

## LSE Gender Pay Gap Report 2018

In 2017 the UK government introduced new reporting regulations under the Equality Act 2010 requiring companies with over 250 employees to disclose their gender pay gap annually. This report sets our results for 2018 in line with the legislative requirements.

The data required is as follows:

- Gender pay gap (mean and median averages including breakdown per staff categories)
- 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 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 (EDI) 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. Recent activities include the setting up of the new Gender Equality Strategy Group, various harassment prevention and reporting initiatives including the *Making a Choice* campaign on consent and respect, and the centralising of EDI data/management information within the EDI Office. A comprehensive review of equality impact assessment processes in relation to relevance, risk and proportionality is also being conducted.

### Calculating the Gender Pay Gap

A 'gender pay gap' is the difference in the hourly rate of 'ordinary pay'<sup>1</sup> 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 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, 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. 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. In 2017 a School-level committee reviewed and implemented pay changes to address pay inequities; relevant annual contribution pay policies now include this provision should it be necessary for an *ad hoc* case to be made on an exceptional basis.

### Gender Pay Gap Data

Our median gender pay gap based on Ordinary Pay<sup>1</sup> is 14.91%<sup>2</sup>, within 0.02% of last year's figure. The median pay gap is the difference between the mid-point of hourly pay rates for men (£23.01) and for women (£19.58) divided by the hourly pay rates for men; see tables 1 and 2.

Table 1. Median gender pay gap 2018

	Median Hourly Rate	Pay Gap %
Male Pay	£23.01	14.91%
Female Pay	£19.58	

<sup>1</sup> 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.

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

Table 2. Median gender pay gap 2017

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

When looking at LSE's current mean gender pay gap of 23.90%, this shows a slight improvement from last year's figure of 25.78%. The mean gender pay gap looks at the difference between the average of men's (£31.67) and women's (£24.10) hourly rates of pay divided by the mean hourly rates of men; see tables 3 and 4.

Table 3. Mean gender pay gap 2018

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

Table 4. Mean gender pay gap 2017

	Sum of Hourly Pay	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	

One reason for this improvement can be attributed to an increase in female appointments in the upper quartiles (positions previously held by male staff), with male appointments staying broadly consistent with last year's numbers.

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

Table 5. 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%

Table 6. 2017

Staff Category	Number of People	Median Pay Gap 2017	Mean Pay Gap 2017
Academic Staff	Not reported <sup>3</sup>	17.72%	18.25%
Professional Services Staff	**	0%	9.84%
Research Staff	**	5.02%	21.93%
Teaching Staff	**	0%	8.34%

All the staff categories other than academic staff have showed a net improvement in their mean pay gap compared to last year (tables 5 and 6). A strong fluctuation in both median and mean pay gaps between 2017 and 2018 are observed within research staff, where the mean pay gap has decreased by 13 percentage points and the median pay gap has turned from 5.02% in favour of men to 1.52% in favour of women. This fluctuation is related to the number of staff in that category being lower than in the other categories so movements have a more notable effect. Due to the nature of the work, and, for research staff, also the nature of research contracts being dependent on external funding, there is a higher turnover of staff each year for teaching staff and for research staff than for the other staff categories. We will continue to monitor this category in ongoing years to determine if there is a trend emerging. As part of the positive trend,

<sup>3</sup> The number of staff per category was not included in the report published 2017 but we will include this information from 2018 onwards to provide for a comparison through time.

the teaching staff category has also shown a net improvement in mean, going from 8.34% in 2017 to 5.21% in 2018.

Figures for professional services decreased approximately 4 percentage points in both the median and the mean. This decrease is the result of a number of female appointments at higher grades.

Within academic staff, the mean has increased by approximately 2 percentage points compared to 2017. In this category the gender pay gap is still strongly influenced by a higher representation of men in senior positions at the School, with almost two thirds of the positions at the most senior grades currently being occupied by men. It also continues to be the case that there are certain disciplines and departments in which it is harder to attract academic staff and where it is necessary to pay increasingly higher premiums 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 predominantly two factors: the share of women is lower at professorial level than at associate professorial, lower at associate professorial than at assistant professorial levels and women are more likely to work in 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 and it should also be noted that the ratio of female to male new academic appointments has been well above the ratio of female to male existing academic staff in recent years, which over time will render our population of academic staff more female.

### 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 from 01 April 2017 to 31 March 2018. These payments include lump sum contribution payments to reward exceptional performance, research incentive awards and advance performance supplements<sup>4</sup>.

Table 7 and 8 show that 13.82% of men received bonus pay compared with 13.36% of women. The median gender bonus gap is 50% and the mean bonus gap is 63.58%.

