LSE Gender Pay Gap Report 2019

Introduction

Within its overarching LSE 2030 strategy, the School has committed to a number of steps related to equality, 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 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 equality, diversity and inclusion.

The report sets out the required data from the reporting period of 1 April 2018 to 31 March 2019 based on the snapshot date of 31 March 2019. At this point LSE had 3664 staff in post, of which 1855 (51%) were women and 1779 (49%) were men.

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, with a slight overall reduction since the report in 2018. The report explains our understanding of this year's data and the continued work that we are undertaking both as part of our commitment to reducing the gender pay gap and to advance gender equality more generally.

In 2019, we launched LSE Strategy 2030 of which a key priority was to 'Develop LSE for everyone'. This includes celebrating our diversity and ensuring that every member of our community is able to excel. There is a Gender Equality Steering Group which was formed to have an overview of, and inform activity, across the School in relation to gender equality for staff and students. This is now chaired by the School Secretary – our senior champion for gender – and the group is working towards several milestones including the increased awareness and use of flexible working and increasing the number of women academics in departments where they are underrepresented.

'Improving equality, diversity and inclusion' is a key work strand under LSE Strategy 2030 and we have continued to maintain the momentum in relation to this in 2019, with concentrated activity being carried out in preparation for our Athena SWAN submission, including a culture survey and focus groups, training and support provided on equality impact assessment processes, and the expansion and integration of EDI-specific committees and working groups to focus on targeted initiatives. With respect to Athena SWAN, the School has structured its submission around four main themes. These are:

1. Ensure that, within the same discipline, women are being promoted at the same speed as men
2. Increase the overall proportion of women in academic roles
3. Address issues of bullying and harassment and ensure that incidents that do occur are reported and well-handled
4. Support and encourage LSE departments to apply for their own Athena SWAN awards.

The above themes have been further developed in the Athena SWAN action plan ensuring that this is aligned to supporting the School's commitment in reducing its gender pay gap.

Calculating the Gender Pay Gap

A 'gender pay gap' is the difference in the hourly rate of 'ordinary pay'[1] between all men and women in a company or institution. Please note that the hourly rate is calculated for both salaried and hourly paid staff.

A 'gender pay gap' 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

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[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.

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 during which 22% of female academics, and 10% of male academics received a pay increase. Relevant annual contribution pay policies now include this provision (i.e. they give scope for equity-related pay increases) 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[1] is 13.29%[2]. As noted in the introduction, this has decreased since 2018 (a decrease of 1.62 percentage points) mainly due to one factor: the insourcing of a large group of lower paid staff on homogenous levels of pay (in the professional services staff category).

In early March 2018, the School insourced a large number of staff members. The group comprised 52% women and 48% men on lower but homogenously paid salaries[3]. As a result of the insourcing, a large group of female (and male) lower-paid workers have received a significant improvement in their terms and conditions of employment. The insourcing has also contributed to a decrease in the median, due to there being a group of lower paid male staff within the totals. As a result, tables 1 and 2 show that the median hourly rate for men has reduced from £23.01 to £22.73. For women, the combined impact of turnover and insourcing is that the median hourly rate has increased from £19.58 to £19.71.

When removing the impact of this group of staff from the calculation, the median would, otherwise, have been 14.53%. This percentage also shows a slight decrease from 2018 (14.91%), which can be attributed to a variation in the median of hourly paid staff (as opposed to salaried contracts).

The median pay gap is the difference between the mid-point of hourly pay rates for men (£22.73) and for women (£19.71) divided by the hourly pay rates for men; see tables 1, 2, and 3 for the progression of the median pay gap and median hourly rates of pay between 2017 and 2019.

Table 1. Median gender pay gap 2019

	Median Hourly Rate	Pay Gap %
Male Pay	£22.73	13.29%
Female Pay	£19.71	

Table 2. Median gender pay gap 2018

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

Table 3. Median gender pay gap 2017

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

LSE's current mean gender pay gap is 26.62%, a 2.72 percentage point increase from last year's figure of 23.90%. The mean gender pay gap looks at the difference between the average of men's (£31.17) and women's (£23.50) 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 reasons for the variation in the median have not had a significant impact on the mean, as there are still more men paid higher salaries compared to women in all categories of staff excluding professional services staff. The mean is influenced by the larger proportion of male staff on a higher rate of pay overall; the inclusion of a new group of staff at lower salary bands, but on more homogenous levels of pay, is not sufficient to impact the overall total.

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[2] 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), Occasional Research Assistants (ORAs).
[3] This group was not considered last year as it did not fulfil the parameters of the calculation.

Tables 4, 5 and 6 show the progression of the mean pay gap and mean hourly rates of pay between 2017 and 2019.

