

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 aim to ensure that everybody has the opportunity to reach their full potential and we are passionate about providing our people with the 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 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.

Our successes

We have made important progress in closing our gender pay gap in the 12-months prior to 5th April 2019.

Across the whole organisation, as at April 2019, the mean gender pay gap is 10% and the median gender pay gap is a negative figure of -3%

This is a reduction from a mean gender pay gap of 11% and a median gender pay gap of 4% as at April 2018.

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

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

In both Arvato Limited and Arvato Public Sector Services, we are pleased to report a reduction in the median pay gap:

Arvato Limited		Arvato Public Sector Services	
2018	15.8%	2018	19.7%
2019	13%	2019	19%

In our Arvato CRM business in 2018, we reported a negative median pay gap and this has now equalised in 2019, so that there is no median gender pay gap in this entity.

Women represent 54% of our total workforce and 46% of the total employees in the upper quartile across the whole of Arvato.

In all three entities, the percentage of women in the upper quartile increased in 2019.

Understanding our gap

In our Arvato CRM business, women have a slightly higher mean salary than men giving us a mean gap of -2%, however the median salary is the same for both men and women so there is no median gender pay gap in this entity.

We have a more limited opportunity to influence the gap in Arvato Public Sector Services as the majority (60%) of employees in that entity are on protected TUPE terms and conditions. In 2019, one of our major public sector contracts came to an end and as a result of this, the colleagues attached to that contract TUPE transferred out of Arvato. This has had an impact on the make-up of the workforce in the Public Sector Services entity and the workforce has reduced by half. Previously the male to female split was 38% male and 62% female. Since this contract ended, the make-up in this entity is now 34% male and 66% female.

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 more females in customer service and transactional roles within the lower quartile, with women occupying 76% of the positions in the lower and lower middle quartiles. More than three quarters (82%) of these women are on TUPE terms and conditions.

These positions also offer more opportunity to work flexibly and 21% of all people in these roles work part-time, with 59% of the TUPE females in this group working part-time.

Arvato Limited is the entity where our senior and professional roles are. We recognise that there is still work to be done in this entity but we have made progress on closing both the mean and median gaps in April 2019.

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. Non TUPE roles in Arvato attract a discretionary bonus payment and the majority of payments are 5% of salary. Some senior and specialist roles attract a higher percentage bonus and the occupancy of these roles is predominantly male (68%).

As bonus is paid as a percentage of salary and there are more part-time females, bonus payments to women are generally lower value.

In the Arvato Limited entity, the percentage of men and women receiving a bonus is 63% of men and 58.7% of women. However, 93% of part-time workers in this entity are female, which results in lower bonus payments. The median bonus pay gap in this entity has increased in 2019 due to several females with high-bonus payments leaving the business in 2018, which also explains why the proportion of females receiving a bonus has reduced.

The Arvato CRM entity shows balanced results - the percentage of men and women receiving a bonus is almost level (11.3% of men and 11% of women). The negative mean pay gap has increased dramatically because a high earning female in this group had a one-off increase in her bonus % in 2019, which had a substantial effect due to low numbers of people in this entity receiving a bonus in 2019. There has been an increase in females recruited into this entity, which has resulted in a larger number of low-level bonus payments being made in the female population, increasing the median gap.

Earnings pay gap - Hourly rate (Fig.1)



Bonus pay gap (Fig.2)

		Mean		Median		Received Bonus	
Arvato Public Sector Services							
2018		£1,290	£998	£1,071	£868	29%	16.3%
2019	Mean @ 51% ↑28.4% Median @ 12% ↓7%	£1,569	£770	£1,042	£912	32%	25%
Arvato Limited							
2018		£5,360	£3,173	£1,554	£1,161	65.7%	64%
2019	Mean @ 39.4% ↓1.4% Median @ 31% ↑5.7%	£5,509	£3,336	£1,699	£1,173	63%	58.7%
Arvato CRM							
2018		£641	£702	£275	£310	9.8%	9.5%
2019	Mean @ -72% ↓62.9% Median @ 29% ↑42.2%	£624	£1,076	£237	£167	11.3%	11%

Arvato quartile distribution (Fig.3)

		Arvato Public Sector Services		Arvato Limited		Arvato CRM	
Upper Approx £35k plus	2018	58.5%	41.5%	62%	38%	62.9%	37.1%
	2019	54.2%	45.8%	58%	42%	50.3%	49.7%
Upper middle Approx £34k - £34k	2018	37.9%	62%	43%	57%	52.9%	47.1%
	2019	32.5%	67.5%	43%	57%	59.2%	40.8%
Lower middle Approx £19.5k - £23k	2018	27.2%	72.8%	32%	68%	73.9%	26.1%
	2019	25.6%	74.4%	28%	72%	59.2%	40.8%
Lower Approx up to £19k	2018	26.1%	73.9%	43%	57%	56.2%	43.8%
	2019	22.6%	77.4%	45%	55%	52.2%	47.8%

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. We have more influence outside of Public Sector Services and in these entities we have reduced the median pay gap by 2.8% in Arvato Limited and by 5.1% in Arvato CRM.

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.
- 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

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. 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.

Colleague engagement

We want to reward and recognise the great work our colleagues do for our business, while celebrating their success and giving everyone a voice. Our 'Be 100% you every day' internal campaign runs throughout the year with nominations for employee awards, with a different focus each month. We are also introducing our CEO Club. CEO stands for Coaching, Empowerment and Opportunity and is a chance for entry level employees to be part of a programme designed to coach and empower colleagues to become more confident and in control of their own development and, importantly, it gives them the opportunity to increase their visibility within Arvato. There will also be a focus on where participants want to be in their career in years to come and support for them to create an action plan on how they can get there.

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.

A culture of diversity and inclusion

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 large, sweeping flourish underneath.

Position: CEO

Date: 06.03.2020

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