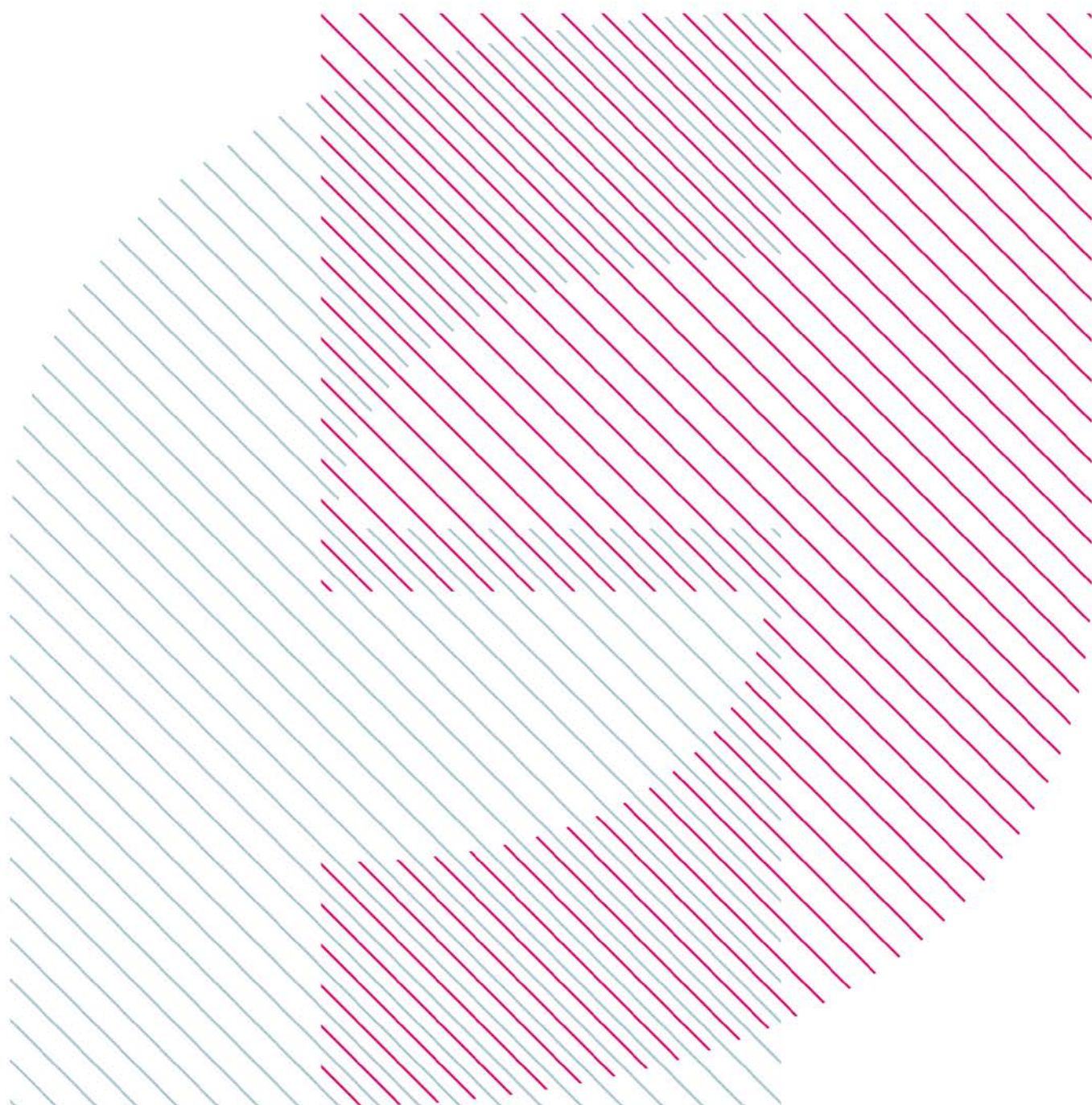


*LEGAL*  
OMBUDSMAN

Gender Pay Gap  
Report  
2021/22





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## Message from Paul McFadden, Chief Ombudsman

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This is the fifth gender pay gap report for Legal Ombudsman (LeO). We see this as a valuable complement to the range of employment data which LeO collects and analyses to monitor diversity of all kinds and address inequalities. We value the awareness it raises, the questions it prompts and the action we take.