Table 4. Mean gender pay gap 2019

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

Table 5. 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 6. 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	

Despite a higher increase in the sum of hourly pay for women since last year (£3,996 compared to £834 in 2018), men have had a more significant increase (£5,227 compared to -£339 in 2018) resulting in the total sum of hourly pay remaining largely in favour of men (by a margin of £13,038) which explains the increase in the mean pay gap percentage.

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

Table 7. 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 8. 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 9. 2017

Staff Category	Number of People	Median Pay Gap 2017	Mean Pay Gap 2017
Academic Staff	** [4]	17.72%	18.25%
Professional Services Staff	**	0%	9.84%

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[4] The number of staff per category was not included in the report published in 2017 but we will include this information from 2018 onwards to provide for a comparison through time.

Research Staff	**	5.02%	21.93%
Teaching Staff	**	0%	8.34%

The breakdown shows that all the staff categories have shown an increase in both their median and mean pay gaps compared to last year (tables 7, 8 and 9).

We see the most significant changes in the research and teaching staff categories; this is consistent with previous years where these categories also experienced the most significant changes though not necessarily in the same direction. Specifically, following a significant improvement last year, this year, the median pay gap for research staff has increased by 4.35 percentage points and the mean by 0.8 percentage points. For teaching staff, the median pay gap increased by 1.76 percentage points, whereas it had decreased between 2017 and 2018. 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, which results in larger compositional changes every year than in others, and thus allowing for movements (leavers/hires) having a more notable effect on the total.

For Professional services staff, the median and mean pay gap increased only slightly (by 0.29 percentage points) and their mean (by 0.18 percentage points), when compared to 2018.

Consistently with previous years, academic staff have seen an increase in both their median (0.67 percentage points) and their mean (by 1.94 percentage points), although the level of increase has reduced when compared to last year. In 2018 the median had increased by 3.65 percentage points and the mean by 2.36.

Academic staff still remain the category with the highest pay gap, which has also increased from last year. The principal reason for this is that the School recruits academic staff in a global and highly competitive market and that salaries for recruiting and retaining academic staff in male-dominated quantitative disciplines have experienced and continue to experience significant upward pressure due to competition for scarce 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 new academic appointments has been well above the ratio of female to male existing academic staff in recent years. This will, over time, render our population of academic staff more equal.

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 2018 to 31 March 2019. These payments include lump sum contribution payments to reward exceptional performance, research incentive awards and advance performance supplements[5].

Table 10 shows that 17.14% of men received bonus pay compared with 14.59% of women. The median gender bonus gap is 50% (unaltered) and the mean bonus gap is 63.64%, which represents a 0.8 percentage point increase since last year.

Table 10. Bonus Pay 2019

	Total Bonus Pay	Number of People	Mean %	Median %	Proportion %
Male	£2,388,873.44	305			17.14%
Female	£920,345.40	275	63.64%	50%	14.59%

Table 11. Bonus Pay 2018

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

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[5] 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.

Table 12. Bonus Pay 2017

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

The bonus total continues to increase for men and women, with men receiving both a higher increase in amount (£779,411.27 compared to £336,759.01 received by women) and number of recipients (74 more men compared to 45 more women recipients from 2018 to 2019).

The reasons for this increase are mainly related to the steady increase in Performance Supplements, which make up 42% of the total bonus amount (up by 13 percentage points since last year). Men represent 80% of all recipients and currently receive 80% of the total amount for this award. The reasons for the prevalence of men within this bonus category are strictly linked to the higher number of men working in academic disciplines that have previously attracted market supplements in order to respond to salary pressures. As explained in last year's report, we are undertaking an exercise to move 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 continues to result in an increase in the total amount of bonus pay which, in turn, impacts the bonus pay median and mean. We expect this exercise to continue in the future, further impacting the bonus pay median and mean.

The second largest bonus component, Research Incentive Awards, make up 38% of the total (down by 10 percentage points since last year). Similarly to Performance Supplements, male staff represent 71% of all recipients and receive 75% of the total amount of Research Incentive Awards. The reason for Research Incentive Awards being awarded predominantly to men is due to two factors. Firstly, there are currently fewer women professors and professors are normally more successful in winning external research grants. Secondly, the departments which have been particularly successful in winning research grants are those that contain a majority of men.

The last bonus category, Annual Review Lump Sums, are what can be considered as 'traditional' bonus payments. These make up around 20% of total bonuses (down 3 percentage points since last year) even though they are awarded to the highest number of staff members (87% of all bonus recipients). Annual Review Lump Sums are also the bonus category where the majority of recipients are women (54%), and where women receive a greater share of the bonus total (51%) when compared to men (49%).

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 but also represents a significant challenge for the university sector as a whole.

Pay Quartiles

The tables below show the proportion of men and women in each pay quartile throughout 2017, 2018 and 2019. This year, the upper and lower quartiles have both shown an increase in the percentages of female staff, whereas the upper middle and lower middle have shown an increase in percentages of male staff.

