

Gender pay gap reporting

Nurturing a workforce built on equality, diversity and inclusion

We are committed to being an employer of choice and continually strive to create an inclusive, challenging environment that recognises and rewards our employees' achievements. We are aiming to ensure that everybody has the opportunity to reach their full potential and we are passionate about providing our people with the training opportunities and support they need to develop their careers and grow professionally as part of our company.

We want Arvato to be a place where people can bring their whole selves to work and that means making a consistent effort to attract an increasingly diverse candidate base. Alongside this, it means ensuring that we are creating opportunities for our employees to move through their career in a way that works for them.

We are continually developing new strategies to build a more diverse workforce and an environment that fosters inclusion and equal opportunities, at all levels within the business. Among these is a new innovative approach to recruitment and succession planning, an early careers strategy to cement our position in the top 100 apprenticeship employers and a new diversity and inclusion programme.

We acknowledge that we are on a journey. We are committed to reducing our gender pay gap year-on-year and we are working on a number of approaches, set out in this report, that aim to improve the development pathways for women in our business and boost gender diversity across the recruitment process.

Understanding our gap

We made important progress in closing our gender pay gap in the 12-months ending 5th April 2018.

This is a step in the right direction. But we know that our gap is driven by the fact that we still have a higher number of men working in senior, leadership roles where salaries are higher.

This report includes the gender pay gap and bonus pay gap data for our three legal entities.

We restructured the company in 2018 and created Arvato CRM - an additional legal entity for our private sector call centre business - which was previously part of Arvato Limited.

- Arvato CRM – this consists of our private sector call centre business.
- Arvato Limited - this consists of our corporate departments and our central government and supply chain operations.
- Arvato Public Sector Services - this includes all of our local government operations.

As a whole, our organisation has a gender pay gap of 11% mean and 4% median.

Our newly formed Arvato CRM business has a mean and median gender pay gap of -1.5% and -5.1% respectively, which is due to a larger proportion of male employees working in entry level positions.

The creation of this company explains why the gender pay gap within the Arvato Limited business has risen. But a year-on-year comparison (Fig.1) illustrating what these figures would have looked like without the re-structure show strong progress towards closing our gap.

The pay gap in our Public Sector Services business is the result of a number of factors. We have a higher proportion of men in senior positions and females in customer service and transactional roles within the lower quartile, with women occupying 73% of the positions that pay under £20,000 per annum.

The majority (71%), of employees in Arvato Public Sector Services have transferred to the business from our public sector partners under TUPE regulations. As a result, their salary and bonus are protected. We do not recruit or promote onto these terms and conditions.

Women represent 66% of the TUPE employees within the lower quartile. These positions also offer an opportunity to work flexibly and 44% of our people in these roles work part-time.

Our bonus gap

The bonus gaps across the Public Sector Services and Arvato Limited businesses are the result of a higher proportion of males in senior level positions and across highly specialist professions, such as IT and cyber security.

Women represent 52% of our total workforce, but more than a third (39%) of all roles that pay over £30,000 are in this field where only 39% of the positions are held by females. This is significantly better than the UK average, where women make up only 17% of roles within the wider technology industry. But despite this, we're striving to improve the numbers of women we recruit into these positions to help close our gap. The bonus gap in Public Sector Services and Arvato Limited has increased slightly and this is as a result of increasing numbers of females taking up part-time roles.

Earnings pay gap - Hourly rate (Fig.1)

		Mean		Median	
Arvato Public Sector Services					
2017	Mean @ 12.8% Median @ 17.9%	 £14.06	 £12.27	 £13.61	 £11.20
2018	Mean @ 15.4% Median @ 19.7%	 £14.53	 £12.29	 £13.90	 £11.16
Arvato Limited					
2017	Mean @ 12.6% Median @ 0%	 £14.90	 £13.03	 £10.06	 £10.06
2018	Mean @ 15.13% Median @ 1.96% Mean inc CRM 8.2% Median inc CRM -3.5%	 £16.52 £14.08	 £14.02 £12.93	 £11.24 £10.26	 £11.02 £10.62
Arvato CRM					
2018	Mean @ -1.5% Median @ -5.1%	 £10.45	 £10.61	 £9.64	 £10.13

Bonus pay gap (Fig.2)

		Mean		Median		Received Bonus	
Arvato Public Sector Services							
2017	Mean @ 12.8% Median @ 17.9%	 £1,064	 £955	 £900	 £794	 26.6%	 17.3%
2018	Mean @ 22.6% Median @ 19.0%	 £1,290	 £998	 £1,071	 £868	 29%	 16.3%
Arvato Limited							
2017	Mean @ 42.24% Median @ 27.8%	 £6,216	 £3,595	 £1,546	 £1,115	 29.8%	 41.7%
2018	Mean @ 38% Median @ 28.7%	 £5,267	 £3,253	 £1,645	 £1,172	 46.3%	 54%
Arvato CRM							
2018	Mean @ -9.6% Median @ -12.7%	 £641	 £702	 £275	 £310	 9.8%	 9.5%

Arvato quartile distribution (Fig.3)

