



**Ofgem Equity,
Diversity and
Inclusion Strategy**



DIVERSITY

Values

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Foreword

I am personally committed to making Ofgem a diverse, inclusive, and high-performing employer of choice, able to attract diverse talent and have a culture that is value driven and actively celebrates difference.

Ofgem's key priority is to protect the interests of vulnerable customers, and the energy crisis makes it more important than ever that we understand consumers from all backgrounds. Making sure that we have consumers' needs in the room when we are making decisions can only be achieved through improved understanding, representation, and advocacy for the customers we serve, now and in the future.

The issue of the diversity of our workforce, the inclusivity of our places of work, and the equity with which we treat each other, is not only about our ability to shape an organisation that we want to work in and be part of, but also our ability to do our job well.

We want colleagues to be able to bring their whole selves to work, so they can flourish, progress in their careers, and bring different perspectives into our decision making. For example, I have found it immensely useful at Ofgem to undertake reverse mentoring, ensuring I understand the organisation, not only from my perspective, but from those who work within it.

Ofgem, like the wider energy sector, continues to face historic challenges in terms of diversity. We have made some progress: 45 per cent of our senior team are now women, and 7 per cent of our leadership are now

non-white women. But the truth is that there is much more to do, and as Great Britain's energy regulator, we have a responsibility to lead the way and encourage the sector to join us on the journey.

That is why I am pleased we have launched, together with Energy-UK and the Energy Networks Association, the Tackling Inclusion and Diversity in Energy (TIDE) taskforce to support improvements to inclusion and diversity across the sector. Its aim is to combine cross-sector Equity, Diversity and Inclusion insights and evidence to inform robust outcomes, building on experience and expertise to share best practice, and embed more inclusive systems, processes, and behaviours across the sector.

The richness of our workforce, our diversity of perspective, and our ability to harness talent from every part of society goes hand in hand with our crucial work to navigate the energy crisis and transitioning to a more resilient, home-grown energy system. I believe this Strategy will have a crucial role in delivering that.



Background

In our dual role as an employer and a regulator, we are committed to meeting our legal obligations and promoting equality and diversity among our workforce, in the way we work, and in the industry we regulate.

As a public body, we have obligations under the Equality Act 2010 to have due regard to the need to promote equality of opportunity, eliminate unlawful discrimination and foster good relations between the key equality strands set out in legislation in everything we do.

Ofgem published its first EDI Strategy in March 2019 with an aim to set out our broader ambition and work programme to make Ofgem a more diverse and inclusive organisation.

This refreshed Equity, Diversity and Inclusion Strategy builds upon our achievements since 2019 and sets out our broader ambition and work programme to make Ofgem a more diverse and inclusive organisation, so we can realise the benefits for us and as an organisation and the consumers we serve. It also focuses on intersectionality and what binds us, rather than what makes us different.

Beyond our internal focus, we need to ensure Ofgem is supporting equality, equity, diversity and inclusion as part of our work to protect energy consumers, especially vulnerable people, by ensuring they are treated fairly and benefit from a cleaner, greener environment. We also want to be leader in influencing the wider energy sector in which we regulate.

The Civil Service as a whole is committed to improving equity, diversity and inclusion – demonstrated by the recently published The Civil Service Diversity and Inclusion Strategy (2022 to 2025). This strategy sets a new standard for equity, diversity and inclusion, championing a diversity of backgrounds and opinions to better promote fairness and performance, with an overarching focus on intersectionality. We will align our activity with this as we develop and implement our E, D and I Strategy and supporting communications and engagement.

We will keep our Equity, Diversity and Inclusion Strategy under regular review. We will make improvements on an ongoing basis where there is a clear case for change or where new priorities emerge.



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Achievements to date

It is clear that EDI has been at the forefront of mind when considering our move to a new Organisational Structure, and so ensuring EDI is considered in all aspects of our work has begun in earnest, if not yet fully embedded.

This is also true in our communications strategy, Transformation work and our engagement with the industry as a regulator. We have seen some successes, and some key initiatives come to fruition and identified areas for development and focus going forward.

