

March 2024

Gender and ethnicity pay gap report 2023

Ofwat

Introduction

Ofwat has prepared this report as part of the legal requirement to publish our 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 266 employees as of 31 March 2023.

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, 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 at all levels of our recruitment. We continue to make good progress in our 'early careers' recruitment through the gender and ethnicity profile of our Graduate Development Programme, and also by creating a retention programme to progress graduates into longer term roles, subject to their performance, as part of our 2-year programme. This positive improvement can be seen through our Gender and Ethnicity Pay gaps where both mean figures have narrowed for 2023. Whilst these changes may be small, they reverse some of the widening gaps we saw in 2022 and provide us with a good base for further improvements to take place. Our challenges remain however, and with the median figure for our Gender Pay Gap widening, we are aware that some of the sectors and specialist professions we recruit from are traditionally male dominated and not ethnically diverse, and 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.

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
9.1%	16.7%	-31.3%	-50.0%

The figures above show an improved position for our mean figures, compared to the previous year. However, the gap has increased for our median figures. As a small organisation we are susceptible to minor changes leading to large variations in pay gap data each year. The last four years GPG data is shown in appendix 1 for comparison.

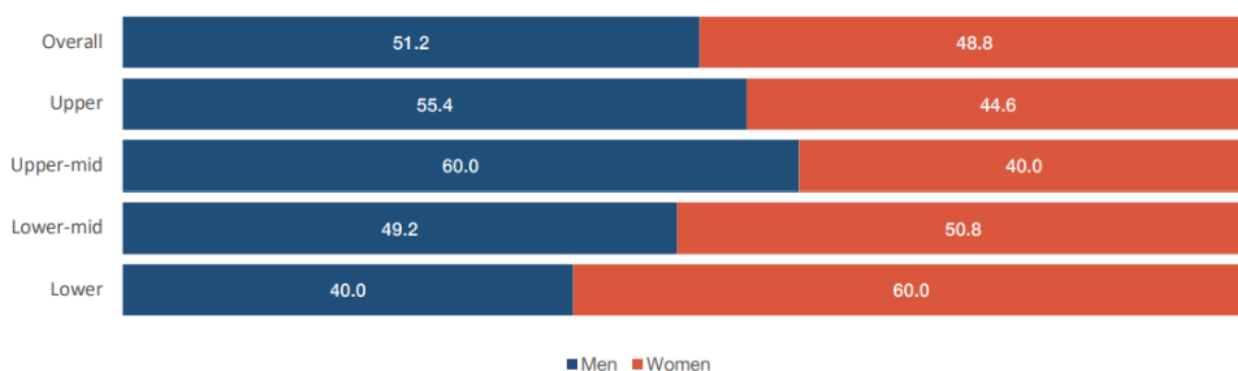
Also, as a small organisation running two main recognition schemes to reward high performance with two distinctly different levels of awards (£50 and £1,000), we are likely to see large variations in median gender bonus gap figures year on year. This is highlighted in the last four years median bonus gap data which can be found in appendix 1. Whilst our bonus gap figures show that women received more bonuses than men, if three more men had received a bonus, then the median bonus gap would have been 0%.

Percentages of individuals receiving a bonus	
Men	Women
51.1%	57%

There is a 5.9% difference in the percentage of women receiving a bonus compared to men. This is because in 2023 a larger proportion of women received both the main bonus scheme and £50 recognition vouchers, compared to men.

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.



This chart demonstrates that there are higher numbers of men overall throughout the organisation, and the biggest difference can be seen in the lowest quartile. Due to our small numbers of staff, a movement of only eight employees would result in a 50-50 balance between genders.

Last year's figures however showed women made up 52% of our overall staffing numbers, so our proportion of men has increased to now be in the majority at 51.2%. When broken down into the pay quartiles, small reductions in the proportion of women can also be seen at every level.

Therefore, whilst we have made small reductions in the mean gender pay gap, the median pay gap has increased. We therefore cannot be complacent, as any further increase in the numbers of male employees could cancel out any progress which may be seen in the forthcoming years.

