payments, additional responsibility allowances and any allowances for roles such as first aiders. All ordinary pay is calculated on gross amounts. Ordinary pay does not include overtime, redundancy or termination payments or pay in lieu of annual leave.
- Bonus pay includes lump sum contribution payments to reward exceptional performance, research incentive awards and advance performance supplements. Research incentive awards provide financial rewards for academic staff who win research funding. The amounts are calculated on the basis of the income recovered from funders to cover the costs of the salaries of principal investigators (PIs) and co-investigators (Co-Is). Advance performance supplements are given in order to recruit or retain staff in recognition that an individual may be on a career trajectory which makes them highly attractive to other employers. They are subject to a review period and review criteria. Whilst contribution payments are open to all staff categories, research incentive awards only apply to academic staff and academic staff hold the vast majority of advance performance supplements.

The question of the 'gender pay gap' is not the same as the question of 'equal pay', which relates to the pay that people receive when doing the same or a similar role. It is also not the same as the question of 'pay equity', which, for academic staff, relates to the pay that faculty coming from the same discipline receive at the same pay band (e.g. at the associate professor level) within the same department.

When considering equal pay and pay equity, we have policies and procedures in place for setting pay levels across the organisation and use a job evaluation system to ensure that jobs of equal value are paid consistently. Relevant annual contribution pay policies include provision for equity-related pay increases should it be necessary for an ad hoc case for adjustments to be made on an exceptional basis.

### Gender Gap in Ordinary Pay

Our median gender pay gap based on Ordinary Pay is 9.52%<sup>1</sup>. This has decreased by 3.77 percentage points since 2019 (13.29%).

Tables 1 and 2 show that the median hourly rate for men reduced from £22.73 to £22.20 between 2019 and 2020. For women, the median hourly rate has increased from £19.71 to £20.09.

The median pay gap is the difference between the mid-point of hourly pay rates for men (£22.20) and for women (£20.09) divided by the hourly pay rates for men. Tables 1, 2, and 3 demonstrate the progression of the median pay gap and median hourly rates of pay between 2018 and 2020. It is worth noting that the decrease in the median gender pay gap in 2019 was mainly due to the insourcing of a large group of lower paid staff on homogenous levels of pay in the professional services category.

Table 1. Median gender pay gap 2020

	<b>Median Hourly Rate</b>	<b>Pay Gap %</b>
Male Pay	£22.20	9.52%
Female Pay	£20.09	

Table 2. Median gender pay gap 2019

	<b>Median Hourly Rate</b>	<b>Pay Gap %</b>
Male Pay	£22.73	13.29%
Female Pay	£19.71	

Table 3. Median gender pay gap 2018

	<b>Median Hourly Rate</b>	<b>Pay Gap %</b>
Male Pay	£23.01	14.91%
Female Pay	£19.58	

In 2020, there are several reasons for the decrease in the median pay gap over this period. Firstly, for some staff categories, the School has increasingly moved a proportion of total salary from contractual pay elements to bonus pay elements. These are predominantly paid in academic disciplines that have previously attracted market supplements in order to respond to salary pressures and in which there are a higher number of men. As such, whilst this has a positive impact on the overall median pay gap, it results in an increase in the total amount of bonus pay which, in turn, impacts the bonus pay median and mean. This is explained in more detail in the bonus pay gap section below.

When balancing out starters and leavers throughout the year, this demonstrates a shift in favour of women, both in terms of numbers, but most significantly, in terms of pay. Whilst it is normal to see fluctuations in research and teaching staff positions, this can also be seen both in the academic and professional services staff categories. This is due to a number of factors, for example, several male high earners leaving the School and a reduction in the numbers of staff on lower grades, as a result of fewer fractional contracts. When considering the resultant shift in salaries for these staff, it demonstrates a significantly more positive impact for women.

Similarly, when considering recurrent contribution awards, it can be seen that for academic staff, whilst payments have reduced for both men and women, this has had a particular impact on men, who have seen a

<sup>1</sup> Includes all salaried and hourly paid staff (excludes casual workers where this is the only role held and there are no set hours). Hourly paid staff include Graduate Teaching Assistants (GTAs), Guest Teachers (GTs), and Occasional Research Assistants (ORAs).

7% reduction in payments. Whilst women account for 36% of academic staff, 41% of women received a recurrent award during this reporting period and this accounted for 43% of payments made. This demonstrates a gradual improvement in the balance of such payments.

The differences in, and changes to, the median and mean for individual categories of staff are explained in more detail further down.

