



National Nuclear Laboratory

Gender Pay Gap Report

2021

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Introduction

Since March 2020, every organisation has been impacted by the effects of the Covid-19 pandemic. The enforced change to working patterns and the creativity and innovation required to make this work has been challenging but has also created opportunities to address long-established cultural impediments to change. Focusing on ensuring the wellbeing of our staff, respecting and accommodating their individual life circumstances during the lockdowns and beyond has enabled us to steer a successful path through the pandemic. This supportive approach to our people is now baked into NNL's Strategic Plan 2021: This is NNL. In considering NNL's commitment to equality, diversity and inclusion (ED&I) over the past year, we are pleased that, despite the pandemic, we have been able to build on the strong foundations laid down last year and our commitment has continued to grow. Delivering our purpose of "Nuclear Science to Benefit Society" will only be achieved by committing to support our people and wider society.



Over the last few years, our gender pay gap reports have shared our data on gender parity, outlined the activities we have been undertaking to improve our business and put the spotlight on some of the people in our business who have been championing the cause of ED&I. This year our report focuses on the trends in our data and highlights some of the systemic ED&I-focused improvements we have made to our business in keeping with our ED&I Strategy, published in early 2020.

We are proud to be awarded the National Equality Standard for inclusiveness in business

After an initial period of growing our ED&I programme and understanding our ED&I maturity, we felt it was time to benchmark ourselves externally. We chose the National Equality Standard (NES) for its broad and comprehensive view of equality, diversity and inclusion and its ability to do a deep and thorough review of our organisation. The accreditation process covers 35 competency areas split into seven pillars, which in turn cover key aspects of doing business. At the back end of 2020 and the beginning of 2021, NES reviewed documentation, interviewed people from all areas and levels in the business and surveyed our people to get a clear picture of our organisation.

After the rigorous review, we were very pleased to be awarded the NES accreditation in March 2021 at our first attempt. This is a

considerable success for NNL and reinforces our approach to this vital area over recent years (including during the pandemic). The comprehensive report that NES provided gives us further confidence in our strategic approach as the recommendations align with our published ED&I strategy. We accept and intend to act upon the recommendations which were to expand our ED&I focus beyond gender; support leaders and managers to drive ED&I; improve data capture and analysis to inform initiatives; drive a more structured approach to career progression; attract and recruit diverse talent and consider ED&I in supplier relations.

Although we are delighted with the result of the NES accreditation, we recognise we still have a long way to go, not least with regards to our gender pay gaps, the subject of this report.

As part of the first year of our strategy, we have embedded ED&I into our objectives and key results (OKRs) and are investing in a career pathways tool to enable us and our people to better articulate and explore the opportunities we have to offer. We have put in place the mechanisms to enable us in the coming years to capture and scrutinise our ED&I data beyond gender in a way that is anonymised but will allow us to investigate career processes with an ED&I lens. We are also improving data capture in our recruitment pipeline.

As this is our fifth consecutive year of gender pay gap reporting, we have found it informative to present the data in this report in the context of previous years' data. This allows us to look more holistically at how we are evolving gender parity with time. We are pleased to see that a number of our measures are improving, albeit some more slowly than we would like. There is, for example, a distinct upward trend in the percentage of women in our organisation. Although it remains challenging to recruit large numbers of women especially with science, technology, engineering and mathematics (STEM) backgrounds into the nuclear sector, we continue to do our part.

Working towards the government's Nuclear Sector Deal gender target of 40% women in nuclear by 2030.

We are part of the wider nuclear sector and we understand the importance of working with other organisations both operationally and strategically. We continue to develop this through our support to the Nuclear Skills Strategy Group (NSSG) and proactive contribution to its ED&I focus area. We are keen to share, develop, and champion best practice. We want to ensure that we are doing all we can, not only to achieve gender parity in NNL, but to make the nuclear sector a diverse and vibrant sector that reflects our society. Advocating for diversity and inclusivity across the sector will help us in achieving a diverse workforce within NNL in every respect and at every level of our organisation.

Over the coming years it is hoped and expected that the pandemic will become less dominant as an organisational priority. But the lessons we have learnt from it, the innovations we have developed and the cultural and behavioural changes that have arisen will, we believe, only serve to improve our approach to ED&I and our ability as an organisation to adapt further, innovate and deliver on our commitment in this vital area.

We can confirm that the data presented in this report has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information Regulations 2017) and is accurate and correct to the best of our knowledge and ability.

Paul Howarth and Clare Barlow

Context and definitions

NNL produces the annual pay gap analysis and report to comply with The Equality Act 2010 (Gender Pay Gap Information Regulations 2017). Gender pay legislation requires us to report on the difference in pay and bonus payments between men and women across all roles in the organisation.

