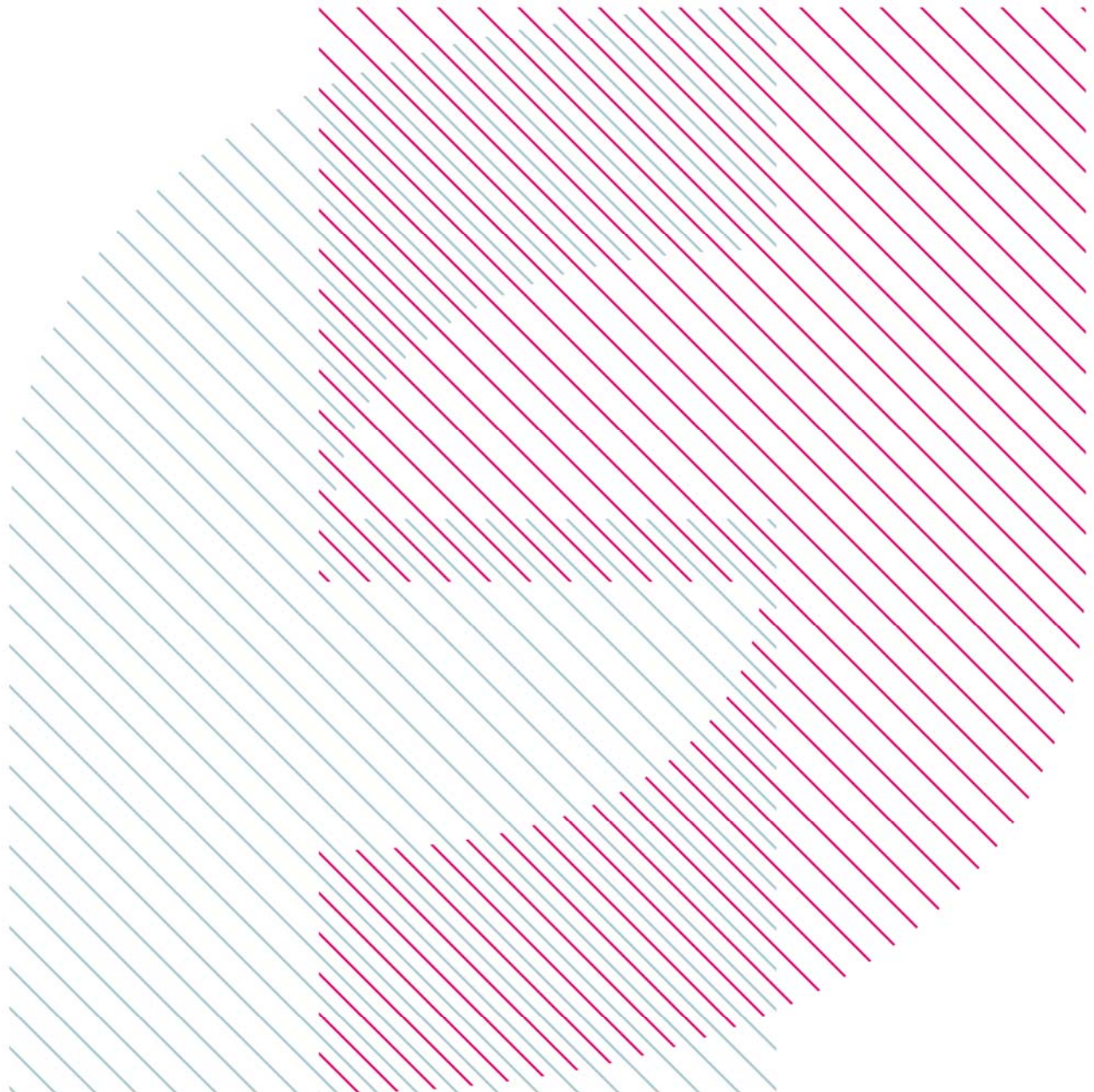




# Gender Pay Gap Report 2022/23





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## Message from Paul McFadden, Chief Ombudsman

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**Paul McFadden**  
**Chief Ombudsman**

This is the sixth gender pay gap report for the Legal Ombudsman (LeO). In this report, we set out the data and analysis related to gender pay at LeO and what this tells us in terms of gender pay equality. We see this as a valuable complement to the range of employment data which LeO collects and analyses to monitor diversity of all kinds as we seek to identify, understand and address inequalities. We value the awareness it raises, the questions it prompts and the action we take.