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
30.7%	30.5%	52.8%	-50.0%

The figures above show an improved 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 four 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
55.9%	47.4%

The table above shows that in percentage terms more white employees get bonuses, but because the actual number of GEM employees is relatively small this disparity means that

percentages can give a misleading picture. In addition to this, as Ofwat are a small organisation running two main performance 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 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 £813 and for GEM employees it is £383. In March 2023 our Senior Leadership Team (SLT) comprised of 8 people, all white, who are eligible for our highest level of bonus awards (available under the national Senior Civil Service pay remit). By removing these 8 SLT members from the calculations the mean bonus payment for white employees reduces to £427, compared to £383 for GEM employees.
- The median bonus payment for white employees is £100 and for GEM employees it is £150. This is due to the middle figures for a white employee falling on a two £50 recognition vouchers and for a GEM employee it was three £50 recognition vouchers.

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 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 14 GEM employees in the top half of the organisation and 43 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 ethnicity of employees within Ofwat, followed by the balance of these employees throughout the four quartiles 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 white employees make up 89.23% at the top and 53.85% at the bottom. A small number of staff have also not provided details of their ethnicity (Prefer Not To Say – PNTS).



Last year's figures showed that white employees made up 78.1% of our overall staffing numbers, and this has now reduced to 74.62%. When broken down into the pay quartiles, the proportion of white employees reduced at all levels, with the exception of the lower middle where it increased from 68.3% to 72.31%. Small increases in the number of people preferring not to say what their ethnicity is could potentially mask greater swings in either direction.

Therefore, whilst we have begun to narrow the gap in both our mean and median ethnicity pay gaps, we have more work to do to improve ethnic diversity at the upper levels within the organisation.

Targeted action to reduce and close the pay gaps

We continue to take action to improve our GPG and EPG. 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 continuation 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. We are undertaking a review of our recruitment data, in particular the impact that each stage of the recruitment process may be having on gender or ethnicity. This will assist in our understanding of the number of diverse applications we receive, and how successful these individuals are at the shortlisting and offer stages.
- In all Senior Director recruitment campaigns, we made diversity for candidate pools a key requirement for the executive search agencies. Out of the five vacancies in 2023, two were filled by white women, and one by a man from a GEM background.
- Realising the sector, we recruit from is not as diverse as we would like, we have focused on 'growing our own'. In 2023 the intake offers from our Graduate Development Programme were made up of 36% Global Ethnic Majority (GEM) and 64% female applicants. Building upon the success of our Graduate Development Programme we are now diversifying our Early Career entry pathways, including Degree Apprenticeships.

- The Pay Remit Group have continued to be mindful on the EDI impact when moderating and making the final decisions for the Prioritised Pay Adjustments (PPAs) and Bonus decisions.
- We are embedding our Employer Value Proposition (EVP) project. This project helps us to refresh the way that we promote our roles externally as well as helping with the way that we tell stories internally about Ofwat culture and for our recruitment collaterals to be representative of the communities in which we are located with a view to attracting a more diverse pool of talent to Ofwat.
- The 2023 pay remit also included an additional 0.5% pay award to Business Support and Associate pay bands which will impact 38 individuals. At these bands 35% are GEM and 63% are female employees, therefore we can take a step to positively affect our Gender and Ethnicity Pay Gap figures.

In the short term, our pay gaps may widen due to our 'growing your own' strategy bringing in a pipeline of diverse talent at lower levels within the organisation. Bringing in diverse early career's 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 – Chief Operating Officer

