

March 2023

Gender and ethnicity pay gap report 2022

Ofwat

1. Introduction

Ofwat has prepared this report as part of the legal requirement for public authorities to publish their gender pay gap on an annual basis. The report also includes ethnicity pay gap data which is provided voluntarily.

Ofwat is a small non-ministerial government department with a headcount of 255 employees as of 31 March 2022.

The production and analysis of Gender Pay Gap (GPG) and Ethnicity Pay Gap (EPG) figures supports our Equality, Diversity & Inclusion (EDI) strategy and our commitment to creating an environment where colleagues feel comfortable being themselves and bringing their whole self to work. We want Ofwat to be a place where everyone is treated equally and empowered to thrive, irrespective of their background, age, gender, location, ethnicity/race, religion/belief, marital status, sexual identity or disability. We are committed to creating an organisation which values all our people and their contribution, so that together we achieve our vision of improving life through water. More information on our EDI strategy and the work we are doing to support this can be found [on our website](#).

Equality and diversity feature strongly in all of our recruitment, at all levels. We have started to make good progress in our 'early careers' recruitment by improving the gender and ethnicity profile of our Graduate Development Programme and creating a retention programme to progress graduates into longer term roles, subject to their performance, as part of our 2-year programme. Despite this positive improvement, our Gender and Ethnicity Pay gaps have increased for 2022. Like all employers Ofwat has been impacted by the 'great resignation' following the pandemic, resulting in higher turnover rates. Some of the sectors and specialist professions we recruit from are traditionally male dominated and not ethnically diverse, this can impact on our pay gap figures. As a small organisation, changes of people in a small number of posts can have a big impact on our pay gap figures. We know we have more to do, and we remain committed to improving diversity at all levels of the organisation.

This report includes details of the plans we have in place to proactively address our gender and ethnicity pay gaps.

2. Gender pay gap report

The GPG shows the difference in the average pay between all men and women in a workforce. The GPG is different to equal pay. Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value.

In an ideal world we would have a 0% pay gap. A positive percentage figure reveals that overall women have lower pay than men. A negative percentage figure reveals that overall men have lower pay than women.

Gender Pay Gap		Gender Bonus Gap	
Mean	Median	Mean	Median
9.6%	13.1%	5.9%	42.5%

The figures above show a worsened position compared to the previous year. As a small organisation we are susceptible to minor changes leading to large variations in pay gap data each year. The last three years GPG data is shown in appendix 1 for comparison.

Also, as a small organisation running two main recognition schemes with two distinctly different levels of awards (£50 and £1,000) we are likely to see large variations in median gender bonus gap figures year on year. This is highlighted in the last three years median bonus gap data in appendix 1.

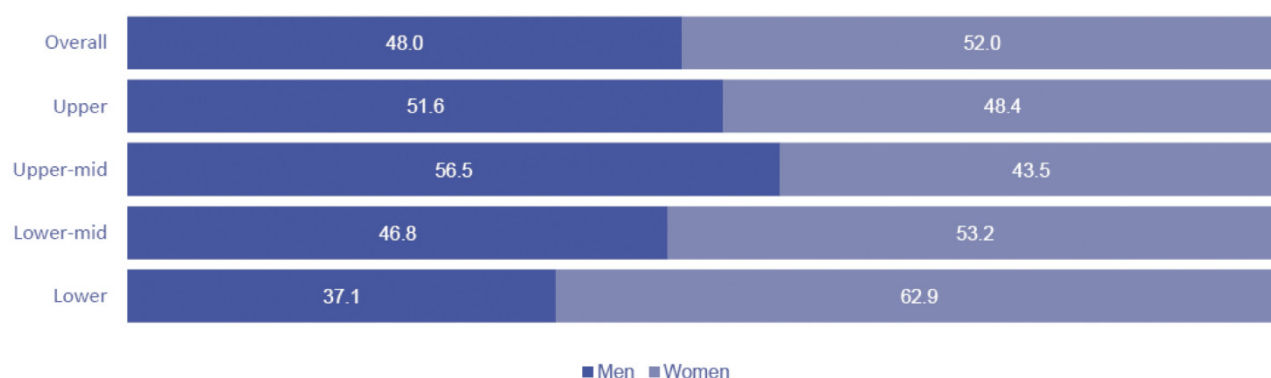
To explain this further, the 2022 median bonus gap is greater than the mean because the two middle women are on the border of bonuses that move from small gratuity to medium gratuity. If one more woman had received a medium gratuity bonus, then the median bonus gap would have been 0%.