We are encouraged to see a moderate decrease in our gender pay gap this year, which remains far below the national average. We have identified two significant drivers that impact LeO's gender pay gap: the uneven distribution of men in our upper quartile pay band and the fact that females are significantly overrepresented in the lower quartile pay band. Our Executive Team is equally split between male and female and we remain committed to ensuring our senior leadership reflects the diversity of the wider organisation and our customers.

We are working to create a more diverse workforce, bringing strong representation of people from across the United Kingdom into the workplace and diversity of thought through delivering objectives of our ED&I strategy and working with our leaders and all of our people, with our diversity networks and our customers to listen, learn and improve. We are a nation-wide organisation and therefore serve diverse communities across England and Wales. Our workforce is predominantly from the West Midlands but we have taken steps in recent times to recruit nationally. We continue to monitor the impact of this change in recruitment on the diversity profile of our workforce and to ensure that we do all we can to ensure that this is reflective of the diversity profile of our customers.

We continue to prioritise and implement a positive and inclusive culture and work environment across LeO at all levels and have made significant strides on Equality,

Diversity & Inclusion (ED&I) over the last two years. We have put in place resource overseeing LeO's progress in fostering this inclusive culture and responding to and addressing key issues. This includes the recruitment of an Equality, Diversity & Inclusion (ED&I) Manager, the development and implementation of a LeO ED&I strategy, establishing an ED&I Steering Group and the appointment of an ED&I Board Sponsor. Notably, we have recently implemented a Women's Network, a new network focused on representing the interests of our female workforce on a range of important issues. This adds to our well-established wider ED&I networks which represent a full range of key groups across LeO and provide a critical means of engaging and listening to our people.

We recognise substantial change takes time and we have been and continue to be guided by our purpose, our values and our people. Building towards inclusion through ensuring equality and fairness in everything we do has never been more important and is a central part of LeO's future success.

Finally, it is important to recognise that gender doesn't quite simply refer to male or female. For the purpose of this report, however, our gender pay gap is calculated using the approach outlined in the Equality Act (2010) and compares the pay of female employees to that of male employees.

**Paul McFadden**

**Chief Ombudsman**

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## Overview of Requirements

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From 31 March 2017, all employers with a headcount of 250 or more must comply with regulations to report annually on their gender pay gap. The public sector deadline for publication of the data is 30 March each year, with calculations based on a 'snapshot date' of the previous 31 March.

The requirement is to publish six key measures of the gender pay gap:

Mean gender pay gap	The difference between the average of men's and women's hourly pay.
Median gender pay gap	The difference between the midpoints in the ranges of men's and women's pay. All salaries in the sample are lined up separately for men and women in order from lowest to highest, and the middle salary is used. The figure is the difference of these two middle points.
Mean bonus gap	The difference between the mean bonus payments made to relevant male employees and that paid to relevant female employees
Median bonus gap	The difference between the median bonus payments made to relevant male employees and that paid to relevant female employees.
Bonus proportions	The proportions of male and female relevant employees who were paid bonus pay*
Quartile pay bands	The proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands

The information must be published on a website that is accessible to employees and the public free of charge, and it should remain on the website for a period of at least three years from the date of publication.

The 'snapshot date' for our third gender pay gap report is 31 March 2022, with data based on the relevant pay periods of March 2022 for ordinary pay and the 12 months to 31 March 2022 for bonus pay. LeO does not pay bonuses; however, payments made to staff through the Celebrating Success scheme have been recognised as bonus payments for the purpose of this report. For gender pay gap reporting, employees are those employed under a contract of employment, a contract of apprenticeship or a contract personally to do work.

