



Pension
Protection
Fund



March 2022



Diversity pay gap
report 2021



Introduction

Katherine Easter, Chief People Officer



We're absolutely committed to making the PPF a fair and inclusive place to work, where everyone can be themselves and feel valued for their differences. An important part of this is monitoring our pay gap to make sure that colleagues are paid and rewarded fairly.

This is the fifth year we're reporting on our gender pay gap and, for the second year running, we've gone beyond statutory requirements to report our ethnicity pay gap too. We've also begun gathering data in preparation for reporting on our disability pay gap.

Overall, progress is slower than we hoped, partly due to low levels of staff turnover. However, we're making headway in some areas, particularly with equal female representation and increased representation from ethnic minorities on both our Board and Executive Committee. We also have greater diversity amongst our new joiners, but it will take time to see the impact of this on our data.

In short, we're confident that all we're doing will support change, but it will take time for the numbers to reflect all we're doing. We expect our pay gaps to widen as we increase diversity at junior levels and invest in developing talent.

To address this, we're continuing to nurture, develop and promote internal talent, investing in future leaders, specialist training and flexible working so that all groups, regardless of background, are fully represented at all levels of the PPF.

Closing the ethnicity pay gap

78%

of ethnic minority employees received bonus pay

(2021)



Last year we reported our median ethnicity pay gap for the first time. This is the difference in median hourly earnings between the white ethnic group and all ethnic groups combined.¹

We have a long way to go as our pay gap remains unacceptably high. However, it's positive to see that this pay gap has decreased from 23.15 per cent in 2020 to 15.60 per cent in 2021.² The difference in the mean hourly rate of pay has also decreased from 22.61 per cent to 18.82 per cent.

The proportion of ethnic minority employees receiving bonus pay has increased from 57 per cent in 2020 to 78 per cent in 2021, compared to an increase from 76 per cent to 85 per cent for white employees. The gap between the proportion of white and ethnic minority employees receiving a bonus reflects our efforts to improve diversity coming into the organisation. A greater proportion of ethnic minority employees were in the six-month probation period for new joiners, making them ineligible for a bonus at the time.

¹ In the absence of specific guidelines, we've used the same methodology we use to calculate the gender pay gap.

² All data in this report was taken at 31 March 2021

Closing the ethnicity pay gap

continued

The reason for our pay gap is that most of our senior leaders are white. Ethnic minority employees are also underrepresented in business areas that command higher pay and bonuses, such as investment, risk and IT.

To address this, we've set targets to increase ethnic minority representation within senior management roles and across the organisation by December 2023.

In line with our overall [Diversity and Inclusion Strategy](#), we're increasing representation through our [award-winning apprenticeship schemes](#), mentoring and internal development programmes. We're also working to support change in the industry through the [Diversity Project](#), an initiative that champions a more inclusive culture in the savings and investment profession.

Ethnic Groups: Mean, Median & Bonus Pay

Calculation	Asian/Asian British	Black/Black British	Other Mixed Background	Other Ethnic Group	2021	2020
Difference in median hourly rate of pay	9.16%	30.99%	15.27%	8.90%	15.60%	23.15%
Difference in mean hourly rate of pay	8.90%	35.54%	17.15%	9.43%	18.82%	22.61%
Difference in median bonus pay	27.46%	52.54%	36.34%	24.86%	36.92%	11.08%
Difference in mean bonus pay	34.61%	66.61%	56.26%	40.15%	48.84%	17.91%

Ethnic minority representation by level

	Lower 2021	Lower 2020	Lower Middle 2021	Lower Middle 2020	Upper Middle 2021	Upper Middle 2020	Upper 2021	Upper 2020
White	60%	57%	72%	71%	79%	78%	79%	78%
Ethnic Minorities	40%	43%	28%	29%	21%	22%	21%	22%

Reporting on our ethnicity representation targets



While we're pleased that we have a high retention rate, this has meant that we've only been able to increase ethnic minority representation slightly at all levels, and not as fast as we'd anticipated.