Percentages of individuals receiving a bonus	
Men	Women
30%	50%

There is a 20% difference in the percentage of women receiving a bonus compared to men. This is because in 2022 a larger proportion of women received £50 recognition vouchers, compared to men. The main bonus scheme, of £1,000, was fairly balanced in terms of awards to both men and women.

Distribution of employees across each pay quartile

The following chart shows the overall balance of male and female employees followed by the balance of these employees throughout the four quarters of the pay range from the highest to the lowest paid.



The biggest difference compared to the overall position is in the lower quarter, where the gap represents seven more female employees than male. Roles that comprise the lower and upper-middle quarters of the pay range are where differences in gender distribution are the greatest compared to the overall position. However, the movement required is minimal to achieve equity.

3. Ethnicity pay gap report

Employees from Asian, Black, Mixed or other backgrounds have been aggregated together to form a group called Global Ethnic Majority (GEM) employees.

The EPG shows the difference in the average pay between all white and GEM employees in a workforce. In an ideal world we would have a 0% pay gap. A positive percentage figure reveals that overall, GEM employees have lower pay compared to white employees. A negative percentage figure reveals that overall white employees have lower pay compared to GEM employees.

Ethnicity Pay Gap		Ethnicity Bonus Gap	
Mean	Median	Mean	Median
33.0%	32.7%	61.5%	90.0%

The figures above show a worsened position compared to the previous year, however as a small organisation we are susceptible to minor changes leading to large variations in pay gap data each year. The last three years ethnicity pay gap data is shown in appendix 2.

The reasons for the size of the ethnicity pay gap is due to the level of roles occupied by GEM employees and is further explained later in this section.

Percentages of individuals receiving a bonus	
White employees	GEM employees
39.4%	43.4%

The table above shows that in percentage terms more GEM employees get bonuses, but because the actual number of GEM employees is small there are still three times as many

white people getting bonuses. This disparity means that percentages can give a misleading picture. In addition to this, as Ofwat is a small organisation running two main recognition schemes with two distinctly different levels of awards (£50 and £1,000) we are likely to see large variations in the median ethnicity bonus gap year on year.

Further analysis has been undertaken to provide assurance in terms of our recognition schemes: -

- The mean bonus payment for white employees is £1,271 and for GEM employees it is £496. In March 2022 our Senior Leadership Team (SLT) comprised of 8 people, all white, who are eligible for our highest level of bonus awards (available under the Senior Civil Service pay remit). By removing these 8 SLT members from the calculations the mean bonus payment for white employees reduces to £651, compared to £496 for GEM employees.
- The median bonus payment for white employees is £1,000 and for GEM employees it is £100. This is due to the middle figures for a white employee falling on a bonus payment and for a GEM employee it was two £50 recognition vouchers. However, when we looked at our two key recognition schemes and awards made to both white and GEM employees, we found that the awards were representative of the number of white and GEM employees in Ofwat.

Distribution of employees across each pay quartile

For information, 2021 Census data shows 82% of people in England and Wales are white, and 18% belong to a Black, Asian, mixed or other ethnic groups. Ofwat overall is broadly representative of overall ethnicity in England and Wales. However, we do not have GEM employees evenly represented at each level of the organisation, with 11 GEM employees in the top half of the organisation and 41 below it. Equity would require 15 GEM employees to move from the bottom half to the top half of the organisation.

The following chart shows the overall balance of white and GEM employees followed by the balance of these employees throughout the four quarters of the pay range from the highest to the lowest paid. The biggest differences compared to the overall position are in the upper and lower quarter where GEM employees are under-represented by two-thirds at the top and over-represented by two-thirds at the bottom.



We have more work to do to improve ethnic diversity at more senior levels within the organisation and are committed to achieving this.