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## Gender pay gap reporting explained

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The gender pay gap is the average hourly rate of pay earnings difference between all male employees and all female employees in an organisation, regardless of the nature of their work. A gender pay gap can be driven by a number of factors, including, crucially, a lack of women in senior positions.

It is important to distinguish between the gender pay gap and equal pay. Equal pay relates to differences between the actual earnings of male and female employees doing the same job, like for like work or work of equal value. An organisation may be an equal pay employer, paying male and female staff equally for doing equal work, but it may still have a gender pay gap. This is because the gender pay gap shows the differences in the average pay between men and women working in the same organisation, albeit in different jobs. While male and female employees doing like work or work of equal value are paid equally, there are different numbers of male and female employees doing different work for which they are paid differently.

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## Legal Ombudsman's pay gap

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There is a decrease in the gender pay gap figures compared to the figures reported for 2021.

The mean gender pay gap has decreased by 1%, however the median gender pay gap has remained unchanged at 5% and is still far below the UK average of (14.9%).

The mean bonus gender pay gap has decreased by 14% and the median gender pay gap has decreased by 50% since 2021.

	Mean	Median
Gender Pay Gap	10% (-1%)	5% (0%)
Gender Bonus Pay gap	-3% (-14%)	0% (-50%)

Proportion of males and females receiving a bonus payment	52% male	56% female
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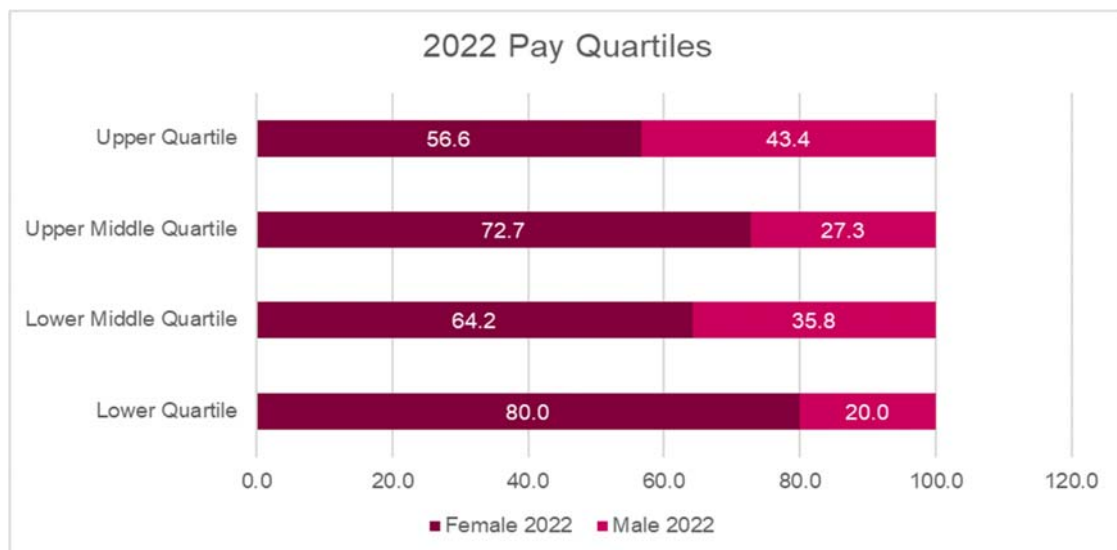
LeO has market rate pay grades (A to E) and an Executive grade. There are levels within each grade to adjust for diverse remunerations for the different roles across the organisation. For a very small number of unique roles that do not fit appropriately within these levels after market benchmarking, an individual level may be applied. Pay is set at two points, a junior grade (JG) and a substantive grade (SG).

To understand the pay gap, it is useful to look more closely at the pay quartile data and the distribution of male and female staff across job grades.