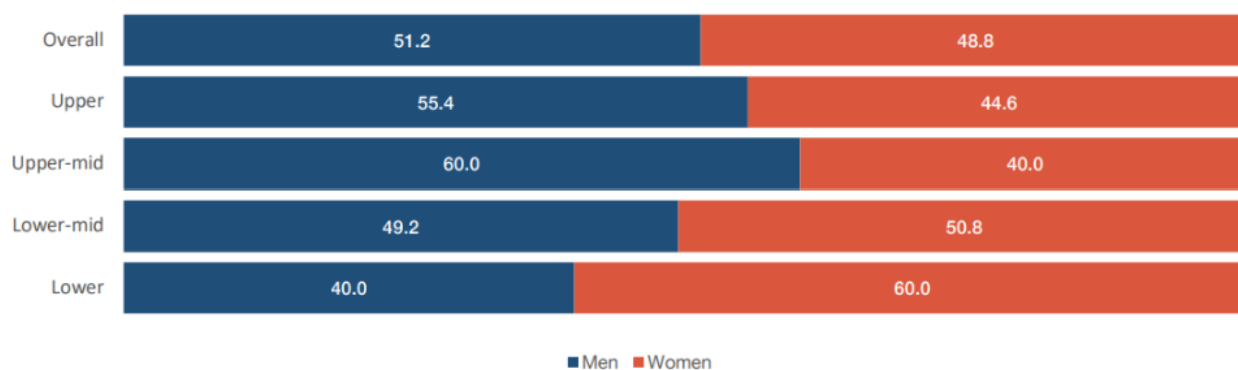
A1 – Gender Pay Gap data for 2020–2023

	Gender Pay Gap		Gender Bonus Gap	
	Mean	Median	Mean	Median
2023	9.1%	16.7%	-31.3%	-50.0%
2022	9.6%	13.1%	5.9%	42.5%
2021	5.5%	6.7%	5.9%	-900.0%
2020	7.9%	12.8%	-2.3%	88.0%

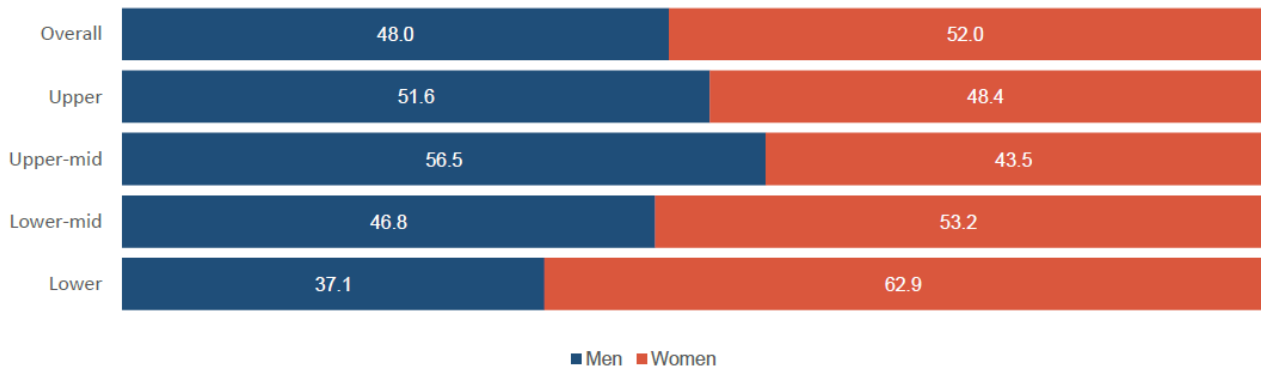
	Percentages of individuals receiving a bonus	
	Men	Women
2023	51.1%	57.9%
2022	30.0%	50.0%
2021	49.2%	51.2%
2020	50.4%	48.0%