LSE's current mean gender pay gap is 23.19%, a 3.43 percentage point decrease from last year's figure of 26.62%. The mean gender pay gap looks at the difference between the average of men's (£31.90) and women's (£24.50) hourly rates of pay divided by the mean hourly rates of men; see tables 4, 5, and 6 for the progression of the mean between 2017 and 2019.

The decrease in the mean can be attributed to a decrease in the total sum paid as ordinary pay to men coupled with an increase in the total amount paid to women. Despite this, there are still more men paid higher salaries compared to women as is demonstrated in the pay quartiles below. The mean is influenced by the larger proportion of male staff on a higher rate of pay overall.

In addition, when analysing honoraria payments made to academic staff, there has been a significant reduction in the total amounts and occurrences which occurred in March 2020 compared to 2019. This is, in part, due to a different categorisation of particular honoraria payments, but may also be due to a lower number of payments made in the March 2020 reference period.

Tables 4, 5 and 6 show the progression of the mean pay gap and mean hourly rates of pay between 2018 and 2020.

Table 4. Mean gender pay gap 2020

	<b>Sum of Hourly Pay</b>	<b>Number of People</b>	<b>Mean Hourly Rate</b>	<b>Pay Gap %</b>
Male Pay	£57,092.10	1790	£31.90	23.19%
Female Pay	£47,747.46	1949	£24.50	

Table 5. Mean gender pay gap 2019

	<b>Sum of Hourly Pay</b>	<b>Number of People</b>	<b>Mean Hourly Rate</b>	<b>Pay Gap %</b>
Male Pay	£58,592.40	1779	£ 31.17	26.62%
Female Pay	£45,554.71	1885	£ 23.50	

Table 6. Mean gender pay gap 2018

	<b>Sum of Hourly Pay</b>	<b>Number of People</b>	<b>Mean Hourly Rate</b>	<b>Pay Gap %</b>
Male Pay	£53,365.02	1672	£ 31.67	23.90%
Female Pay	£41,559.52	1721	£ 24.10	

The tables show that there has been a further increase in the sum of hourly pay for women since the previous report, though at a lower rate compared to previously (£2,193 compared to £3,996 in 2019). Conversely, for men – as a result of the changes in payment methods – there has been an overall decrease of £1,500 (compared to an increase of £5,227 in 2019). The total sum of hourly pay remains largely in favour of men though by a lower margin than the previous report (£9,345 compared to £13,038 in 2019). This explains the decrease in the mean pay gap percentage.

The median and mean gender pay gaps further break down as follows according to staff category:

Table 7. 2020

<b>Staff Category</b>	<b>Number of People</b>	<b>Median Pay Gap 2020</b>	<b>Mean Pay Gap 2020</b>
Academic Staff	614	17.35%	17.24%
Professional Services Staff	2082	-5.52%	3.13%
Research Staff*	408 <sup>2</sup>	4.20%	5.25%%
Teaching Staff	635	0.73%	15.04%

<sup>2</sup> The increase in numbers from last year is largely accounted for by the inclusion of Policy Fellows (34 in total). These were introduced in 2019 and previously included in the Professional Services Staff category but are considered to be more appropriately placed with Research Staff.

Table 8. 2019

Staff Category	Number of People	Median Pay Gap 2019	Mean Pay Gap 2019
Academic Staff	622	22.04%	22.55%
Professional Services Staff	2090	-4.14%	4.52%
Research Staff	362	2.83%	9.73%
Teaching Staff	590	6.15%	17.14%

Table 9. 2018

Staff Category	Number of People	Median Pay Gap 2018	Mean Pay Gap 2018
Academic Staff	626	21.37%	20.61%
Professional Services Staff	1812	-4.43%	4.34%
Research Staff	375	-1.52%	8.93%
Teaching Staff	580	4.39%	5.21%

The breakdown shows that, other than the median pay gap for research staff, all the staff categories have shown a decrease in both their median and mean pay gaps compared to last year when all areas had shown increases (tables 7, 8 and 9).

We see the most significant changes in the research, teaching and academic staff categories; for research and teaching, this is consistent with previous years where these categories also experienced the most significant changes though not necessarily in the same direction. The most significant improvements are in the mean pay gap for research staff (a reduction of 4.48 percentage points<sup>3</sup>) and the median pay gap for teaching staff (a reduction of 5.42 percentage points). Similar to last year, this fluctuation is related to the relatively larger number of new starters and leavers in these staff categories due to many of them being students. This results in larger compositional changes each year than in others, thereby meaning that movements (leavers/hires) have a more notable effect on the total.