In accordance with the requirements, a pay data snapshot is taken at the beginning of the financial year and bonus data is based on payments made within that financial year.

In this report we compare the difference between pay and bonus pay for men and women. We use this annual opportunity to delve further into the data and hence provide some additional figures to give more insight into our employee demographic and pay structures. This report also includes a comparison to previous years' data to help identify trends.

UK gender pay gap regulations require reporting on key metrics, which are explained below and defined by government. The data is based on absolute hourly rates for pay gap calculations and total monetary value for bonus pay gap calculations.

Gender pay and equal pay

Equal pay does not automatically lead to a zero gender pay gap. An equal pay analysis considers whether men and women are paid equally for performing similar roles whereas the pay gap looks at the combination of all employees in all roles across the company.

Full-pay relevant employees

As defined by the gender pay gap guidance, all employees who were paid their usual full pay in the pay period considered are referred to as "full-pay relevant employees".

Mean and median

Mean: the pay or bonus pay for all men is summed and divided by the total number of men in the organisation. The same is done for women. The difference between the two values is then calculated and divided by the mean pay for men to give the percentage gap.

Median: the pay or bonus pay for men is ordered high to low, and the midpoint is selected. The same is done for women. The difference between the two midpoints is then calculated and divided by the median pay for men to give the percentage gap.

Note that mean and median values alone do not give the full picture of the gender pay gap. We therefore investigate the data further to help us better understand the pay gap and where we might focus our efforts to improve.

Quartile pay bands

Quartiles are determined by dividing our workforce into quarters according to their full-time equivalent salary. The lowest paid quarter is referred to as quartile 1 and the highest paid quarter of the workforce is referred to as quartile 4.

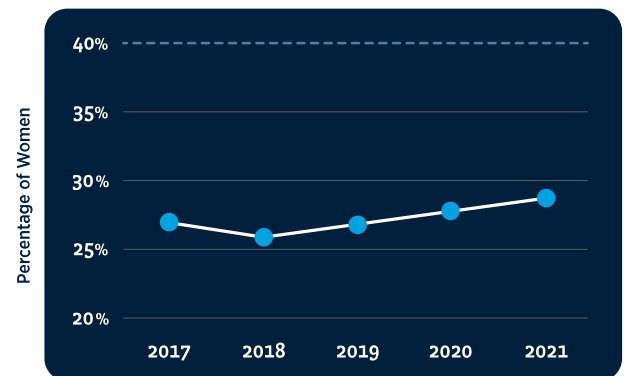
NNL Employees

In 2021, NNL had 1,052 full-pay relevant employees, an increase of 121 in total headcount since 2020 reflecting increased recruitment in the last year.

The percentage of staff who are women has increased to 29% - overall the percentage of women is slowly increasing each year as shown below. NNL's proportion of women is higher than the Nuclear Sector's overall position which reports a 20% split and, in 2020, 37% of all our new starters were women, which is the highest level ever recorded for NNL.

For the roles recruited in the year from April 2020, the number of applicants varied from one to over 100 for direct entrant roles and between 50 and 900 for our Early Careers schemes, with a mean of 21 applicants per role overall and averaging at 34% women applicants per role. Some roles had no women applicants and others had 100% women applicants. These cases usually occurred for roles with low total applicants or single applicants. As over 30 of the roles had a single applicant, the limited statistical information embedded in small applicant pools may skew the overall percentage of women applicants and blur our understanding of the attraction of these roles for men and women. However, it is noted that in the financial year under consideration, those roles with the lowest percentage of women applicants tended to be against our Laboratory Operations areas (such as mechanical craft, commissioning engineer and asset engineer) and our higher paid roles (i.e. in strategy roles and more senior leadership roles).

Percentage of women in total employees over the last five years against the Nuclear Sector Deal 40% target



Gender Pay Gap

In 2021, our mean gender pay gap was 11.2%, meaning women at NNL are paid on average 11.2% less than men. This is a slight increase on previous years, attributed to some staffing changes in senior management.

We are confident that people working full-time at the same pay point level receive equal pay, so this number reflects the fact that at NNL we have higher percentages of women in less senior roles, compared to the percentages of women in more senior positions.