## Pay Quartiles

Looking at the proportion of males and females in each quartile band, males are over-represented in the upper quartile (43.4% ) an increase of 4% from last year, and a clear indicator of why male median pay exceeds that of females. These are mainly Executive, Level 2 Ombudsmen, Team Leader and Corporate management roles. Half of the Executive Management Team (the top 6 highest paid members of staff in the organisation) are female. However, it is worth noting that any movement/changes in personnel within this team can have a significant impact on the gender pay gap results.

Females are over-represented in the upper middle quartile band, which largely consists of investigator roles. However, they are also significantly over-represented in the lowest quartile band. These lowest quartile staff are also more likely to be part-time (16%) compared to in the upper quartile (10%) and are employed mainly within roles within the General Enquiry Team (GET).



We pay men and women equally for those doing the same position within the organisation. Indeed, when asked how pay adequately reflects their performance there was no difference between male and female respondents for those who viewed it unfavourably. However, females were more likely to feel their pay adequately reflected their performance.

### *"I feel that my pay adequately reflects my performance"*

	Favourable	Unfavourable	Neutral
All	38%	45%	17%
Male	32%	44%	24%
Female	44%	43%	13%

Although slightly lower than males, we received positive feedback from our female staff on their ability to maintain a good work-life balance, however we have seen a general decline in the satisfaction amongst both male and females for achieving a good work life balance compared to 2020.

*“I achieve a good balance between my work life and my private life”*

	favourable	unfavourable	neutral
All	59%	24%	17%
Male	66%	20%	15%
Female	62%	21%	17%

Source: B34 Civil service people survey (2021)

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## Reward and recognition

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‘Celebrating Success’ is the Legal Ombudsman’s reward and recognition scheme which thanks and celebrates the excellent contribution our people make to the success of our business. The scheme recognises the hard work, commitment and achievements of our people, individually and as part of a team through a fair, flexible and transparent recognition scheme.

### Who received a reward

Rewards	Male	Female	Total Number
% of male/female split who received reward	31%	67.6%	171 people (173*)
% of total population	17%	37%	171 people (173*)

(\*2 members of staff preferred not to say re: gender)

The split between male and female receiving awards is in line with our overall population.

Compared to last year we have seen significant improvement in parity in terms of bonus pay and this is reflected in the positive change for both the mean and median gender bonus pay gap.

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## Steps to improve recommendations

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The interim Celebrating Success scheme was launched in 2021/22 following feedback from our people, the Staff Council and People Plan delivery team. We moved away from a quarterly and annual reward scheme and put in place an interim monthly reward scheme and a robust moderation process. The scheme has been extended into 22/23 and will be formally reviewed as part of a wider review of LeO’s total reward and recognition offer. The interim scheme will continue to be monitored



using ED&I data to ensure awards made are proportionate to the diversity of LeO's workforce. Data on the overall breakdown and distribution of awards will be analysed on a biannual basis to enable regular review of the operation of the scheme across the organisation. Evidence for areas of concern will be highlighted at an earlier stage and support for targeted action identified should this be necessary. If there are areas where disproportionate outcomes/nominations being made are shown in the data, these will be followed up to understand why this is and what steps can be put in place to address it.

We have seen a positive impact of the changes we have made to the bonus scheme and this is reflected in the bonus pay gap figures. However, there are still improvements to be made. The full review of the scheme will be delivered before the end of financial year with the new robust scheme planned for implementation later on in the next financial year.