Table 7. Bonus Pay 2018

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

Table 8. Bonus Pay 2017

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

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

Although research incentive awards have been awarded to less than one fifth of the total staff population that received bonus payments, they account for around half (47.6%) of the total amount of all bonus payments made. Three quarters (72.2%) of these research incentive awards 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 that have a majority of men.

<sup>4</sup> 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 employees. 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.

Another factor that explains the increase in median and mean is the growth in both number and payment amount of advance performance supplements. In 2018, men accounted for around 85% of staff awarded advance performance supplements, and received 80% of the total payment amount for this bonus category. The reason for the increase in performance supplements is due to the School responding to salary pressure between 2017 and 2018 in disciplines that carry a market supplement by moving a share of total salary from contractual pay elements to bonus pay elements, which are subject to performance criteria and review periods and can be taken away if the performance is unsatisfactory. This has resulted in an increase in the total amount of bonus pay which in turn has impacted the bonus pay median and mean. We expect this exercise to continue in the future, further impacting the bonus pay median and mean.

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 will be a key focus for the School in the immediate future.

### 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 the lower three quartiles and a higher proportion of men in the upper quartile, although in this last quartile the percentage of women has increased since last year.

Table 9. 2018

Quartile	Female %	Male %
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%

Table 10. 2017

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, professional services staff have more women in roles at every level, including the upper quartile, where the ratio is 56% to 44%. Research staff follow a broadly similar pattern as professional services staff with more women than men in all categories. For teaching staff there are more male colleagues in every quartile, other than in the lowest, where there is an even split. This last pattern is replicated for academic staff, where there are more men than women in each quartile and where the split is especially more profound in the upper quartile, which in turn affects the overall percentage at that level. Overall, the trend is broadly comparable to the data profile analysed in 2017.

It should be noted that reducing the gender pay gap amongst academic staff is a large part of the School's challenge. The School is committed to working to improve the gender pay gap for academic staff but this will take time as this is a category with long lag times of career progression and specific recruitment challenges in high-paying and male-dominated disciplines.

### What have we been doing?

Each year LSE is committed to analysing the gender pay gap data and relevant trends to understand what steps may be taken to improve the gap. Whilst there have been improvements in some key areas, there is still work to be done to address the underlying issues contributing to our gender pay gap.

Actions that have been taken since the last gender pay gap report:

#### *On pay*

- 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.
- An additional pay award was implemented in November 2018 for specific grades, with an increase of £1,000 for the lowest paid staff.
- The contribution pay guidance has been updated to include a criterion for making nominations on the basis of supporting pay equity. Similarly, decisions regarding contribution pay take gender comparability into account.

#### *On career progression*

- 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.
- 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).

#### *On recruitment*

- Work has been 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.

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

Actions currently being taken by the School include the following:

#### *On pay*

- Since the 2016/17 academic year, division leaders have been provided with a breakdown of contribution awards and equality data for the previous two years, to consider any possible patterns of under-representation.
- The School continues to provide a more in-depth analysis of the gender pay gap data to help more granular understanding of the reasons behind the data, in accordance with HESA and Athena Swan regulations/guidelines.
- All professional services staff starting salaries for band 9 and above are subject to additional checks by the COO/Director of HR.

#### *On career progression*

- We are introducing flexible working guidance for staff and managers in the form of a toolkit and other supplementary documents, and have drafted a new policy covering agile working, which aims to provide staff with more options in their day-to-day working arrangements.
- Promotion and review processes for academic and research staff are subject to ongoing review to ensure any potential bias is eliminated. It should be noted that in the past four years we have seen a significant increase in the number of women promoted to Associate Professor level.

#### *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.
- We continue to work to improve our advertisement strategies and corresponding campaigns to attract female talent. This includes:
  - Working with our external suppliers with the aim of broadening the reach of our advertising.
  - Promoting and highlighting women leaders and role models within the staff community.

- Piloting a newly purchased recruitment search option to better support specific advertising campaigns in reaching out to specific demographics.
  - Producing two new recruitment videos with themes around supporting the attraction of female candidates.
- We are currently considering non-pay benefits to help attract talent without impacting on our pay gap, e.g. housing support for academic staff who are relocating.

In addition to these specific initiatives, it is worth noting that in recent years, LSE has appointed a higher share of women to new academic posts than the share of women among existing academic staff. 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, particularly given the promotion data referred to above.

It should also be noted that next year's report will include a large number of recently insourced staff. This move represents a longer term benefit for the School and is likely to have a positive effect on our gender pay gap.