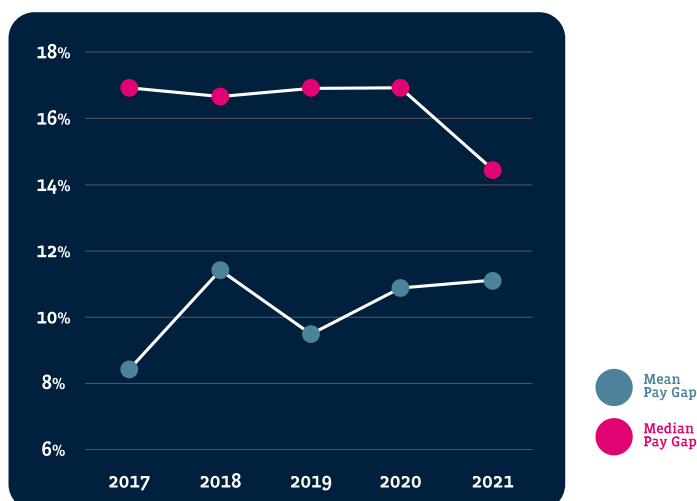
Comparing with the mean and median pay gap over the last five years, as shown below, the mean has fluctuated but the median pay gap has dropped noticeably this year. Comparing the data to last year, the mean hourly pay for both men and women has stayed roughly the same (within £0.10 for men and within £0.05 for women) whereas the median has decreased slightly for men (approximately £0.40) and increased slightly for women (approximately £0.20) causing the drop in median pay gap shown in the figure. This is attributed to new starters across the business.

Whilst we are championing initiatives which we hope will sustainably improve the representation of women across the business, we understand it is likely to take several years before these initiatives consistently reduce our gender pay gap.

Our median pay gap, has decreased to 14.4%



NNL's mean and median pay gap over the last five years

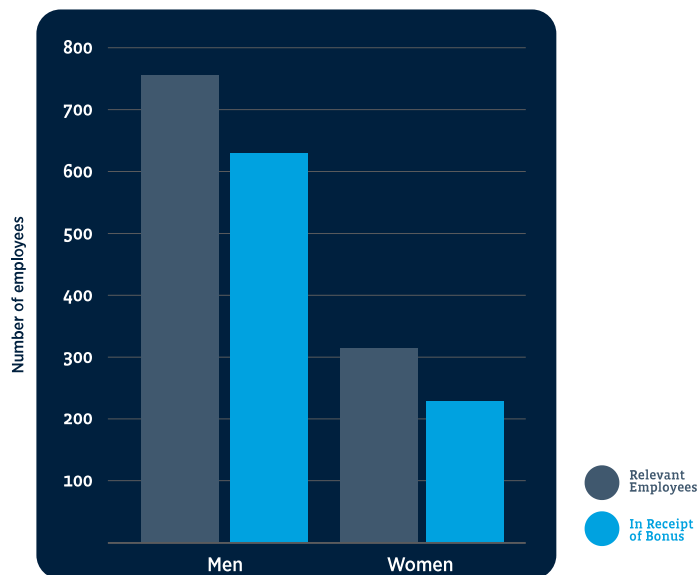


Bonus Pay Gap

Considering all types of bonuses within NNL, year-on-year the number of staff receiving a bonus is increasing.

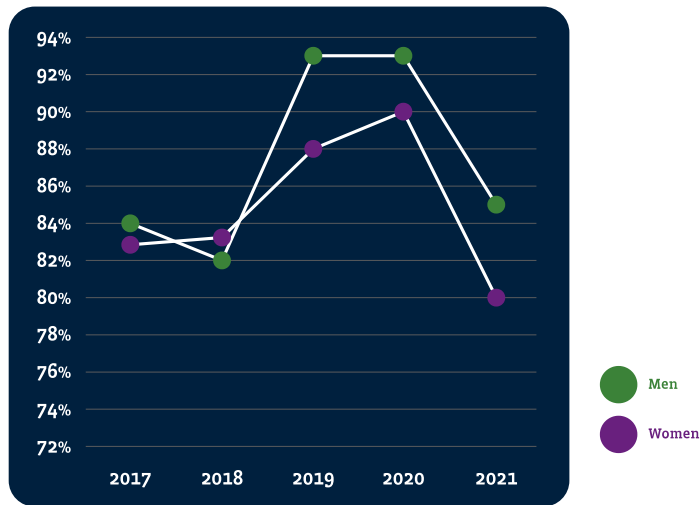
There are a number of reasons an employee may not be eligible to receive the bonus within a given year (for example the bonus payments are based on the previous financial year so any new starters who join after the new financial year has started will not receive the bonus payment for the previous year).

Total number of all employees eligible to receive a bonus



The total percentage of men and women receiving a bonus has decreased this year, as shown below, due to the impact of a large number of new starters. NNL is currently continuing to recruit at a very high level and so this effect may persist whilst our current unprecedented growth continues.