We are a nation-wide organisation and therefore serve diverse communities across the UK. Our workforce is predominantly from West Midlands and the diversity is reflected in the profiles of our customers but we are taking steps to further improve this by recruiting nationally.

In this report, we set out the statistics we are required to publish under the reporting regulations, along with some of the analysis we have undertaken to help us understand the results. We do recognise that for a growing number of people, gender doesn't quite simply refer to male or female. For the purpose of this report, though, our gender pay gap is calculated using the approach as required by The Equality Act (2010), this report compares the pay of female employees to that of male employees.

In common with the wider ombudsman sector, LeO's workforce is predominantly female, although the gender pay gap has increased this year, we recognise that this is directly related to the flat nature of our organisation.

We have identified two significant drivers behind our gender pay gap: the uneven distribution of men in our upper quartile pay band and females are significantly overrepresented in the lower quartile pay band and this imbalance is also reflected in our senior leadership team. We are committed to addressing and ensuring our senior management team reflects diversity of the wider organisation and customer population.

We have really started to make many positive steps forward with the recruitment of Equality, Diversity & Inclusion (EDI) Manager, the development & implementation of EDI strategy and the appointment of a EDI Board sponsor with the aim of really embedding EDI and an inclusive culture and work environment across LeO at all levels.

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. Despite the challenges of the pandemic it has given us the opportunity to ask questions about the type of employer we want to be and when, where and how it will work in the future.

We are clear on the fact that programmes and initiatives are not enough to achieve our inclusion ambitions, we are working to create a more diverse workforce, bringing strong representation of the UK into the workplace and diversity of thought through delivering objectives of our EDI strategy and working with our leaders and all of our people, with our diversity networks and our customers to listen, learn and improve.

A handwritten signature in black ink, appearing to read 'Paul McFadden', with a horizontal line underneath.

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

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## Overview of Requirements

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On 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.

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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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## Calculating the gender pay gap

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The 'snapshot date' for our third gender pay gap report is 31 March 2021, with data based on the relevant pay periods of March 2021 for ordinary pay and the 12 months to 31 March 2021 for bonus pay. 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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## Legal Ombudsman's pay gap

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There is an increase in the gender pay gap figures compared to the figures reported for 2020.

	Mean	Median
Gender Pay Gap	11% (+2%)	5% (+3%)
Gender Bonus Pay gap	11% (+2%)	50% (+50%)

	Male	Female
Proportion of males and females receiving a bonus payment	21.9%	21.7%

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).

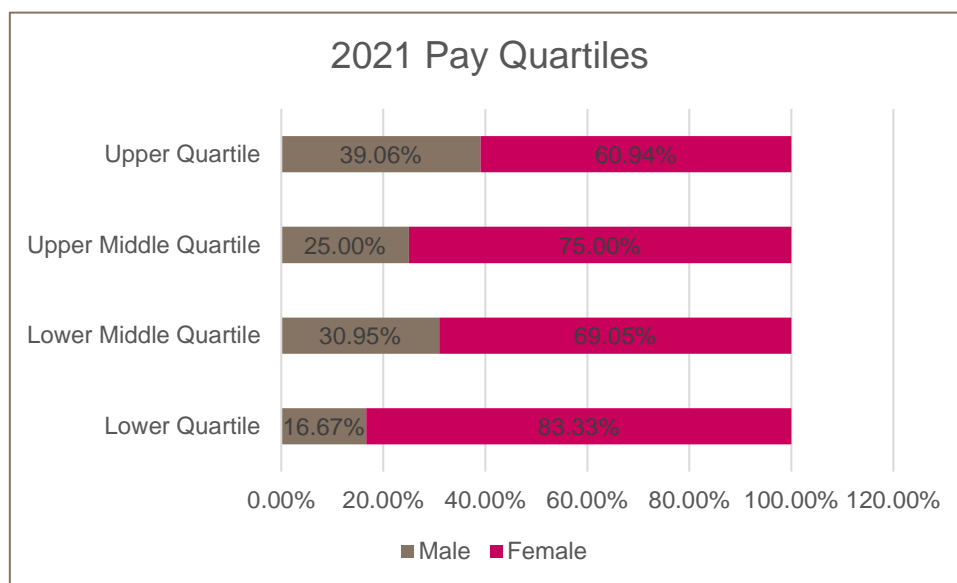
To understand the pay gap, it is useful to look more closely at the pay quartile data and the distribution of male and female staff across job grades.