Along with the median and mean pay gap, this is the second year we're reporting on ethnicity representation at different levels of the organisation. While we're pleased that we have a high retention rate, this has meant that we've only been able to increase ethnic minority representation slightly at all levels, and not as fast as we'd anticipated.

As we outlined in [2020's Diversity Pay Gap Report](#), we want to see our employee population reflect the ethnic diversity of our local area – Croydon in South London – where our head office is. Our overall target is to increase ethnic minority representation across the organisation to 30 per cent by December 2023 and increase ethnic minority representation within senior manager roles to 25 per cent.

We also have specific targets to increase the number of black³ people that we hire as new joiners and in senior roles. We know that while 20 per cent of Croydon residents are black, only seven per cent of our employees are.⁴

³ Black' refers to Black Caribbean and Black African

⁴ CT0219_2011 Census - Ethnic group by sex by age – Croydon, Lambeth, Lewisham and Southwark (LSOAs) – Office for National Statistics (ons.gov.uk)

Reporting on our ethnicity representation targets

continued

As of December 2021, 23.7 per cent of our employees and 14.1 per cent of our senior managers are from an ethnic minority background, with 1.5 per cent of our senior managers describing their ethnicity as black.

Among our new joiners, only 68 per cent have shared their ethnicity, which means we don't have the full picture of our progress. Overall 86 per cent of employees have shared their ethnicity, something we're hoping to improve through our diversity data campaign. This is important for making sure we've set the right targets and that we can act on them in a way that increases representation and reduces our pay gaps.

86%

of PPF employees have shared their ethnicity

(2021)



Breaking down the ethnicity pay gap

After consulting with our Race Action Group, and noting best practice in pay gap reporting, this year we're reporting on the pay gap across different ethnic groups. Analysing this data means we can identify any differences, highlight any challenges and put the right measures in place to tackle them. To do this we've compared the pay and bonus data from white employees with our employees who fall into the four prescribed ethnic groups listed by the Office of National Statistics.⁵

While all ethnic minority employees are underrepresented at senior levels, we don't have enough black people in senior positions, which is the reason for the gap in pay and bonuses.

This is a real problem and one we started to address by setting ethnicity representation targets in 2020/21.

As we outlined in [last year's report](#), our target is to increase ethnic minority representation in senior roles to 25 per cent by December 2023, to include 4.4 per cent of senior managers identifying as black. We're also working to increase black representation from 6.7 per cent to 9 per cent across the whole organisation, with specific recruitment and retention goals. This means that, as we improve diversity at junior levels, we may not see the impact on the pay gap in the short term but we're confident that these actions will drive long-term change.

⁵ <https://www.ons.gov.uk/methodology/classificationsandstandards/measuringequality/ethnicgroupnationalidentityandreligion#ethnic-group>



Abdul-Haseeb recently moved from a role in our Contact Centre to our Risk team. He is currently a Risk Management Support Assistant.



It was when I was working in the Contact Centre as a Senior Advisor that the initial opportunity came about. During National Customer Service Week in 2019, colleagues from across the organisation visited our team to listen to member calls. I was partnered with the Operational Risk and Business Continuity Manager, and that's how I got to know more about risk.

I attended the Operational Risk Directorate meeting and supported the team with some administrative tasks for two months in a job shadowing capacity. This enabled me to find out more about what the risk team were responsible for and confirmed that it was an area I was keen to progress in.

I took the opportunity to apply for the role when it came up and was successful. I'm still constantly learning in my new role, but having that little bit of exposure meant I had a good idea of the team and what I was getting involved in."

Abdul-Haseeb
Risk Management Support Assistant

The Race at Work Charter – our five commitments



To tackle barriers that ethnic minorities face in the workplace, our employee-led Race Action Group recommended signing and adopting the Business in the Community Race at Work Charter. Since 2019, we've been applying the Charter's five standards across the organisation:

- 1 Appointing** an executive sponsor for race. Our sponsor is Dana Grey, Interim Chief Risk Officer and Chair of the Diversity and Inclusion Sponsorship Group
- 2 Capturing** ethnicity data and publicising progress
- 3 Committing** at board level to a zero-tolerance of harassment and bullying
- 4 Making** equality in the workplace the responsibility of all leaders and managers
- 5 Taking** action that supports ethnic minority career progression

Tackling the gender pay gap

We're now into our fifth year of reporting on gender pay. The difference in our median hourly rate of pay has slightly increased from 15.71 per cent in 2020 to 15.86 per cent in 2021. This is frustrating to see because the gap had been narrowing annually until last year.