Percentage of eligible workforce in receipt of a bonus of any type



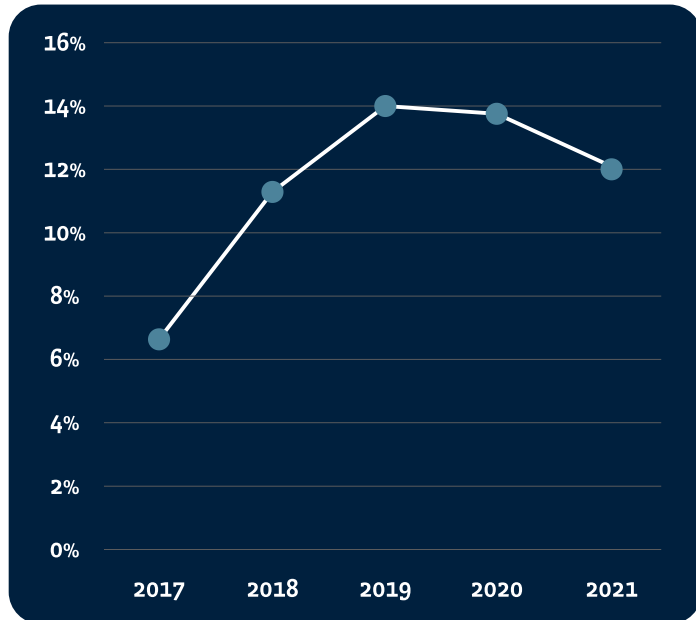
NNL has a company-wide Target Achievement Scheme (TAS), which the majority of the workforce are eligible to receive. This bonus scheme pays the same amount to all eligible employees, thus producing a median of zero for the bonus pay gap year-on-year. A proportion of staff are eligible for the TAS bonus and a personal bonus combined and a further proportion just receive a personal bonus. The mean bonus pay gap for all bonus types in 2021 was 12.3%. This reflects the differing personal bonus payments and that pro rata payments are made to part-time staff of which a relatively large proportion are women.

12.3%
Mean

0.0%
Median

The mean bonus pay gap saw an increase up to 2019 but this has begun to decrease over the last two years. The variation in mean is due to changes in the difference in personal bonus, discussed further below, and in pro rata bonus payments for part-time staff.

Mean bonus pay gap over the last five years



There is quite a lot of variation seen in the personal bonus pay gap over the last five years, with this year providing the highest mean value. NNL has 320 staff (30% of workforce) who are eligible to receive a personal bonus (the bonus amount differs depending on scheme rules and on the basic pay of those who receive it), with 23% of these being women. In 2021, the mean personal bonus pay gap was 18.2% and the median was 3.6%. The vast majority of staff who receive this personal bonus are senior managers and our executive team, hence it is easy to see how this might vary with just a few position changes or new starters among these roles.

18.2%

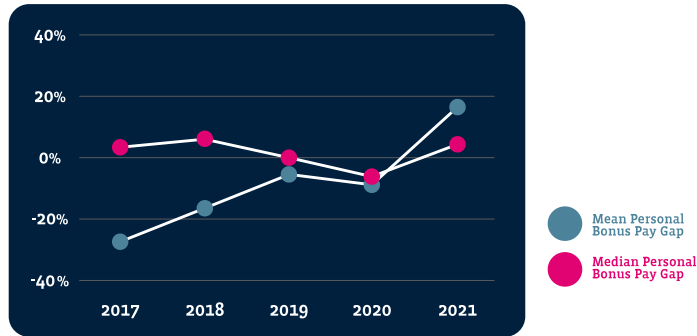
Mean

3.6%

Median

Year-on-year pay rises at NNL are based on a percentage increase of the current salary and personal bonus is calculated as a percentage of the current salary. Hence, cumulatively, it is clear that higher-paid staff will get a bigger increase on their bonus each year. This highlights that, percentage-wise, fewer women receive a personal bonus and those that do are at the lower end of the scale for personal bonuses. A few key changes in staff (new hires and promotions) would even out the pay gap quickly, as seen in the 2019 and 2020 data.

Mean and median personal bonus pay gap over five years



Case Study Hybrid Working

As you would expect from the nature of our work, we have a diverse range of roles and working arrangements from people who spend all their time in our active facilities, through to those who do some lab/facility-based work and some office-based work, to others who are purely office-based (in pre-Covid times).

Adjusting to Covid lockdown arrangements has presented different challenges for different people. The lockdowns did highlight the potential benefits of homeworking: facility-based people reported that the reduction in facility-wide footfall was a positive in terms of helping to reduce any chances of workplace transmission and many (although not all) of our office-based people found positives in working from home. The result was an effective year of delivery for NNL to our customers, even in these trying times.