Distribution of employees across each pay quartile

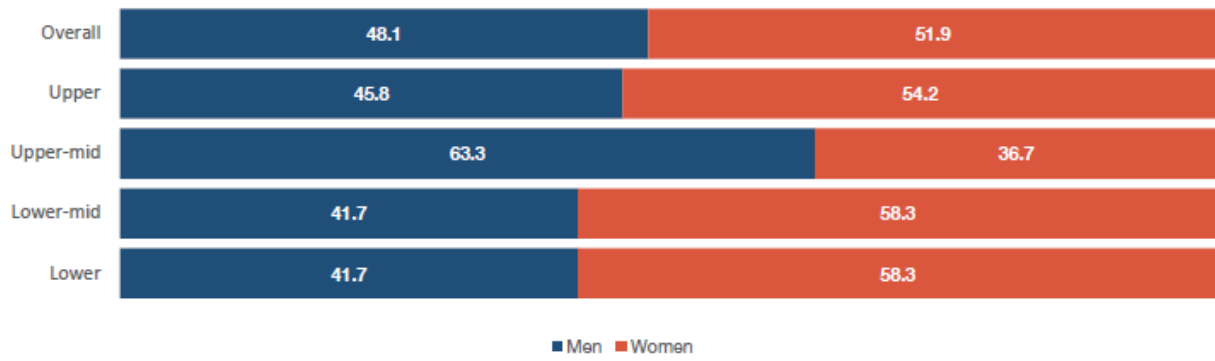
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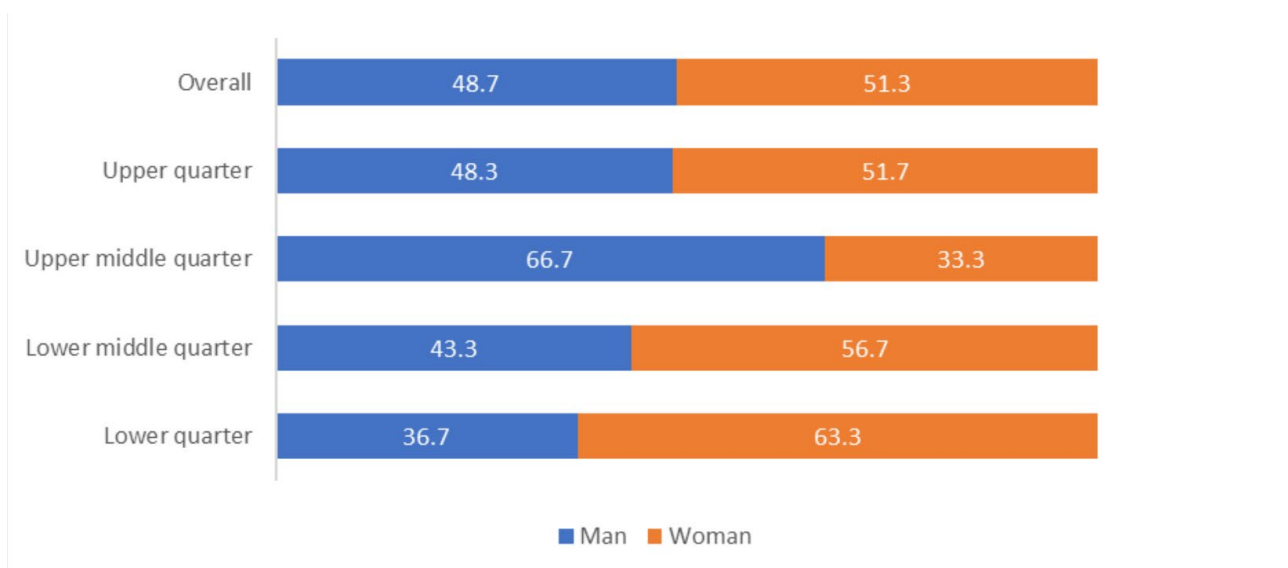
2022



2021



2020



A2 – Ethnicity Pay Gap data for 2020 – 2023

	Ethnicity Pay Gap		Ethnicity Bonus Gap	
	Mean	Median	Mean	Median
2023	30.7%	30.5%	52.8%	-50.0%
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%