Whilst academic staff still remain the category with the highest pay gap, unlike previous years, which have all shown an increase, there has been a decrease in both their median (4.69 percentage points) and mean (by 5.31 percentage points). As mentioned in the introduction, this is largely accounted for by a combination of factors: the move of a share of total salary from contractual pay elements to bonus pay elements, which are predominantly paid in male-dominated academic disciplines, the impact of starters and leavers in this particular year and a slight improvement in the balance of recurrent contribution payments.

The higher pay gap amongst academics is a consequence of the School recruiting academic staff in a global and highly competitive market in particular disciplines. Salaries for recruiting and retaining academic staff in male-dominated quantitative disciplines have experienced, and continue to experience, very significant upward pressure. This is due to increased competition for scarce world-leading academic talent from both our global competitors and from the non-university sector. We will continue working on a number of measures on recruitment, career progression and pay equity to help tackle this gap. It should also be noted that the ratio of female to male academic staff has improved in recent years. This will, over time, render our population of academic staff more equal.

For professional services staff, the median and mean pay gap decreased less markedly than in other areas (the median by 1.38 percentage points and the mean by 1.39 percentage points). Policy staff have been removed from this group and, when this is accounted for, the decrease in pay gap for professional services staff is slightly higher). This group of staff normally has the lowest pay gaps (with the median being in favour of women) and has shown minimal movement from year to year, so this is consistent with previous years.

### Gender Bonus Gap & Proportion of Men and Women Receiving Bonuses

Bonus pay (for the purpose of calculating bonus mean, median and proportions) is calculated on payments made from 01 April 2019 to 31 March 2020. These payments include lump sum contribution payments to reward exceptional performance, research incentive awards and advance performance supplements.

Table 10 shows that 19.83% of men received bonus pay compared with 17.6% of women. The median gender bonus gap is 33% and the mean bonus gap is 60.73%, which represent a 17 percentage point decrease and 2.46 percentage point increase respectively.

<sup>3</sup> This would have been a similar reduction (of 4.51 percentage points) without the inclusion of policy staff.

Table 10. Bonus Pay 2020

	<b>Total Bonus Pay</b>	<b>Number of People</b>	<b>Mean %</b>	<b>Median %</b>	<b>Proportion %</b>
Male	£3,269,947.56	355	60.73%	33.33%	19.83%
Female	£1,240,687.46	343			17.60%

Table 11. Bonus Pay 2019

	<b>Total Bonus Pay</b>	<b>Number of People</b>	<b>Mean %</b>	<b>Median %</b>	<b>Proportion %</b>
Male	£2,388,873.44	305	57.27% <sup>4</sup>	50%	17.14%
Female	£920,345.40	275			14.59%

Table 12. Bonus Pay 2018

	<b>Total Bonus Pay</b>	<b>Number of People</b>	<b>Mean %</b>	<b>Median %</b>	<b>Proportion %</b>
Male	£1,609,462.17	231	63.58%	50%	13.82%
Female	£583,586.39	230			13.36%

The bonus total continues to increase for both men and women, with men receiving a higher increase in amount (£881,074 compared to £320,342 received by women). The number of women receiving bonus pay compared to men has increased more significantly (68 more women compared to 50 more men from 2019 to 2020).

The principal reason for the bonus pay gap as well as the increase in total bonus pay is due to the steady increase in performance supplements, which make up 52% of the total bonus amount (up by 10 percentage points since last year). Men represent 75% of all recipients and currently receive 78% of the total amount for this award; this represents a slight decrease on the previous year's figures. This is because performance supplements are replacing market supplements, which have been paid due to salary pressures in particular academic disciplines, which are mainly dominated by men. These are subject to performance criteria and review periods and can be taken away if the performance is unsatisfactory.

The second largest bonus component, research incentive awards, make up 31% of the total (down by 7 percentage points since last year). Similar to performance supplements, male staff represent the larger proportion of all recipients (70%) and receive 79% of the total amount paid. The reason for research incentive awards being awarded predominantly to men is due to two factors. Firstly, there are currently fewer women professors (25%) and professors are normally more successful in winning external research grants (75% of all research incentive awards were made to professors). Secondly, the departments which have been particularly successful in winning research grants are those that contain a majority of men (67% of research incentive awards were paid to three departments, in which a total of 13% of professors were women).

The increase in the amount paid in performance supplements coupled with the high proportion of research incentive award payments (83% of total bonus payments) account for the increase in bonus pay and the mean pay gap from the previous year – from 57.27% to 60.73%.