Like many businesses seeking to learn from this experience, we have decided to capitalise on these insights and so have developed an adaptable hybrid-working approach. This is aimed at giving (as far as is reasonably practicable within the context of their role) all our people the balance they prefer between being in our facilities/offices or at home. We want to ensure that they can combine these benefits in a way that works best for them in the context of their teams. We have set out a principles-based approach to considering the balance appropriate team-by-team, with the decision sitting with those who understand their roles best, whilst maintaining a high-level overview to ensure the offering is equitably embedded. We believe this will allow us to find a balance that delivers benefits through greater adaptability and agility; improved work-life balance; reduced distractions and thus increased productivity in delivering nuclear science to benefit society.

We are currently refurbishing some of our facilities to make them appropriate for these new ways of working as well as our increasing headcount. We know that one of the key reasons people wish to visit the office is to interact with their teams, so we are introducing more meeting spaces and allowing for desks to be grouped in teams whilst still enabling sharing of the space. These works will be completed in 2022 and our new hybrid-working arrangements will be enacted then, by which time we hope that Covid will be in abeyance. However, the safety of our people remains our top priority, so we will continue to take a cautious approach to returning to the workplace.

"The result was an effective year of delivery for NNL to our customers, even in these trying times."

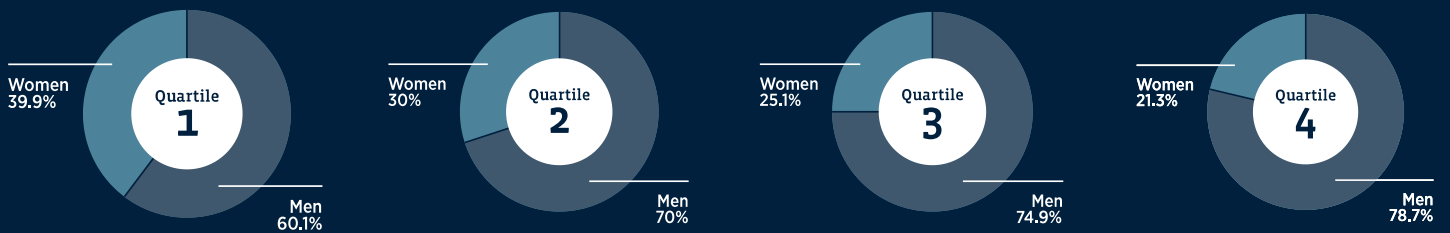


Our Data

The charts below illustrate the proportions of men and women in the four quartile pay bands, where quartile 1 represents the lowest-paid quarter of the workforce and quartile 4 represents the highest-paid quarter.

The purpose of this assessment is to look at how the levels of gender equality differ from the lowest to the highest-paid roles.

Percentage of men and women in each pay quartile



The highest percentage of women can be seen in the lowest pay quartile (quartile 1), with the percentage decreasing with each increasing quartile. This supports our analysis that it is the under-representation of women in higher-paid roles that is the main source of our gender pay gap.

Looking at how the percentages are changing in each quartile over the last five years, we can see that there are small changes happening in the lower three quartiles that are bringing the gender balance slightly closer together. There do not appear to be any discernible trends in quartile 4, the highest-paid quartile.

Percentage of men and women in each pay quartile over the last five years



At NNL, roles within the professional and support services are (on average) paid less than our technical and operational roles. We have a higher proportion of women in the former roles. Furthermore, many of our lower-paid technical roles have additional allowances for working in high hazard areas, and these are typically our most heavily male-dominated roles.

Previous gender pay gap reports have highlighted difficulties in recruiting diversely in STEM roles. In support of our hypothesis that we pay equally and promote fairly throughout our organisation, we have undertaken some further analysis to understand the gender balance in each area of our business.

The figure below shows the gender split by quartile as number of staff by business areas. These are Technical, Professional Services, Project Management Authority (PMA), Laboratory Operations, Executive (which includes their support staff), and Customer Executive.

Gender split of employees in each business area by pay quartile (Note: Exec entry includes support staff)



For the Technical business area, there are clearly more men across all of the quartiles and the proportion of women decreases with each increasing quartile. Quartile 1 has the closest gender equality which reflects the improving balance in our early career new starters, including apprentices. Professional Services has a similar pattern to Technical, showing more of the senior leadership in this area are men.

The PMA is a smaller business area but appears to have a fairly even gender balance in the lower three quartiles, but again the more senior positions in quartile 4 have more men.

Laboratory Operations, including engineering and craft teams, has the biggest gender imbalance across NNL. There are very few women in total in any quartile and hence this highlights a high-impact area where gender diversity needs to be addressed.

The Executive and Customer Executive teams (including support staff) are very small - most staff sit in the upper quartiles and are men, but importantly these are areas of the business where our most senior leaders are located.

