

LSE Gender Pay Gap Report 2017

The UK Government has introduced new reporting regulations under the Equality Act 2010 requiring companies with over 250 employees to disclose their gender pay gap annually from April 2017.

The data required is as follows:

- Gender pay gap (mean and median averages)
- Gender bonus gap (mean and median averages)
- Proportion of men and women receiving bonuses
- Proportion of men and women in each quartile of the organisation's pay structure.

This report sets our results for 2017 in line with the legislative requirements. However, the School has been committed for some time to pay audits. An equal pay audit was carried out in 2013 and, in 2016, the School commissioned a report by Professor Oriana Bandiera on the gender and ethnicity earnings gap at LSE, the aim of which was to provide quantitative evidence on the pay gap for academic and professional staff.

The previous reports are part of a larger body of work which seeks to fulfil our commitment to equality, including gender equality. Both reports have helped us to understand the reasons behind any inequalities, and therefore identify specific initiatives needed.

This report sets out the actions we are taking to close our gender pay gap which form part of a wider set of initiatives and policies. A key priority for LSE is to strengthen our commitment to equity, diversity and inclusion and take relevant action throughout the institution. 'Equality of respect and opportunity' is a core principle of the School's Ethics Code and the Equity, Diversity and Inclusion Strategy 2017-2022 includes the achievement of pay equity as a key performance indicator in promoting diversity amongst the School's staff communities, and an inclusive staff experience.

A number of initiatives in relation to equity, diversity and inclusion have already been taken forward following the establishment of the EDI Taskforce in 2015, whose role was to conduct a root-and-branch review of EDI issues at the School, generate policy proposals and initiate changes around the institutional architecture and campus culture in order to maximise equity, diversity and inclusion across the School.

Calculating the Gender Pay Gap

A 'gender pay gap' is the difference in the average hourly rate of 'ordinary pay'¹ between all men and women in a company or institution. This is not the same as '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 'pay equity', which for academic staff relates to the pay that people receive at the same pay band (e.g. at the Associate Professor level) within the same Department.

When considering equal pay, 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. As a result of the 2016 report by Professor Bandiera, a pay equity exercise was carried out to review all academic salaries. Heads of Department were trained to conduct a pay equity review of their staff and to recommend individuals for a pay rise where pay inequities were considered to exist. A School-level committee reviewed and implemented pay changes to address pay inequities.

1. Ordinary Pay (for the purposes of calculating Mean, Median and Quartiles) 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.

Gender Pay Gap

Our median gender pay gap based on Ordinary Pay¹ is 14.89%². This is the difference between the mid-point of earnings for men (£22.64) and for women (£19.27) divided by the earnings for men; see table 1. The UK national average, according to the Office for National Statistics, is 18.4%.

Table 1. Median gender pay gap.

	Median Hourly Rate	Pay Gap %
Male Pay	£22.64	14.89
Female Pay	£19.27	

When looking at LSE's mean gender pay gap, this increases to 25.78%. The mean gender pay gap looks at the difference between the average of men's (£32.35) and women's (£24.01) pay divided by the earnings of men; see table 2.

Table 2. Mean gender pay gap.

	Annual Salary	Number of People	Mean Hourly Rate	Pay Gap %
Male Pay	£53,702.92	1660	£32.35	25.78
Female Pay	£40,725.25	1696	£24.01	

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

Table 3.

Staff Category	Median Pay Gap	Mean Pay Gap
Academic Staff	17.72%	18.25%
Professional Services Staff	0%	9.84%
Research Staff	5.02%	21.93%
Teaching Staff	0%	8.34%

Analysing the reasons for this, the gender pay gap is strongly influenced by a higher representation of men in senior positions at the School, with approximately two thirds of the positions at the most senior grades being occupied by men.

In addition, for academic staff there are certain disciplines and departments in which it is harder to attract academic staff and where it is necessary to pay a higher premia in order to do so. These disciplines are traditionally male-dominated, not just at LSE but globally. In summary, for academic staff the gender pay gap is underpinned by two factors: the share of women is lower at Professorial level than at Associate Professorial or Assistant Professorial levels and women are more likely to work in the departments where pay tends to be lower.

The School is undertaking a number of measures on recruitment, career progression and pay equity to help tackle this gap. Examples of these measures are included in the end of this report.

Gender Bonus Gap & Proportion of Men and Women Receiving Bonuses

Bonus pay (for the purposes of calculating bonus mean, median and proportions) is calculated on payments made between 01 April 2016 to 31 March 2017. These payments include lump sum contribution payments to reward exceptional performance, research incentive awards and advance performance supplements³.

² Includes all salaried and hourly paid staff (excludes casual workers where this is the only role held and there are no set hours).

Table 4 shows that 15.06% of men received bonus pay compared with 15.86% of women. The median gender bonus gap is 25.4% and the mean bonus gap is 49.2%.

Table 4.

	Total Bonus Pay	Number of People	Mean %	Median %	Proportion %
Male Pay	£1,097,063.86	250	49.20	25.40	15.06
Female Pay	£557,356.17	269			15.86

After analysing the reasons behind this, it is clear the gender bonus gap is strongly influenced by research incentive awards.