The last bonus category, contribution lump sum payments, are what can be considered as 'traditional' bonus payments. These make up around 17% of total bonuses (down 3 percentage points since last year) even though they are awarded to the highest number of staff members (78% of all bonus recipients). Contribution lump sum payments also represent the bonus category where the majority of recipients are women (55%), and where women receive a greater share of the bonus total (55%) when compared to men (45%).

The decrease in the median bonus pay gap reflects the fact that the majority of bonus awards are lump sum payments. These are paid at lower amounts compared to performance supplements and research incentive awards and are more equally distributed between men and women. As a result, the median pay gap is affected to a lesser extent by the performance supplements and research incentive awards given that these are smaller in numbers, but the gap will vary from year to year according to numbers and amounts of lump sum payments.

Tackling this bonus gap requires a strong focus on areas such as career progression for, and recruitment of, women, particularly in disciplines which tend to be male dominated. Understanding how to attract more female talent in male-dominated disciplines continues to be a key focus for the School in the immediate future but also represents a significant challenge for the global university sector as a whole.

<sup>4</sup> Please note that this was incorrectly reported at 63.64% last year.

## Pay Quartiles

The tables below show the proportion for men and women in each pay quartile throughout 2018, 2019 and 2020. This year, both the upper and upper middle quartiles have shown an increase in the percentages of women; the lower quartile has seen a slight increase in the percentage of men.

Table 13. 2020

Quartile	Women %	Men %
Upper: 75-100% of full-pay relevant employees	38%	62%
Upper middle: 50-75% of full-pay relevant employees	58%	42%
Lower middle: 25-50% of full-pay relevant employees	56%	44%
Lower: 0-25% of full-pay relevant employees	56%	44%

Table 14. 2019

Quartile	Women %	Men %
Upper: 75-100% of full-pay relevant employees	37%	63%
Upper middle: 50-75% of full-pay relevant employees	55%	45%
Lower middle: 25-50% of full-pay relevant employees	56%	44%
Lower: 0-25% of full-pay relevant employees	58%	42%

Table 15. 2018

Quartile	Women %	Men %
Upper: 75-100% of full-pay relevant employees	35%	65%
Upper middle: 50-75% of full-pay relevant employees	56%	44%
Lower middle: 25-50% of full-pay relevant employees	58%	42%
Lower: 0-25% of full-pay relevant employees	54%	46%

Despite a further increase in the representation of women in the upper quartile, they still remain significantly underrepresented when compared to men. In turn, men continue to be underrepresented in each other quartile when compared to women. When considering the data in more detail, professional services staff continue to have more women in roles at every quartile, including the upper quartile, where the ratio has increased by 3%, now 58%. In contrast, teaching staff continue to have a stronger representation of men in every quartile. The breakdown of research staff, however, has changed to having a higher representation of women in all quartiles; as mentioned before, this category of staff often sees fluctuation in its profile. Finally, academic staff continue to have more men in every quartile, with considerable margins in the upper (76% to 25%) and upper middle quartiles (67% to 33%). Overall, the trend is broadly comparable to the data profile analysed in 2019 and we do see a slight, but continual, improvement in percentages of women in the upper quartile.

The data continues to show that reducing the gender pay gap amongst academic staff is the major challenge for the School in addressing the overall pay gap. Previous reports have highlighted that the School's commitment to improving the gender pay gap for academic staff will take time as this is a category with long lag times of career progression (e.g. it normally takes between 10-20 years to move from assistant professor to full professor) and specific recruitment challenges in high-paying and male-dominated disciplines.

### What are we doing to close our gender pay gap?

LSE takes a holistic approach to tackling the gender pay gap and addressing the cultural and structural issues that are creating the gap. As mentioned in the introduction, the Athena SWAN action plan is comprehensive and situated in relevant reporting and accountability structures. It includes objectives on increasing the recruitment of women and on their career development which will improve the proportion of female faculty and female PS staff at the most senior levels and contribute towards closing our gender pay gap. Regular progress reports have been made to the Gender Equality Steering Group and SMC which demonstrate a good level of progress. That said, the impact of the pandemic has created new challenges, which we have been discussing with a wide range of colleagues in the School, and we are continuing to monitor this in order to put measures in place to address issues where appropriate. A School-wide mandatory equality impact assessment initiative

will ensure that all policies and procedures are adequately considering the impact on protected categories when being drafted/implemented. This year, these have particularly focused on initiatives that have taken place in response to the pandemic to understand how these might impact different parts of our community, e.g. the need to move teaching online.