## Pay Quartiles

Like previous years, the Legal Ombudsman workforce is predominantly female, with 70.6% staff female and 29.4% male.

Looking at the proportion of males and females in each quartile band, **males** are overrepresented in the upper quartile - 39.06% - and is a clear indicator of why male median exceeds female median pay. These are mainly Executive, Level 2 Ombudsman, Team Leader and Corporate Management roles. Of the 6 highest paid members of staff, only 2 (33%) were female at the time of reporting

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 than 4 times likely to be part time (29%) compared to this in the upper quartile (7%) and consist mainly of roles within the General Enquiry Team (GET).



We pay man and women equally for those doing the same position within the organisation. Indeed, when asked, female staff are more likely to say that their pay adequately reflects their performance than their male colleagues.

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

	Favourable	Unfavourable	Neutral
All	45%	20%	35%
Male	41	26	23
Female	51	14	35
Prefer not to say	24	36	40

Source: B35 Civil Service People Survey (2020).

We receive positive feedback from our female staff on their ability to maintain a good work-life balance.

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

	Favourable	Unfavourable	Neutral
All	67%	13%	20%
Male	59%	14%	28%
Female	73%	13%	14%
Prefer not to say	52%	16%	32%

Source: B34 Civil service people survey (2020)

LeO is a relatively 'flat organisation' with a small executive management team of 5. Therefore any movement/changes in personnel within this team can have a significant impact on the gender pay gap results.

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## Reward and recognition

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Celebrating success is LeO's reward and recognition scheme which gives thanks and celebrates the excellent contribution our people make to the success of our business. We want to recognise the hard work, commitment and achievements of our people, individually and as part of a team through fair, flexible and transparent recognition scheme.

N.B: LeO doesn't use the word bonus, the Celebrating Success scheme can be recognised as a bonus scheme for the purpose of this report.

### *Who receives a reward*

Rewards	Male	Female	Total Number
% of male/female split who received reward	29.4%	70.6%	54 people
% of total population	21.9% (16)	21.7% (38)	54 people

Males were more likely to receive a higher bonus payment (56%) than females (45%). Females were also more likely to be receive a lower bonus payment (5%) than males (0%) and is a clear indicator of why male median bonus pay exceeds female median bonus pay and accounts for the significant 50% increase.

### Steps to improve

Celebrating Success was launched in 2018 but following feedback from our people, the Staff Council and People Plan delivery team this year we have moved away from a quarterly annual bonus scheme and launched an interim monthly bonus scheme,



and a robust moderation process put in place. The scheme will be monitored using EDI 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 quarterly 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.

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

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- Our gender imbalance in the workforce is not clear and, indeed nothing that is replicated on other ombudsman schemes, however one of the key actions within our recruitment strategy is to analyse our data across all demographics to enable us to identify key actions for improvement, including increasing gender diversity in senior roles across the organisation.
- The development and implementation of the Equality, Diversity & Inclusion strategy 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.
- We are currently undertaking a training needs analysis to identify potential skills gaps and development needs across the business. A leadership development programme will be put in place for current and aspiring managers as part of the 2022/23 People Strategy.
- 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.
- Establishing a women's network following feedback from our employees.
- Continue to maintain gender parity within our board to increase diversity of thought at the most senior level.

- 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. So 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 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:

- Rolling out inclusive leadership workshops to our Board, executive team and all managers. Inclusive leadership will be an ongoing focus for LeO.
- A focus on representation from ethnic minorities in management and senior positions.
- Continuing our focus on supporting LGBT+ people including working closely with Stonewall in ensuring our policies and our service are inclusive.
- An increased focus on disability, recognising that disability simply means different ability, with a particular focus on neurodiversity and our working environment.
- Development of a reverse mentoring programme with junior staff mentoring senior staff, sharing their experience of challenges or barriers they have seen or felt.

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## Conclusion

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LeO has seen an increase in the gender pay gap with mean and median's female pay at 11% and 5% lower than men's pay respectively. 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 work we will deliver through our people plan and equality, diversity and inclusion strategy will help us work towards achieving our long-term vision of gender parity across LeO.