We recognise the enormity of the challenge to increase representation of women across NNL. It is important to acknowledge that the talent pool from which we recruit also has a gender imbalance, particularly in the STEM, operations and craft disciplines. We continue to focus our efforts in supporting organisations and initiatives that help encourage participation of women in STEM activities with the aim of increasing the flow-through of women into our sector in the future.

Case Study Recruitment at NNL

This year we have digitised our recruitment process which allows for better data capture and understanding of the efficacy of our attraction strategies. We first started by making the ED&I data an optional extra at the end of the recruitment process, but we discovered that this disincentivised its completion. We have now made this mandatory (with 'prefer not to say' options) so that next year we will have robust ED&I data for the applicant pipeline.

We have started promoting our offering on flexible-working websites such as FindYourFlex to make it as clear as the current systems permit that we welcome flexible working and will be as accommodating of individual work preferences/requests as possible. We, of course, make all reasonable adjustments as needed, but now we have updated our wording to make this more evident.

Furthermore, we have developed and deployed 'Licence to Interview'; a programme which enables us to upskill our hiring managers. This ensures a more thorough process with a more standardised approach to prescribed elements to ensure a fairer selection process for candidates.

We carefully choose standardised aptitude tests to verify skills bases in areas that are essential for particular roles. We are hopeful that this provides more objective data.

In short, we are continuing to improve our processes each year, supported by the technology available to avoid any potential bias and to have better capture of wider ED&I data for applicants (which is reviewed anonymously).

In the last year we have committed to making improvements to our processes to support inclusive recruitment. We have taken a systematic approach to this, tackling the most straightforward aspects first. We will continue to build on our good start over the next few years and keep reviewing the efficacy of our initiatives.

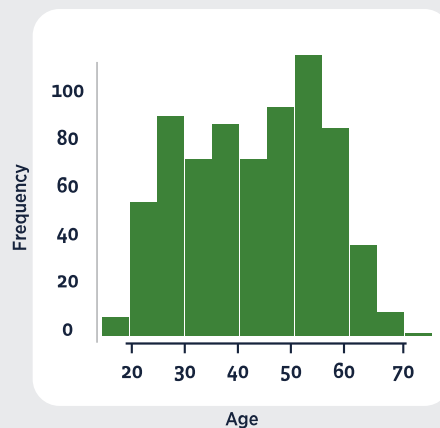
Gender, Age and Part Time Working

We have different age distributions of men and women within our workforce, with a peak for men in the 50 to 55 age range as shown below, whereas the peak for women is at a lower age range.

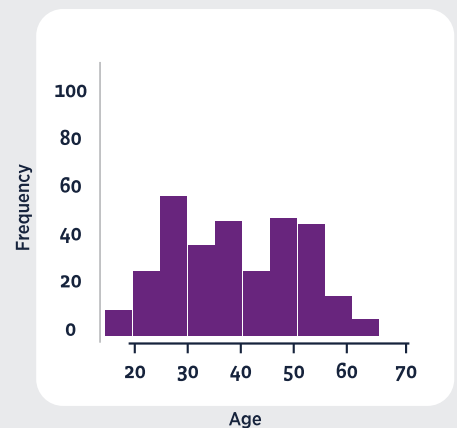
We anticipate that a large proportion of men may retire in the next ten years and hence we expect that the age and gender demographic will shift as a result. Over time, the historic legacy from when NNL was a much more male-dominated workplace, will diminish.

Number of employees in each age range split by gender. Each bar represents greater than the lower value and less than or equal to the upper value.

Men

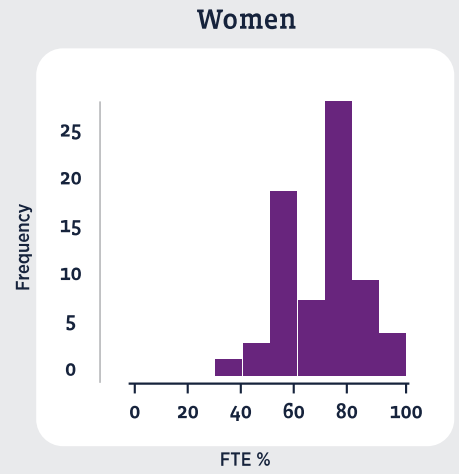
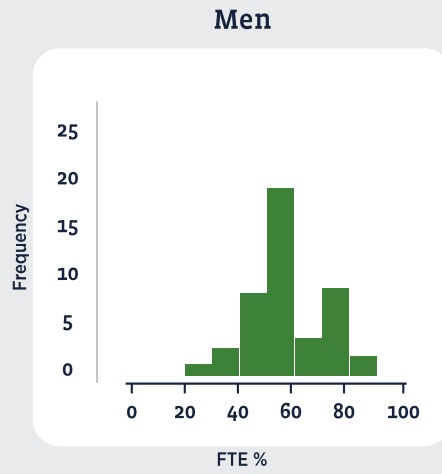