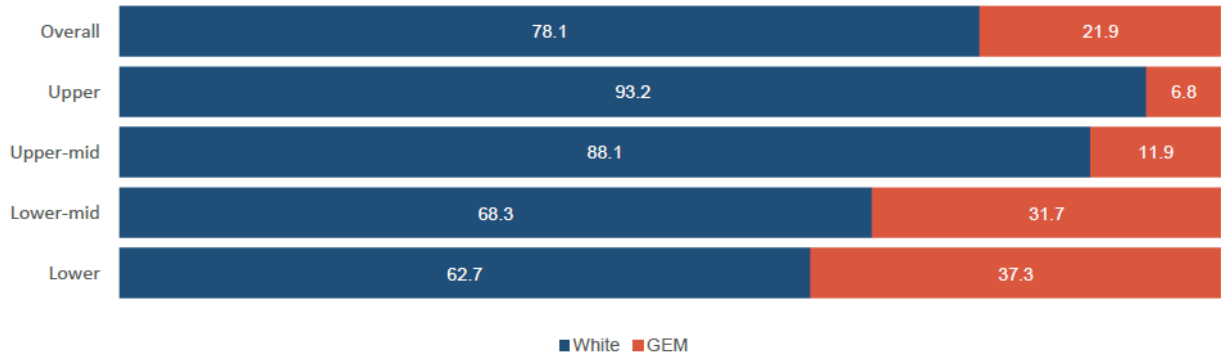
	Percentages of individuals receiving a bonus	
	White employees	GEM employees
2023	55.9%	47.4%
2022	39.4%	43.4%
2021	52.9%	47.8%
2020	51.8%	47.6%

Distribution of employees across each pay quartile

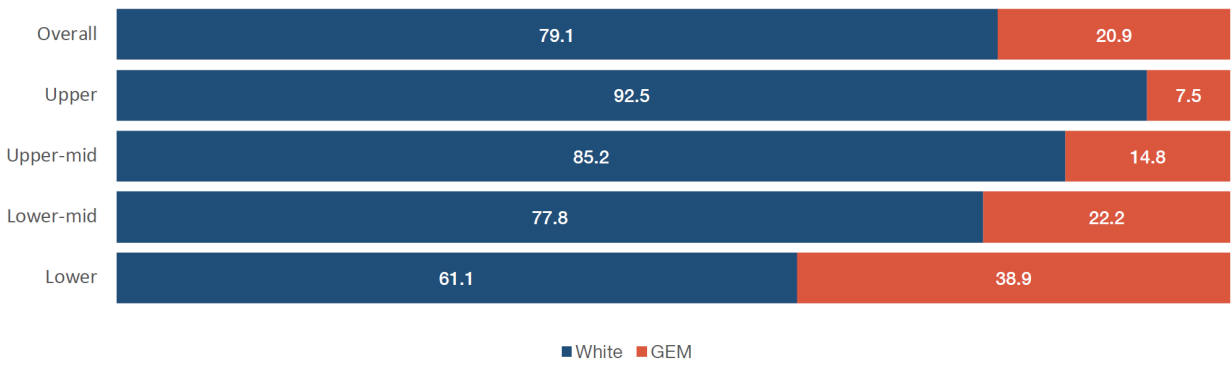
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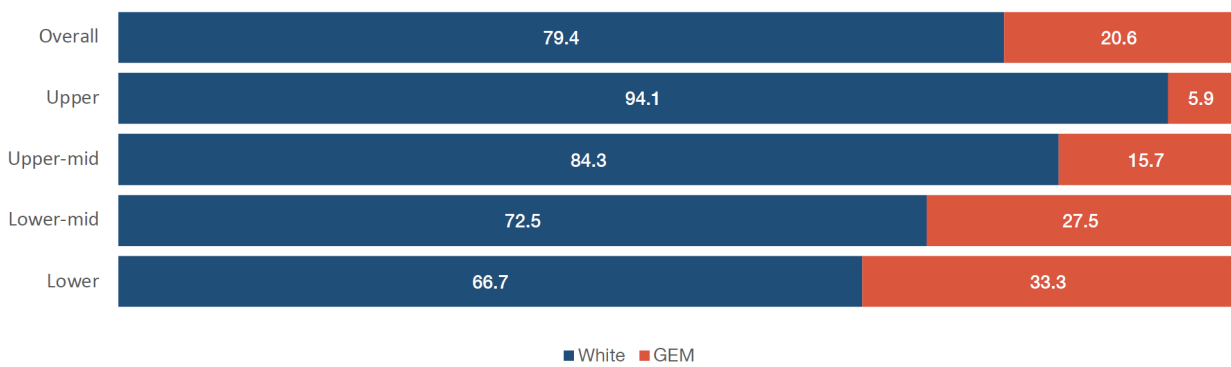
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2021



2020



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is a non-ministerial government department.
We regulate the water sector in England and Wales.**

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