Table 13. 2019

Quartile	Female %	Male %
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 14. 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 15. 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%

Female staff still remain considerably less represented in the highest quartile when compared to men. In turn, men are less represented in each other quartile when compared to women, although by lower margins. When considering the data in more detail, professional services staff have more women in roles at every quartile, including the upper quartile, where the ratio is 55% to 45%. Teaching and research staff instead, have a stronger representation of men almost in every quartile (women have a higher percentage in the lower middle quartile in teaching staff and in the lowest quartile for research staff). This is the opposite of last year and is further evidence of the highly volatile nature of these staff categories. Finally, academic staff have more male representation in every quartile, with considerable margins in the upper (78% to 22%) and upper middle quartiles (66% to 34%). Overall, the trend is broadly comparable to the data profile analysed in 2018, although the situation has shown a slight improvement in the upper quartile.

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.

Ongoing actions

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

- 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 carry out a more in-depth analysis of the gender pay gap data to provide a more granular understanding of the reasons behind the data, in accordance with HESA and Athena SWAN regulations/guidelines.
- Prior to the main committee approval of the pay awards, the nominations are analysed to ensure awards are fairly spread across gender, ethnicity and salary band. This provides Service Leads a chance to review their awards and make any changes if required,
- An analysis of awards over the last three years is provided at the Professional Services Staff Committee (PSSC) meeting yearly alongside the nominations, so that any patterns can be monitored.
- Division leaders and heads of departments are provided with a breakdown of contribution awards and equality data for the previous two years to consider any possible patterns of under-representation.
- HR and the Pro-Director Faculty Development (PDFD) monitor starting salaries and pay increment starting points for academic appointments on an annual basis.

On career progression

- We have introduced 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 and are piloting this, which aims to provide staff with more options in their day-to-day working arrangements.
- The School is committed to facilitating termly development and discussion sessions for female early career academics to network and discuss their career development and progression. A collaboration

with PhD Academy, the School's Eden Centre for Education Enhancement and EDI will run a 'speed mentoring' event between female early career researchers (ECRs) and career-track academic staff, both male and female.

On recruitment

- For academic staff, it is the School's general policy to 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 on 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.
- We continue to work to improve our advertisement strategies and corresponding campaigns to attract female talent. This includes:
  - o Working with our external suppliers with the aim of broadening the reach of our advertising.
  - o Promoting and highlighting women leaders and role models within the staff community.
  - o Piloting a newly purchased recruitment search option to better support specific advertising campaigns in reaching out to specific demographics.
  - o Producing two new recruitment videos with themes around supporting the attraction of female candidates.

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. To facilitate this approach, we recently applied for an Athena SWAN award, which is a Higher Education Charter mark for advancing gender equality.

Our related action plan is comprehensive and situated in relevant reporting and accountability structures. It includes objectives on increasing the recruitment of women to the LSE and on the career development of women at the LSE, which will contribute to closing our gender pay gap.

Actions currently being taken by the School in this respect include the following:

On pay

- The new EDI team has launched a School-wide mandatory equality impact assessment initiative to ensure that all policies and procedures (including those on pay) are adequately considering the impact on protected categories when being drafted/implemented.
- Starting from 2020, the School will hold workshops for line managers to provide an overview of the professional services staff contribution pay processes and enable participants to explore the challenges presented when making nominations for contribution awards as well as factors that may result in inequitable nominations at the aggregate level.
- As part of Athena SWAN, the School has committed to ensuring women academics are effectively supported when applying for research grants by promoting research specific events to members of the Gender Equality Forum.
- LSE will establish internal systems to allow us to capture and analyse ethnicity pay gaps to ensure we can develop an internal 'mock' report during 2021. The report will ensure an intersectional approach is taken to specifically analyse gender pay gaps for BAME women.

On career progression

- Maternity, Paternity, and Shared Parental Leave entitlements are being reviewed to understand how changes to these may help reduce the gender pay gap.
- We are holding a series of events to promote understanding and take-up of shared parental leave policy, specifically targeting our male population.
- We are embedding a consistent awareness of, and approach to, flexible working across the School. Senior leaders have been championing flexible working.
- The School will investigate the status, and perceived status, of citizenship work in the promotions process for academic staff, which may have implications for gender equality.

- We have established a working group to determine the reasons for a declining female population in certain staff categories in order to create an action plan to reverse the cycle.
- The School's Athena SWAN action plan includes objectives on increasing the recruitment of women to the LSE and on the career development of women at the LSE.
- We will carry out further analysis of the differing national and international gender balance of academics including an understanding of the pipeline for disciplines relevant to LSE, in order to understand where we may be under-performing in our recruitment of female academics.
- The School will create a group of Professors (men and women) who are willing to mentor and advise female Associate Professors in relation to promotion matters.