Women



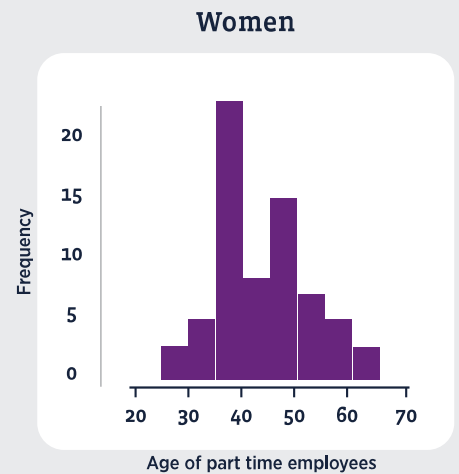
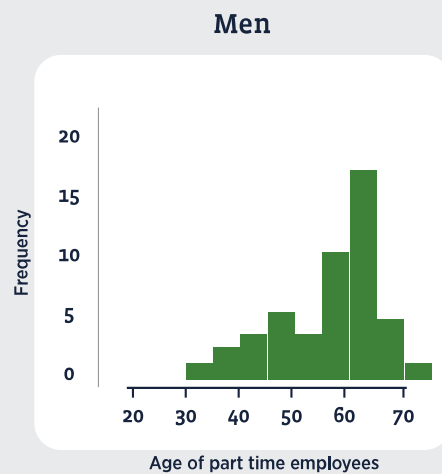
We know more women than men at NNL work part time (66 women, 22% of all women) compared with 46 men (6% of our men). Whilst this does not negatively impact the gender pay gap, it does have an impact on our gender bonus pay gap. The number of part-time staff, by their percentage of full-time hours (e.g. 80% is 4 days per week), is shown below.

Number of employees (frequency) working part-time, split by gender against the percentage of a full-time role that they work. Each bar represents greater than the lower value and less than or equal to the upper value so 60% FTE sits in the 50% - 60% bar.



The age distribution of the parttime workers shows that more men who are working part-time are nearer to the end of their career, whereas more women are in their mid-career. This aligns with the belief that men reduce their hours before retirement and more women choose to work part-time when they are in their mid-careers, potentially to support childcare or other caring responsibilities.

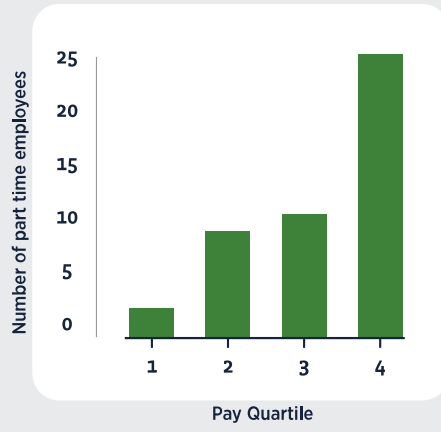
Age distribution of employees working part-time. Each bar represents greater than the lower value and less than or equal to the upper value.



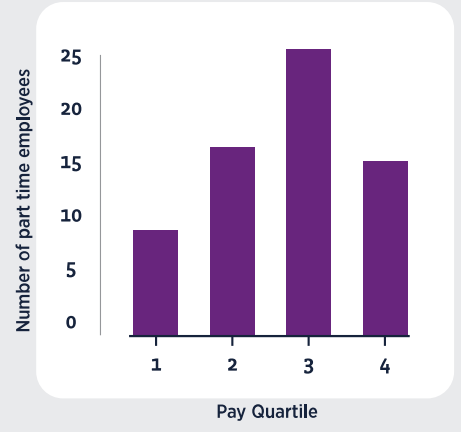
Additionally, we can see that the distribution of part-time workers by pay quartile is different by gender, with more men working part-time in the higher quartile than women. This aligns to the above where we see more men going part-time in late career, hence more likely to be more highly paid, and more women in mid-career.

Number of employees working part-time by pay quartile

Men



Women



Case Study Diversity Data

Until 2020 we only collected diversity data on sex, age and part/full-time working.

This meant that whilst we could, for example, check to see that women are not discriminated against, we could not do the same for our people from other groups such as those from underrepresented ethnic communities or those who identify as LGBTQ+. Recent surveys have shown that, nationally, these populations are more likely to experience discrimination and harassment than majority demographics in our society.

Therefore, the Equality, Diversity and Inclusion team has initiated functionality changes in our HR system to allow staff to add more personal data, specifically:

- Gender identity
- Ethnicity
- Nationality (i.e. British or non-British)
- Disability
- Caring responsibilities
- Religion
- Sexual orientation

In all ED&I data collection there is an option to select “prefer not to say” and we are following strict personal data policies to ensure that information is secure and accessible by only the individual themselves and a named contact in HR for company-wide analysis. Improving our data is one of our key drivers for the coming year as we believe this will help inform our ED&I focus going forward.