4. Targeted action to reduce and close the pay gaps

We have put in place a number of actions in order to help to improve our EPG and GPG. While change will not happen overnight and will take time, we will continue to look at every opportunity to fulfil our commitment to equality, diversity and inclusion at all levels of the organisation:

- The introduction of blind sifting, transparent interviews and flexible working options in our recruitment process to improve accessibility, remove bias and any potential barriers to applying for Ofwat roles.
- In all senior recruitment campaigns (Chief Executive and Senior Director roles), we have made diversity for candidate pools a key requirement for the executive search agencies. The role profiles for the Senior Directors lists specific EDI responsibilities to further create inclusive cultures and continue to embed EDI into our work.
- Some of the sectors and specialist professions we recruit from are traditionally male dominated and not ethnically diverse, so we have focused on '**growing our own**'. In 2022 the intake offers for our Graduate Development Programme were made up of 60% Global Ethnic Majority (GEM) and 60% female applicants. Of the 13 Graduates we employed in 2021, all have now been deemed suitable for more senior roles and will be moving into these roles shortly when they finish the graduate training programme.
- Our Pay Remit Group (members of our Senior Leadership Team and Director of People) have continued to be mindful of the EDI impact when moderating and making the final decisions for the Prioritised Pay Adjustments (PPAs) and bonus decisions. For example, in the PPA process for 2022 the Group focused on the EDI impact of decisions and moved 10% of people out of the lowest quartile within pay bands.
- We have commenced our Employer Value Proposition (EVP) project. This project will refresh the way we promote our roles externally. It will ensure our recruitment materials are

representative of the communities in which we are located, with a view to attracting a more diverse pool of talent to Ofwat.

- Of late we have been active in offering internal only temporary promotions and advertising some permanent roles, in particular with the PR24 programme, on an internal basis only, creating promotional opportunities for our people.

In the short term, our pay gaps may widen due to our 'growing our own' strategy bringing in a pipeline of diverse talent at lower levels within the organisation. Bringing in diverse early career talent is a long-term strategy to achieve balanced representation at all levels within the organisation. This strategy will take time to realise and in the short term may temporarily widen our pay gaps.

These activities form part of our wider work to deliver our EDI strategy and ensure that Ofwat is diverse at all levels of the organisation.

Declaration

I confirm that data reported is accurate and has been calculated according to the requirements and methodology set out in the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

Jasbir Bilen – Director of People

A1 Gender Pay Gap data for 2020-2022

	Gender Pay Gap		Gender Bonus Gap	
	Mean	Median	Mean	Median
2022	9.6%	13.1%	5.9%	42.5%
2021	5.5%	6.7%	5.9%	-900%*
2020	7.9%	12.8%	-2.3%	88%

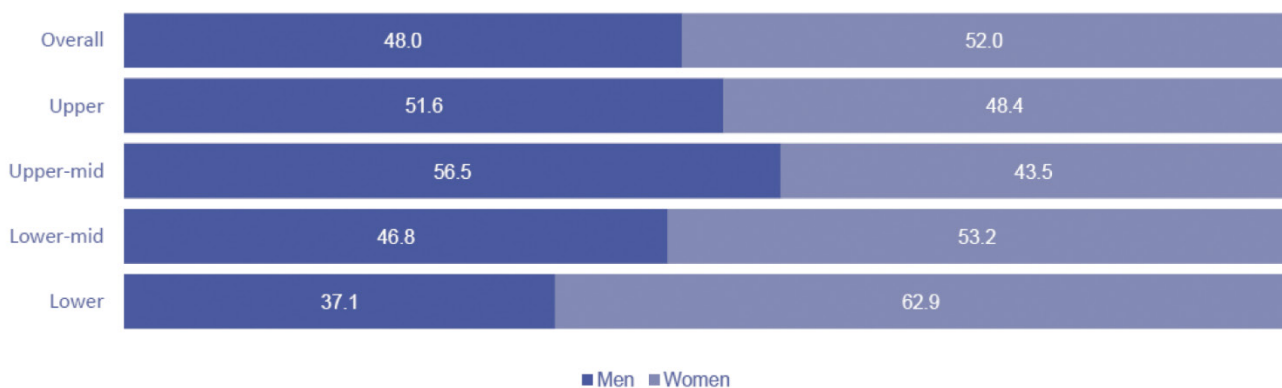
*Due to the median for a female being a bonus payment and median for a male being a recognition voucher. Looking at our two main recognition schemes separately for 2021:

- 33 bonuses were paid to women and 27 to men
- 73 recognition vouchers were paid to women and 55 to men