On the other hand, there's been a significant decrease in the median bonus pay gap from 31.02 per cent in 2020 to 16.21 per cent in 2021. Overall, when we drilled into the bonus pay data, we found that 82 per cent of men and 81 per cent of women received bonuses.



Calculation	2021	2020	2019	2018	2017
Difference in median hourly rate of pay	15.86%	15.71%	13.39%	17.12%	20.40%
Difference in mean hourly rate of pay	23.92%	25.00%	22.55%	23.67%	24.97%
Difference in median bonus pay	16.21%	31.02%	30.74%	30.55%	24.11%
Difference in mean bonus pay	57.87%	65.09%	65.97%	59.12%	64.26%

Tackling the gender pay gap

continued

While our pay gap hasn't narrowed nearly enough, it reflects gender imbalances inherent in our sector and wider society. Our highest paid roles are over-represented by men. This reflects market pay rates for these positions, which are in traditionally male-dominated fields, such as investment and technology. We still don't have enough women in senior positions, but we continue to act on this and support initiatives driving wider societal change, such as the [Women in Finance Charter](#).



Private Equity is especially lagging in gender and background equality. I am often the only female on calls with external fund managers and the only one without a background in Investment Banking.

As such, I'm glad to have the opportunity in my role at the PPF to help influence, as an investor, and hold our managers accountable to changes that are being made to address the imbalance.

It is rewarding to see impact in the industry, such as the PEI Women in Private Markets Summit held in 2021. In addition, I've always found the PPF an easy place to share my thoughts without any regard for being a woman."

Courtenay
Investment Associate



Courtenay is an Investment Associate on the Private Equity desk in our Investment team. She moved into the role in 2020 after three years as a Business Data Analyst in our Investment Operations team.

Proportion of female and male employees receiving bonus pay⁶

2021
Men

82%



Women

81%



	Men	Women
2021	82%	81%
2020	71%	74%
2019	66%	74%
2018	71%	74%
2017	38%	39%

⁶ All data was taken at 31 March 2021.

Tackling the gender pay gap

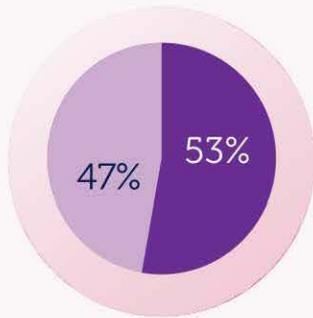
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Gender representation by level

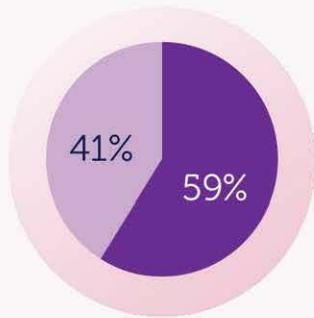
All data was taken at 31 March 2021.

