

Ethnicity Pay Gap Report

2023



Foreword from C

Today we publish our ethnicity pay gap report for the first time. We have been sharing our pay gap report internally within SIS for a number of years now. At SIS, we recognise that this level of transparency is important in holding us to account and demonstrating our commitment to making the Service representative of the whole of the UK. We have committed to this as part of our current People Strategy – both because it makes us more effective and because it is the fair thing to do.

This year, there has been a decrease in the mean ethnicity pay gap, but an increase in the median pay gap due to a range of factors set out in the report. While the news on the median pay gap is disappointing, we are taking action with a number of targeted interventions to improve the attraction, recruitment, retention, progression and recognition of ethnic minority staff. We have agreed goals, along with our UK Intelligence Community partners, which reflects our target of better representing the nation we serve by 2025.

As Chief of SIS, I firmly believe that achieving equality and inclusion is a matter for everyone here at SIS and as an organisation we will continue to celebrate diversity and strive for opportunity for all.



Background

In 2020, SIS committed to a number of actions on race and ethnicity, which included producing and publishing an ethnicity pay gap report. Whilst SIS is not required to publish this data under UK legislation, we believe it is important to publish a baseline for transparency, to inspire action, and from which we can monitor progress. SIS is part of a growing number of organisations that choose to publish this data. In 2021, we put in place ethnicity and diversity targets and action plans to meet our ambition to represent the UK population, and our Executive Board tracks metrics to drive accountability and delivery on EDI.

The ethnicity pay gap report shows the difference in the average pay between all individuals in the workforce who have declared having an ethnic minority (EM) heritage and those who have not. A pay gap indicates that there are structural differences by grade, time in role and job family.

The ethnicity pay gap is different to equal pay. Equal Pay deals with the pay differences between individuals who carry out the same jobs, similar jobs or work of equal value. It is unlawful to discriminate directly or indirectly against employees and people seeking work because of their race or ethnicity. SIS promotes the equitable treatment of all employees in its pay and reward structures.

Our analysis of our ethnicity pay gap data shows that the main cause is a greater proportion of EM employees working in lower to middle grades. As a result, the mean and median pay is lower for EM employees. In order to address these issues, we are in the process of changing the way we reward and recognise staff.

Percentages

As at 31st March 2023, SIS' workforce headcount was made up of:

- 8.8% EM heritage
- 91.2% white

(Based on a declaration rate of 91%)



* Mean is the sum of all employees' hourly pay, divided by the total number of employees

** Median is the middle-ranked pay when you line all salaries in ascending order

Mean Gap

The mean* ethnicity pay gap is the difference between the mean pay gap for EM and for white employees. In SIS, mean pay is 8.1% lower for EM employees than white employees, compared to 9.9% last year.

Median Gap

The median** ethnicity pay gap is the difference between the median pay for EM and white employees. In SIS, median pay is 13.2% lower for EM employees than white employee, compared to 7.0% last year.