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## **Our gender balance aims and actions**

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- Like previous years LeO's workforce remains predominantly female (67% female and 33% male). The reasons for this gender imbalance in the workforce are not clear and, whilst not a typical characteristic of other organisations, is reflective of an imbalance towards female employees in other Ombudsman schemes. For example, the Financial Ombudsman Service (FOS) reports a balance of 55% female and 45% male. The Parliamentary and Health Service Ombudsman (PHSO) reports a balance of 59% female and 41% male. One of the key actions within our recruitment strategy is to analyse our data across all demographics to enable us to identify areas for improvement, including increasing gender diversity across the organisation, particularly at a senior level.
- The implementation of the Equality, Diversity & Inclusion action plan will assist us in setting some clear milestones and support longer-term aspiration to achieve gender parity across our organisation, at all levels. Ultimately, we know that what is really important is ensuring we have the right interventions and opportunities in place so that women at all levels can thrive.
- We continue to focus on embedding agile working and are committed to supporting all staff to achieve an effective balance between work and life's other needs, while continuing to meet the needs of our organisation. We recognise that part-time working is significantly lower in the upper quartile band and will review our policies, considering how we can build upon and improve our family friendly policies and work life balance initiatives.
- As part of the Personal Development Review (PDR) process we have included elements around development needs. Outcomes from the PDR process this year will help inform training needs for next year. Also, within the PDR process we are exploring people's career aspirations.
- In line with our People Strategy we have launched our new leadership development programme. This comprises a series of learning events to our people managers across the business. To maximise attendance at leadership

training we have amended start times to fall in time with childcare commitments at the beginning and end of the day.

- A major review of performance management has been undertaken, including development of a new personal development review process which will support all our staff in identifying development needs and ways in which we can support career aspirations.
- We have launched an employee Women's network in November 2022, ensuring that it is supported by executive sponsors and the Equality, Diversity and Inclusion Steering group to support removal of any barriers identified for women.
- We will continue to maintain gender parity within our Board to increase diversity of thought at the most senior level. Our current board composition is 75% female.
- We continually measure progress from a gender diversity perspective. All people metrics are analysed by gender and the Executive are accountable for achieving our gender balance goals.

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## How we are supporting equality of opportunity, diversity, and inclusion in our workforce

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### **Our commitment**

LeO is committed to ensuring an inclusive working environment, free from discrimination, where all employees are treated fairly and with respect.

### **Our culture and working environment**

- We recognise that none of our gender balance actions will succeed without the right culture and working environment. We will continue to focus on embedding diversity and inclusion within the organisation so that we can provide a working environment that is truly inclusive, underpinned by respect at all times.
- Diversity is an outcome of an inclusive culture. Everyone in LeO has a part to play in ensuring we always provide an inclusive environment.

### **Inclusion**

It is not only gender where we have taken action to improve the diversity of thought throughout LeO. Our focus on inclusion is about creating an environment where every individual feels comfortable being themselves, is respected and can see how they will be successful within LeO. This will continue to be delivered through the implementation of the EDI strategy which includes:

- Establishment of an ED&I steering group to provide support to the Executive Team (ET) in the development and delivery of equality, diversity and inclusion (ED&I) strategies, policies and practice throughout the organisation.
- Full roll out of inclusive leadership training for all people managers. Inclusive leadership will be embedded in behaviours expected from managers and monitored through the new performance management framework.

- A focus on representation from marginalised groups in management and senior positions. This will be considered within the attract, recruit and retain theme within the People Strategy.
- Civil service people survey results will be reviewed factoring demographics and key recommendations will inform the EDI Strategy and People Strategy this year.
- An increased focus on disability, recognising that disability simply means different ability. We have delivered neurodiversity training to managers across the organisation and have recently become members of the Business Disability Forum to support development of key actions to be included within the EDI Strategy and People Strategy.
- Development of a reverse mentoring programme with junior staff from marginalised groups mentoring senior staff, sharing their experience of challenges or barriers they have seen or felt in the workplace.

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## Conclusion

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LeO has seen some positive change within our gender pay gap, with a decrease in the mean gender pay gap with mean female pay at 10% lower than men's pay, and a decrease in our bonus gender pay gap of 14% to -3%. With a relative flat organisation, we recognise that any small changes in the upper quartile, particularly within the Executive Team, can have a significant impact on gender pay gap results. However, we remain confident that the work we will deliver through our People Strategy and Equality, Diversity and Inclusion Strategy will help us work towards achieving our long-term vision of gender parity across LeO.