Actions currently being taken by the School include the following:

#### *On pay*

- We have taken steps to ensure that women academics are effectively supported by the Research and Innovation Division when applying for research grants, e.g. by promoting events about research opportunities via the Gender Equality Forum.
- All professional services managers were required to attend a session on 'Professional Services Staff Contribution Pay: The EDI challenge' which provided an overview of the relevant processes and focused managers' attention on the specific diversity challenges presented when making nominations for contribution awards that may result in inequitable nominations at the aggregate level.
- An internal 'mock' ethnicity pay gap report is in progress in order to ensure an intersectional approach is taken to specifically analyse gender pay gaps for BAME women.
- We are closely monitoring the impact of the pandemic on career progression, with a particular focus on gender equity, and by extension the consequences for pay equity.
- Contributions to citizenship has been added to the criteria for promotion of academic staff in order to highlight the importance of this aspect of work; this is likely to have a positive impact for women in recognising the 'hidden work' that some staff members carry out for their colleagues and students.
- In terms of bonus pay, we will review the Pay Supplement Policy with an additional review of market supplement data to consider what steps can be taken to address the gap in this respect.

#### *On career progression*

- As a result of the impact of the pandemic on many academics' ability to carry out research, a year's extension to the Major Review 'clock' (i.e. the timeline for the review and promotion of assistant professors) has been offered to those who require it. This will be monitored from an equalities perspective to address any possible inequities of this approach, particularly as a result of gender.
- During the pandemic, staff with childcare or other caring responsibilities have been offered flexibility in their roles. Senior leaders have been championing proactive discussions with affected staff to ensure that support was available to them during school and nursery closures.
- Maternity, Paternity, and Shared Parental Leave entitlements are being reviewed to understand how changes to these may help reduce the gender pay gap. Raising awareness of entitlements in place to support carers is also a priority.
- Heads of Department are now required to provide an account for all associate professors of their future promotions trajectory in their annual meeting with the Pro-Director, Faculty Development.
- A review of the mentoring scheme for academics will consider the promotions-oriented and other more general career support that is provided to junior colleagues to support them in being able to go up for promotion as early as possible.

#### *On recruitment*

- The School's job pages have been reviewed and updated; this includes the production of a video targeted at attracting more female academics from diverse backgrounds by promoting non-pay related benefits, such as flexible working and maternity leave.
- Specific LinkedIn jobs pages have been designed for divisions with lower proportions of women in order to improve their social media presence and attract a diverse range of candidates by actively promoting flexible working options, work-life balance and wellbeing practices.
- Specific searches at higher grades and in 'hard to recruit' areas have targeted candidates through LinkedIn with a key focus on ensuring a diverse pool of candidates. Such positions have also been sent to relevant School networks.
- A review of our recruitment data in terms of the breakdown of applicants by gender and the media source used has enabled us to work with our media partners to improve the services of our providers and make better-informed media decisions for attracting female talent.
- Job adverts feature LSE's EDI values and statements that LSE welcomes female applicants and those from ethnic minorities. This will be included in all academic job adverts at Assistant Professor and Associate Professor levels.

- The inclusion of a BAME representative on all senior professional services staff recruitment panels is currently being explored in order to support diverse recruitment at these grades.

### **Ongoing actions**

In addition to these specific initiatives, LSE is committed to regularly analysing the gender pay gap data and relevant trends to understand what steps may be taken to improve the gap.

This includes regularly monitoring specific areas such as starting salaries and contribution pay for both academic and professional services staff. Equality data is provided so that possible patterns of under-representation can be considered and analyses undertaken to ensure that new awards/salaries are consistent.

In terms of recruitment, for academic staff, it is the School's general policy to predominantly hire at the Assistant Professor level, where it is easier to hire diversely. We ensure that there is always at least one woman on the selection panel, and the panel is advised to 'pause for thought' at the shortlisting stage if those selected are of only one gender. To limit the potential impact of unconscious bias, the School has introduced anonymised applications for professional services staff. Data is being collected to monitor and review the overall impact of this initiative.

In recent years, we have appointed a higher share of women to new academic posts than the share of women among existing academic staff. Due to the School's practice of normally hiring at Assistant Professor level, it will take time for this to make the corresponding improvements to the current gender pay gap for academic staff, in particular at more senior levels.

### **Summary and Conclusion**

LSE is committed to reducing the gender pay gap significantly over the medium term. We are pleased to note that there have been improvements during this reporting period but are conscious that, in the short-term, as with the national statistics, there are likely to be fluctuations in both directions. However, we are confident that we are on a positive trajectory and will see overall improvements as the identified actions become embedded into our processes.