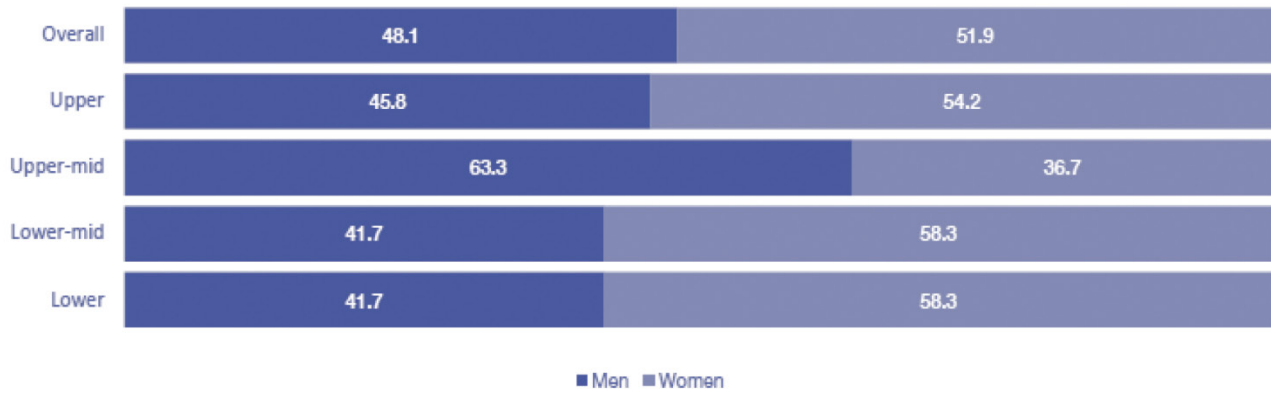
	Percentages of individuals receiving a bonus	
	Men	Women
2022	30%	50%
2021	49.2%	51.2%
2020	50.4%	48.0%

Distribution of employees across each pay quartile

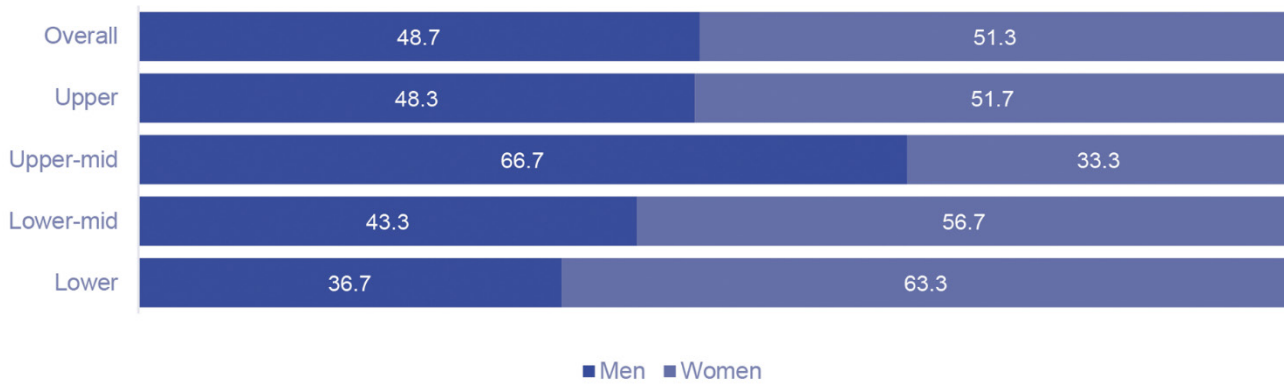
2022



2021



2020



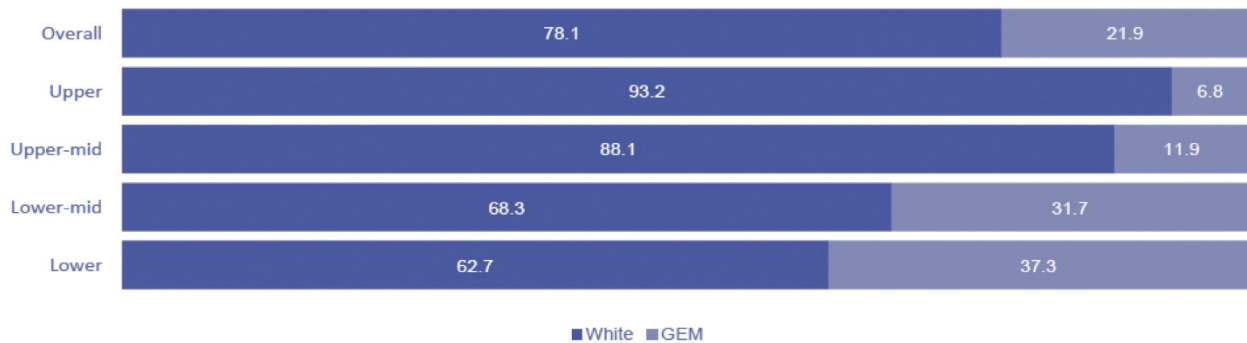
A2 Ethnicity Pay Gap data for 2020 - 2022