● Male ● Female

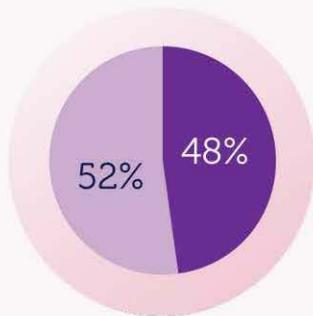
2021



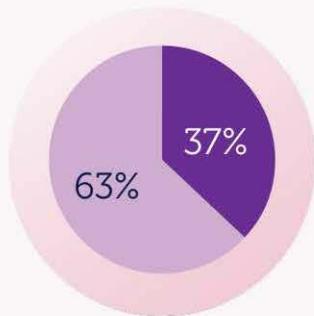
Lower



Lower middle

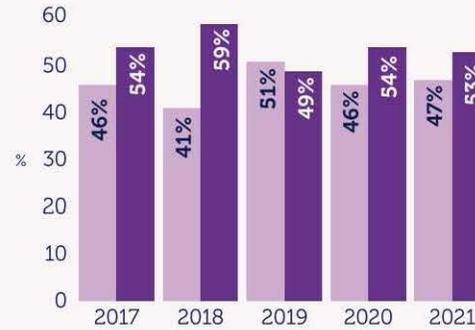


Upper middle

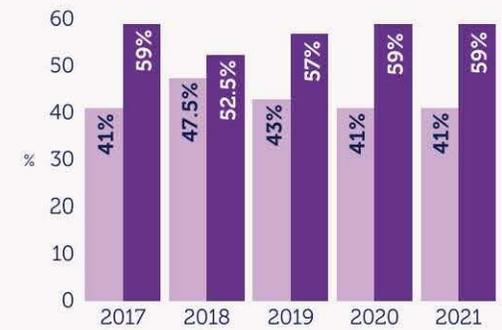


Upper

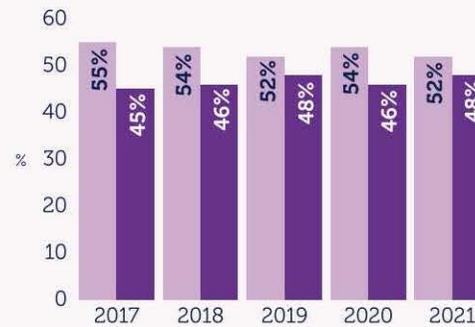
Five Years



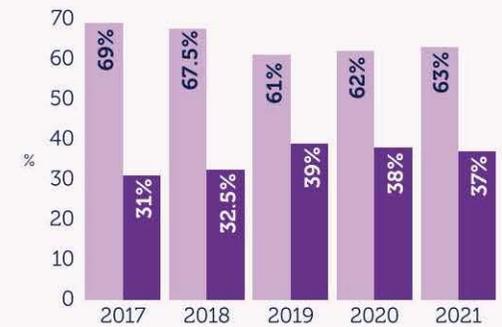
Lower



Lower middle



Upper middle



Upper

More women in decision-making roles

As a relatively small organisation with under 500 staff, changes in pay and staff movements for even one senior employee can greatly impact our pay gap reporting each year.

Although it's not reflected in the data, we're proud to have an equal number of men and women at the Executive Committee and Board level. We also hit the Women in Finance Charter target we set in 2018, achieving over 40 per cent of women in senior positions by December 2021. As a result, we've set a new goal to hit 45 per cent by 2023, with the ultimate goal of gender parity.

As outlined in our Diversity and Inclusion Strategy, some of the ways we're nurturing our future female leaders are through mentoring, coaching and internal development programmes. We continue to hire more women at junior levels to build our talent pipeline for the future.



Donna is acting Team Leader in our member services department, covering for a colleague on maternity leave. She's currently studying for an apprenticeship – the ILM Level 3 Diploma for Managers.



I was keen to join the apprenticeship course to learn extra skills that are useful to a team leader that aren't necessarily learnt on the job.

I was a little nervous at first at becoming a student again, but I am thoroughly enjoying the challenge and I hope that this apprenticeship will give me the knowledge and training I'd need should a permanent vacancy arise."

Donna
Acting Team Leader

More flexibility means more diversity



We've long known that to be an employer of choice, we need to offer a good work-life balance and support flexible working wherever feasible.

In the post-pandemic world, we're introducing even more flexibility, with the option for employees to choose to work from home three days a week pro rata, with flexible working hours between 7am and 7pm.





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Find us on LinkedIn and Twitter
to follow our progress on
diversity and inclusion

Renaissance
12 Dingwall Road
Croydon
CR0 2NA

T: 020 8406 2107

www.ppf.co.uk

Statement

We confirm that the data and information in this statement is accurate. In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 the Pension Protection Fund is required to carry out Gender Pay Gap Reporting.

Kate Jones,
Chair