Progress so far and further plans to close our gender pay gap

The Government's 2018 Nuclear Sector Deal set four diversity targets. In response to these targets and the National Equality Standard report, NNL has initiated some specific programmes and initiatives.

We have started by appointing a new ED&I Manager to drive forward our ED&I agenda. The successful candidate is also the vice president of the Prospect trade union's NNL branch, which has the additional advantage of allowing us to harness our union insights and support in this area. We are making steady progress against the targets:

Target 1

To attract, develop and retain a diverse workforce

- We continue to make progress against our 2020 Equality, Diversity and Inclusion (ED&I) strategy.
- We are advertising our vacancies more diversely to raise our profile more widely.
- We have launched a career pathway platform to make career progression and development opportunities more visible to all.
- We have set up the collection of ED&I demographic data for all applicants to NNL as part of the application process as well as all employees on a voluntary basis.
- We have included our people at the heart of NNL's published Strategic Plan because we recognise the importance of fairness, diversity and inclusion in welcoming, supporting, developing and empowering all our people. This in turn enables our organisation to deliver on our technical aspirations and wider societal value by providing a solid, healthy, vibrant platform to continue to grow from. We believe that openness will be instrumental in attracting and developing a diverse workforce so we have published the details of our ED&I approach in our ED&I strategy, providing updates via this report.

This will be maintained, and improved, continuously at NNL.

Target 2

40% of the UK nuclear workforce to be women by 2030

- We are seeing a slow increase in the percentage of woman in the business but, at this current rate, the improved percentage of women recruited is still below the target of 40% and is diluted by the wider NNL population. Therefore, reaching 40% women by 2030 remains a challenge. We are committed to increasing gender balance across NNL in an organic and sustainable way which means ensuring we attract a diverse pool of applicants, that our recruitment processes are fair and that all our staff feel valued enough to stay and progress their careers with NNL. This means that, long term, we will continue to move towards a more gender-balanced workforce
- We now have a well-established job evaluation process which is overseen by our HR expert in the area and trade union representatives to ensure confidence in the process.
- We are working with the Women in Nuclear MAP (Measure, Analyse, Plan) tool to understand how our gender pay gap might change in future based on scenario modelling by considering a number of possible changes NNL might see in future, e.g. recruitment, promotion, etc.

NNL recognises that at the current pace of change, this is a challenging target for us to achieve, but we remain committed to making progress towards it.

Target 3

The proportion of women in senior management to be 30% by 2030

- The behavioural element of our new leadership programme is being piloted.
- Our career pathway tool has been launched for the most challenging subject areas (i.e. technical and engineering roles) for gender diversity and is now being socialised through the business. Career pathways for other professions are under development.
- A new career hub has been created to promote fair access to opportunities.
- We are reviewing how we build capability to ensure that we make the process as objective and transparent as possible so that it is - and feels - inclusive for all.

NNL is set to achieve this target.

Target 4

50% of all apprenticeships to be held by women

- We have enhanced our apprentice offering, recruiting a record number of apprentices in September 2021.
- Of all apprentices on our programme at NNL, 42% are women.

NNL aims to achieve this target by 2025.

Conclusion

Our National Equality Standard (NES) Accreditation, along with the insights that the accreditation report provided, together with our five-year ED&I strategy, means that we know we are on the right path towards improving equality, diversity and inclusion in NNL and - by extension - in the wider nuclear sector.

We know that if we reflect the society we serve, we will simply serve our society better. Our purpose is one of adding social value not only through what we do (our nuclear science), but also through how we do it.

Our experiences during the Covid pandemic have shown us that we are adaptable and supportive and that we trust our people to uphold our values and behaviours. This has increased our confidence in effecting lasting, positive change.

This report is around gender parity. To improve in this area, we are doing several things to attract, retain and develop women into our sector. This takes time but we believe sustained effort will bear the results we aspire to. In summary we are:



1

Continuing to encourage more women into STEM roles in the sector through apprenticeships, graduate and post-doctorate development programmes. We had our highest-ever intake for these roles in September 2021.

2

Reviewing our Employee Value Proposition to ensure that it aligns to our ED&I aspirations.

3

Sustaining our long-term partnerships with sector-wide initiatives such as Women in Nuclear, and NSSG.

Our focus during the continuing pandemic has been to sustain the community feeling within NNL that we have fostered over the last few years and continue to embed ED&I into the heart of our business hence why it features as a core component of our recently launched Strategic Plan.