		Arvato Public Sector Services		Arvato Limited		Arvato CRM	
Upper	2017	 58.3%	 41.7%	 57.6%	 42.4%	 62.9%	 37.1%
	2018	 58.5%	 41.5%	 64%	 36%	 62.9%	 37.1%
Upper middle	2017	 35.7%	 64.3%	 47%	 53%	 52.9%	 47.1%
	2018	 38%	 62%	 45%	 55%	 52.9%	 47.1%
Lower middle	2017	 25.5%	 74.5%	 51.5%	 48.5%	 73.9%	 26.1%
	2018	 27.2%	 72.8%	 39%	 61%	 73.9%	 26.1%
Lower	2017	 31.8%	 68.2%	 52%	 47.8%	 56.1%	 43.8%
	2018	 26.1%	 73.9%	 57%	 43%	 56.1%	 43.8%

Closing our gap

Building on our progress

We have made good progress since the last report, but we recognise that there is still plenty of work to do. Tackling the gender pay gap is a long-term challenge and while it will take several years before our actions are truly reflected in the data, we are working hard to identify and implement ways to attract and retain more women into our business, particularly at a senior level.

Our focus is not solely on gender pay but ensuring that all our people are able to thrive in an environment that fosters inclusion at all levels in each of our businesses and provides them with the flexibility they need to succeed.

We have a significant number of TUPE employees in our public sector business and we will continue to protect their terms and conditions. We recognise that this will impact our ability to close the gap in that particular entity due to the restraints that come with TUPE protection and the pay increases that are delivered through National Pay Bargaining.

What do we already do?

We have introduced a range of policies in recent years to continue to develop a supportive, diverse and inclusive environment for our people:

- Family friendly policies, such as enhanced maternity and paternity policies and shared parental leave.
- The right to request flexible working options, which include home working, working from different locations, a compressed week and reduced hours.
- A two year plan to achieve a commitment that will ensure no employee outside of an apprenticeship scheme will earn lower than the 'Real Living Wage' as set by the Living Wage Foundation.
- We are a top 100 apprentice employer and during the financial year 2016/2017, 42% of our apprentices were female. Although this may not directly improve our gap at this time, it shows our commitment to strengthen our existing and future skills requirements.
- We have introduced holiday purchase schemes that allow employees to buy additional leave to enhance their work-life balance.

A pipeline of new initiatives

We have committed to a number of long term plans which will enable us to improve our pay and bonus gaps:

Recruitment and succession planning

Our talent team have implemented a new talent management and organisational development programme across the UK, which will ensure we identify the right employees with the right skills, and then support and develop them so they can achieve promotions. In reviewing our succession planning, our aim is to increase diversity in terms of gender, ethnicity and sexuality across all job roles within the business.

Our resourcing team are ensuring that we attract the most talented employees who can deliver success for our clients. Each of our hiring managers are in the process of being trained in avoiding unconscious bias. Our inclusive recruitment approach will also continue to ensure we're attracting women and talent from groups that are less well-represented within our business.

In addition to this, we undertake regular reviews of our pay procedures and bonus scheme policies to ensure they are applied equitably.

Early careers talent development

Developing our early careers strategy will be a key focus, together with strengthening our existing apprenticeship programme and our position as a top 100 apprentice employer. We will continue to partner with local schools and colleges to encourage more female applicants for our apprenticeship schemes, particularly in areas such as IT, where women represent a small proportion of our workforce.

Alongside this, we are aiming to upskill our existing employees by:

- Future proofing the organisation in several areas, which include introducing robotic process automation (RPA), digitalisation, artificial intelligence (AI) and Internet of Things. Our people are actively developing these new technologies and providing ideas and input to enable processes to be digitised. This reduces room for error and provides an opportunity for our employees to carry out increasingly fulfilling roles.
- Implementing continuous innovation to create new solutions for our target sectors. We are actively seeking input and ideas from our employees and setting up projects where they can develop and implement ideas.
- Identifying talented young people and supporting them to develop their career utilising our in-house management development programmes.

By 2020, we aim to establish an early careers framework that increases the number of apprentices joining the business from diverse backgrounds on an annual basis. Upskilling and developing our employees using this framework will in turn present an agile, flexible, collaborative and passionate workforce that will boost future growth and help us tackle the skills gaps of the future.

A culture of diversity and inclusion

We are finalising a diversity and inclusion strategy that will underpin all of our activities geared towards boosting diversity across our workforce. The key driver for us is to ensure we attract a diverse applicant pool, while developing and promoting our existing talent. This is essential for the future success of the business and for ensuring our employees feel they have adequate support to grow and develop within our company. We will also review and promote our existing agile and flexible working policies and ensure our employees are fully engaged with the range of benefits on offer to them.

Final quote from Debra

We are making strong steps forward in improving the diversity of our workforce and closing our gender pay gap. But we know that we must continue to do more to deliver our objectives.

We have a long-term strategy to meet this challenge, which is focused on actively engaging with our people to ensure we attract, develop and retain a diverse and talented workforce in a culture where they can grow and be themselves.

Signed by:

A handwritten signature in black ink, appearing to read 'Debra', with a horizontal line extending to the right.

Position: CEO

Date: 28.03.2019

Review Date: 28.03.2020