These awards account for over half of all bonus payments made and approximately three quarters were paid to men in the relevant period. This is predominantly due to two factors. Firstly, professors are normally more successful in winning external research grants and there are fewer women professors. Secondly, the departments which have been particularly successful in winning research grants are those which are male-dominated.

Tackling this bonus gap requires a strong focus on areas such as career progression and recruitment for women, particularly in disciplines which tend to be male-dominated. Examples of action being taken around recruitment, progression and related areas are included in the final part of this report.

When looking at what is traditionally meant by a 'bonus' (ie. a lump sum paid on a one-off basis to reflect performance), the overall gap reduces to a 15.5% median gender bonus gap and a -3.21% mean gender bonus gap, i.e. the mean gender bonus gap is in favour of women. These account for approximately 40% of all bonus payments made.

Less than 10% of bonus payments relate to advance performance supplements.

Pay Quartiles

The table below shows the proportion of men and women in each pay quartile, demonstrating that there are more women than men in three quartiles and a higher proportion of men in the upper quartile.

Table 5.

Quartile	Female %	Male %
Upper: 75-100% of full-pay relevant employees	34%	66%
Upper middle: 50-75% of full-pay relevant employees	56%	44%
Lower middle: 25-50% of full-pay relevant employees	56%	44%
Lower: 0-25% of full-pay relevant employees	56%	44%

When considering the data in more detail, it shows that this pattern is replicated for academic staff, but is more varied when considering other job categories. For professional services staff, there are more women in roles at every level, including the upper quartile, where the ratio is 55% to 45%. Research staff follow the same pattern as academics, but there is an even 50:50 split in the lowest quartile. For teaching staff, there are more male colleagues in every quartile.

³ 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 made 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.

Closing the Gender Pay Gap

The School is committed to understanding and taking action to close the gender pay gap. Specific initiatives have either been implemented or are being undertaken. In many cases they address the gender pay gap specifically but also the wider challenges of recruitment, promotions and representation across the organisation. Actions being taken by the School include the following:

On pay

- Carrying out a more in-depth analysis of the gender pay gap data to help more granular understanding of the reasons behind the data.
- Pay policies have been reviewed and updated to ensure that gender equity across the School is a primary consideration. For professional services staff, starting salaries in senior positions are approved by the COO in consultation with the HR Director after they have received and reviewed comparable salary data. Similarly, decisions regarding contribution pay will take gender comparability into account.
- An extraordinary meeting of the Academic Staff Review Committee during the 2016/17 session looked specifically at pay equity for academic, research and teaching staff in general, with a particular focus on women. This resulted in salary amendments for many staff, effective from 1 August 2017. Whilst pay equity differs from pay equality, establishing pay equity contributes to promoting pay equality.
- The contribution pay guidance has been updated to include a criterion for making nominations on the basis of supporting pay equity.
- Since the 2016/17 academic year, division leaders have been provided with a breakdown of contribution awards and equality data on contribution awards of the previous two years. This ensures they are aware of the equity in decisions being made and of any patterns of under-representation.⁴

On career progression

- Promotion and Review processes for academic and research staff are subject to ongoing review to ensure any potential bias is eliminated.
- Relevant senior committees now receive equality data on promotion and contribution pay. This enables monitoring and School-wide benchmarking based on gender to be carried out.
- Provision has been made for increased numbers of women to attend the Aurora Leadership Foundation for Higher Education, which supports women to enable leadership potential.
- Research leave has been introduced to support those returning from maternity leave to re-establish their research trajectory following a long period of absence.
- Enhanced shared parental leave was introduced in 2016 to enable both men and women to take time off around the birth of a child (and to benefit from research leave respectively).
- We have introduced a revised Flexible Working Policy and, in order to facilitate different flexible working options, a Core Hours Policy. This enables staff to attend essential meetings who may have been unable to do so if they took place too early or too late in the day.

On recruitment

- To limit the potential impact of unconscious bias, the School is working on introducing anonymised applications for professional services staff. This is scheduled to be introduced in the 2018/19 academic year. Likewise, changes to shortlisting practices for academic positions were put in place in 2017/18 with the same aim.
- Work is being carried out to improve the content of the LSE jobsite and LinkedIn careers pages to reflect a diverse PSS workforce, specifically highlighting the family-friendly provision. In addition, we are working with our external suppliers with the aim of broadening the reach of our advertising.

⁴ In the relevant 2016-17 period, there were 204 lump sum bonus payments made to professional services women and 137 made to professional services men resulting in a median bonus pay gap of 3.85%. For academics this was evenly split – 34 lump sum bonus payments to men and 35 payments to women. The median value of these lump sum bonus payments resulted in a median contribution bonus payment gap of 0%.



In addition to these specific initiatives, it is worth noting that in the past two recruitment rounds, LSE has appointed more women than men to academic posts. Given the nature of the career trajectory for academic staff, it will take time for these appointments to progress to more senior positions, but is indicative of a more positive future trend.

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