Bonuses

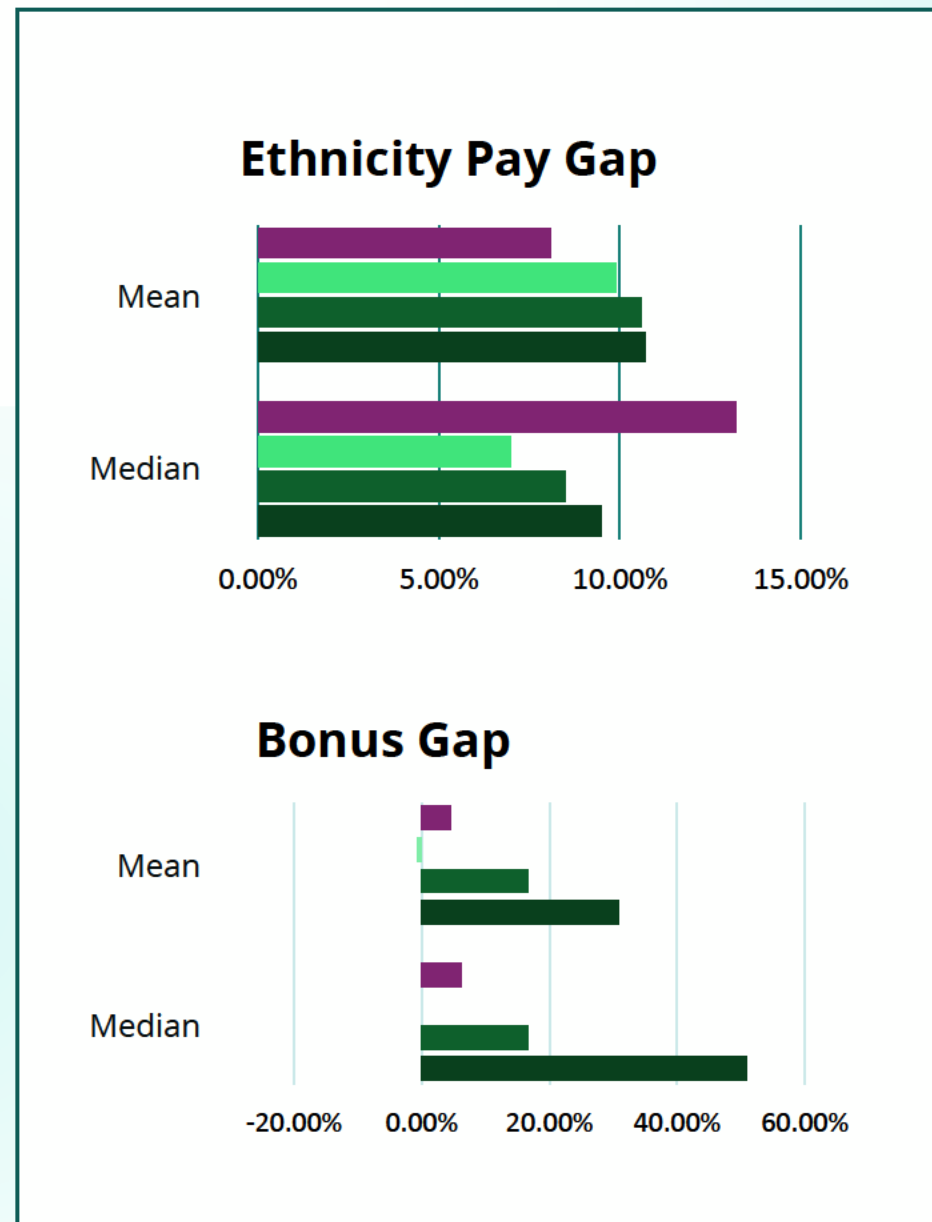
The mean* ethnicity bonus gap is the difference between the mean amount paid in bonuses above basic salary (e.g. end of year performance) for EM and white employees. In SIS, the mean bonus pay for EM employees is 4.5% lower than for white employees. This gap has grown from last year, when the mean bonus for EM staff was 1.5% higher than for white employees.

The median** ethnicity bonus gap is the difference between the median amount paid in bonuses above basic salary for EM and white employees. The median bonus pay for EM colleagues is 6.3% lower than for white employees.

Summary

There has been an improvement in the mean ethnicity pay gap from 2020 to 2023 and this is related to the progression of staff at all grades. The median pay gap has increased this year. There are a number of factors at play, including more representative recruitment of ethnic minority staff into our entry grades, retention of staff and changes to some specialist salaries. We have an ethnicity and diversity action plan which reflects this complexity.