	Ethnicity Pay Gap		Ethnicity Bonus Gap	
	Mean	Median	Mean	Median
2022	33.0%	32.7%	61.5%	90.0%
2021	28.4%	27.3%	49.2%	87.5%
2020	28.6%	19.8%	59.0%	33.3%

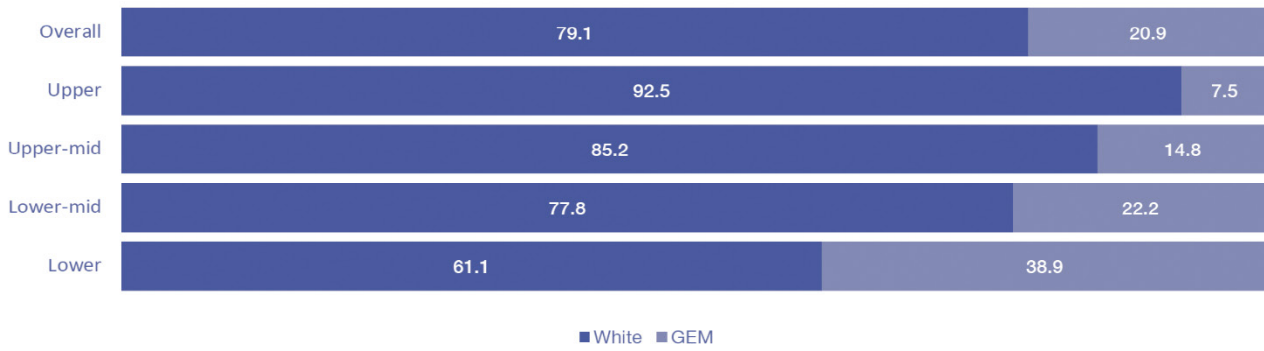
	Percentages of individuals receiving a bonus	
	White employees	GEM employees
2022	39.4%	43.4%
2021	52.9%	47.8%
2020	51.8%	47.6%

Distribution of employees across each pay quartile

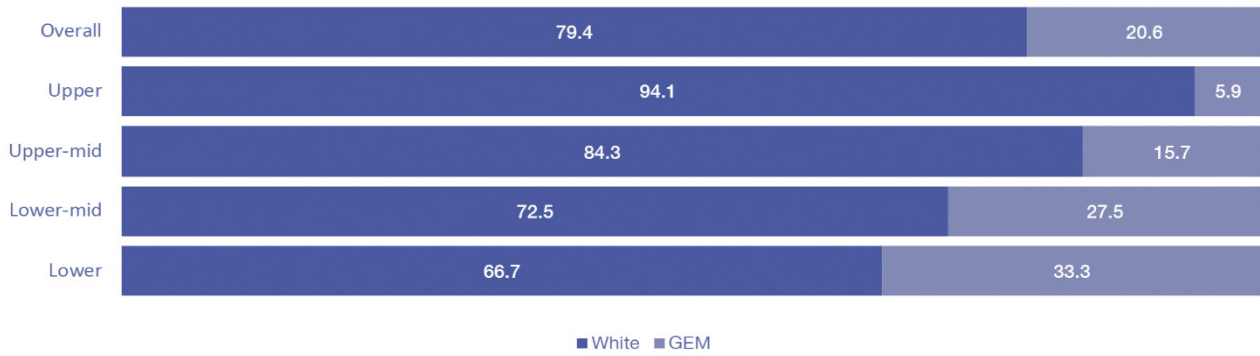
2022



2021



2020



**Ofwat (The Water Services Regulation Authority)
is a non-ministerial government department.
We regulate the water sector in England and Wales.**

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA
Phone: 0121 644 7500

© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

This document is also available from our website at www.ofwat.gov.uk.

Any enquiries regarding this publication should be sent to mailbox@ofwat.gov.uk.

OGL