On recruitment

- The School will be revamping its job site page to ensure it is, among other things, more attractive for female applicants.
- We are working with areas of the School to use more diversity friendly recruitment companies for reaching a wider audience, particularly for Bands 8-10. These include Vercida, Women Returners and Diversity link.
- Job adverts for professional services staff positions above SB07 will encourage applications from under-represented groups, e.g. BME candidates, women, and especially BME women.
- The School will inform all recruiting departments at the start of search cycle of the gender and ethnicity breakdown of academic staff in their department.
- The School will investigate posts being advertised in an attempt to understand whether the proportional under-representation of female applications is because the pool is low or because LSE is not attracting female applications from a larger pool.
- LSE's academic departments will have resources made available to them to apply for departmental Athena SWAN awards to help them addressing their own local barriers to the recruitment and progression of women.
- The School will ensure that at least 50% of all recruitment panel members for career-track posts will undergo recruitment and selection training, recently revised to include unconscious bias and positive action. We will also develop a best practice guidance for all recruitment panel members.

In addition to these specific initiatives, in recent years, LSE have appointed a higher share of women to new academic posts than the share of women among existing academic staff. However, unfortunately this will not improve the current gender pay gap for academic staff in the short-term, due to the School's practice of normally hiring at Assistant Professor level. The following table demonstrates that the School has managed to increase the share of women at all levels of academic staff (Assistant Professor, Associate Professor, Professor).

Table 16.[6]
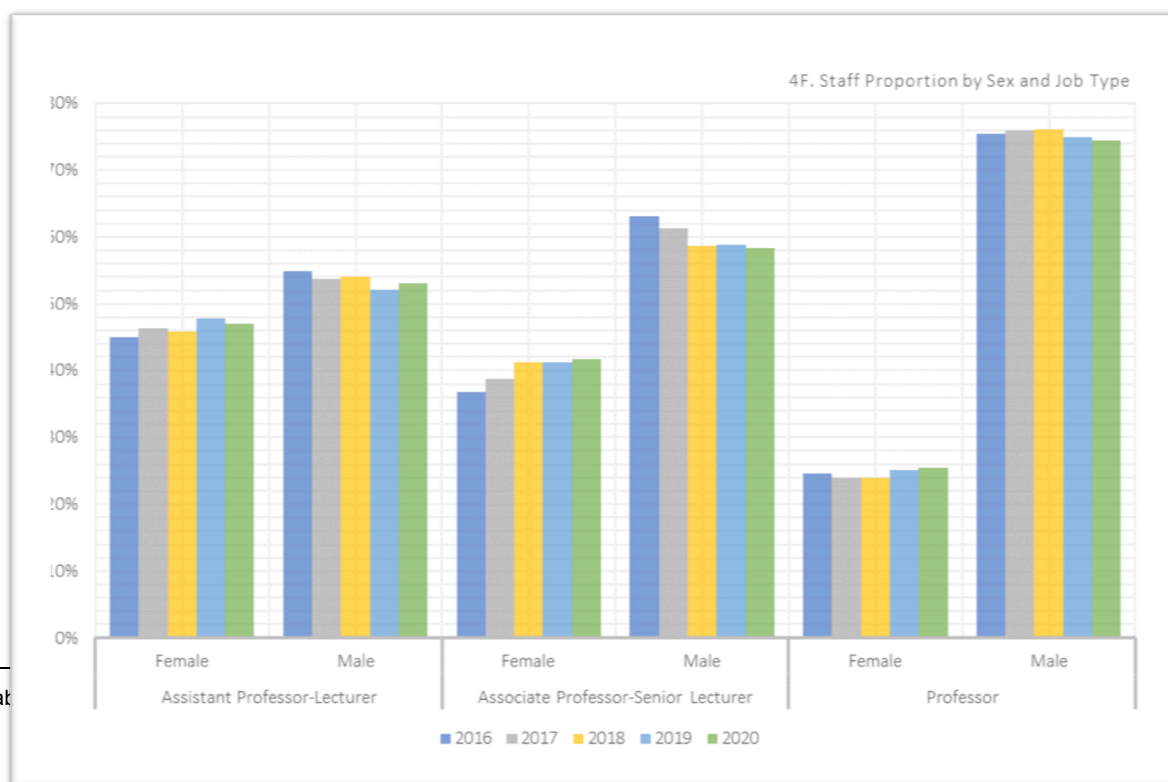
LSE is committed to reducing the gender pay gap significantly over the medium term. We are conscious however, that, in the short-term, as with the national statistics, there are likely to be fluctuations in both directions. Given the nature of the career trajectory for academic staff, it will take time for these appointments to progress to more senior positions, but is indicative of a more positive future trend, particularly given the data referred to above.