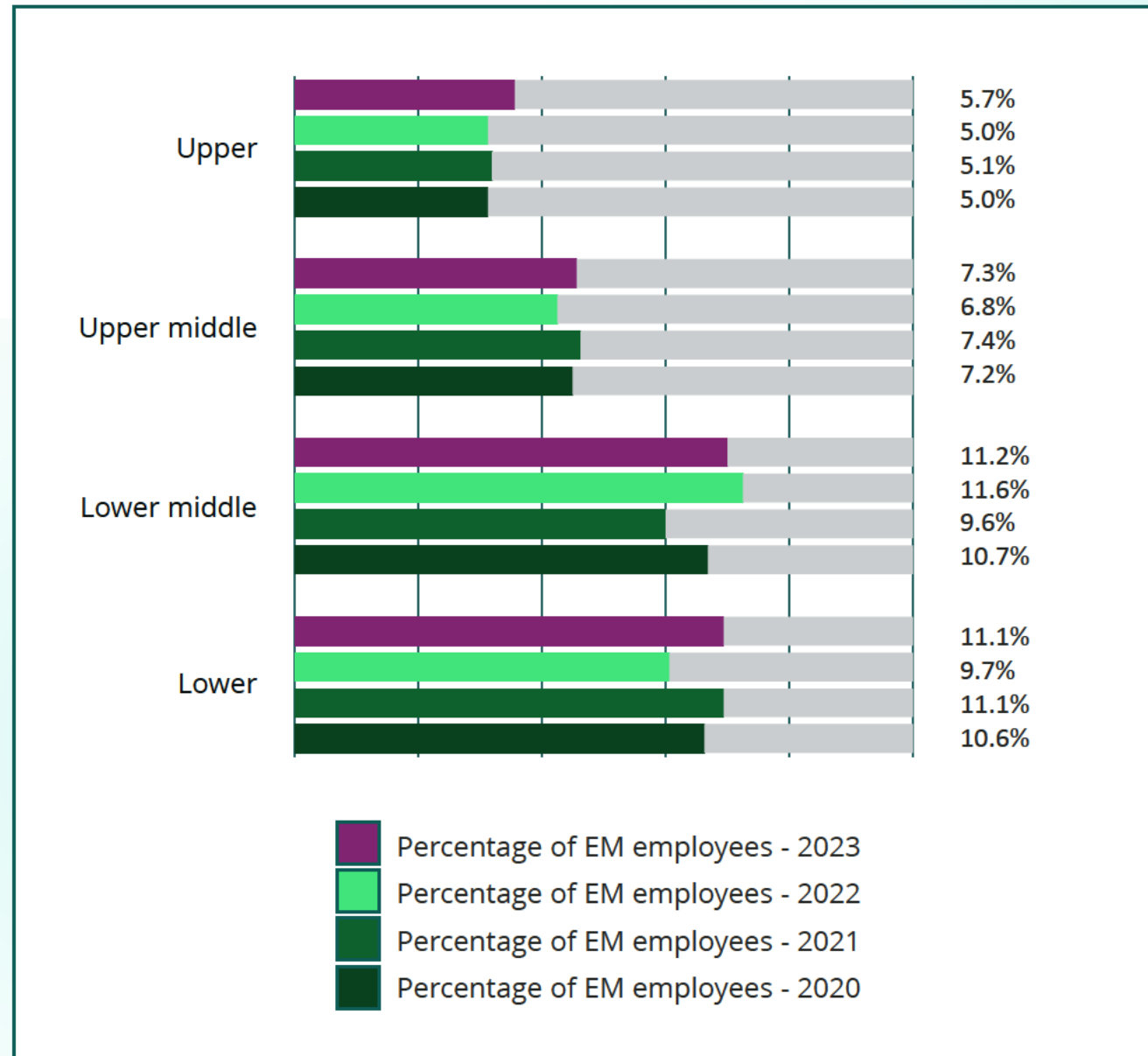
We have been changing the way we monitor and award bonuses; despite this, the mean and median bonus gaps have significantly widened since 2022 so there is more work to do.



Pay Quartiles

This figure highlights the percentage of EM employees across all pay quartiles, compared to recent years.

The percentage of EM employees in the lower quartile has increased as a result of more diverse outreach and recruitment into entry grades, and there are signs that more individuals are progressing into the Upper and Upper Middle quartiles over time.



Next Steps

The SIS Culture, Diversity and Inclusion Strategy has four thematic pillars, with workstreams across all of them:

- Attraction and recruitment of diverse talent at all levels
- Fostering talent by removing barriers and increasing opportunities at all levels
- Improving inclusion by making SIS a great place to work
- Encouraging accountable leadership and management

For more information about working for SIS, please visit www.sis.gov.uk