Internally, there has been focus on building a diverse and inclusive workforce. We have moved to anonymised recruitment and diverse interview panels. We have delivered a women in leadership programme, and coaching programme for Black and Minority Ethnic colleagues. Our staff networks have also set up reverse mentoring schemes.

We have made a public pledge on our aspirational EDI workforce targets with POWERful Women committing to achieve 50% women and 9% Black and Minority Ethnic women across our senior management and senior leadership positions by 2025.

We have made good progress against these aspirational targets as female representation amongst our Senior Civil Servants (SCS) overall is at 43%, at SCS 1 - 45% and 40% at our Band E feeder grade.

At Executive Committee (ExCo) and Board level (GEMA) we have 58:42 and 57:43 male to female

representation respectively and 16% representation for these ethnic minority staff.

Overall, we have seen an increase in our workforce representation on ethnicity and disability since 2019 but need to do more to ensure this representation is reflected across all levels of the organisation.

We have focused very much on tackling discrimination, bullying and harassment with the development of a clear policy and success will be measured and monitored through engagement channels. In addition, the introduction of hybrid working goes a long way to support colleagues to work flexibly and support a better work-life balance.

We have been building internal capability and have recruited a full EDI team to embed and drive change as part of our Transformation programme and beyond. Equity, diversity and inclusion has been actively promoted as part of our ongoing transformation programme ensuring that all equality impacts are fully assessed of each workstream.


We continue to support our five staff network groups, enabling them to pro-actively deliver EDI improvements in a managed and strategic way but ensuring initiatives are people-led.

Education and awareness are key parts of developing culture, and we have started our EDI core learning series which explores different themes of inclusion in the workplace. We have also shared several colleague and Network stories through the Wire, our intranet site.

There is a much wider cultural and behaviour change being driven through the Transformation Programme but we know there is more to do in celebrating the diversity of our workforce.

As the regulator of the energy sector we need to be seen as a conscience for EDI matters. Our engagement across the energy sector has been positive. We actively participate in the Energy UK Equality & Diversity Forum, and a number of other Networks including POWERful Women and Pride in Energy.

We supported Energy-UK and Citizens Advice with a directory for more diverse speakers in the energy sector. We also have partnered with the BBC 50:50 Equality project to track and ensure there is better gender representation in our content and speaking opportunities. Results from the first quarter of 2021 showed how much work there was to do, as the results sat at 61% male to 39% female. By Q4, we hit 50:50 for the first time. We will carry on into 2022 and 2023.



“As the regulator of the energy sector we need to be seen as a conscience for EDI matters.”

We are a key partner in the launch of a 'Tackling Inclusion and Diversity in Energy (TIDE) Taskforce' with the wider energy sector - however to lead in this area we need to develop our internal focus to be able to become a true ambassador and demonstrate leadership and share best practice.

We have partnered with schools and universities to tackle under-representation in Science, Technology, Engineering and Mathematics (STEM) and will continue to focus on our outreach with a focus on social mobility.

Ofgem's equity, diversity and inclusion data

We have conducted an in-depth audit of our diversity data and developed a data dashboard to capture the diversity of our workforce; our annual People Survey engagement outcomes by different characteristics and; our gender and ethnicity pay gap data. We are further developing it to capture diversity outcomes of our performance management system and recruitment campaigns.

We have committed to report on equity, diversity and inclusion more regularly and we will aim to improve disclosure rates by being transparent on how we plan to use the information and the value it can bring to the organisation.



Our refreshed EDI Strategy for 2022 and beyond:

Our EDI strategy will be focused around three strategic pillars to help us focus our activity and objectives. The Strategy will be supported by an operational action plan and roadmap. The three pillars signal Ofgem's intention to become an influencer and leader when it comes to improving EDI internally and within the wider energy sector. This is particularly relevant when we consider legislative requirements to advance equality under the Public Sector Equality Duty.

Strategic pillars

Pillar 1 – A Diverse and Inclusive workforce

We want Ofgem to have a truly diverse workforce, a naturally inclusive culture with processes, systems and policies that are fair. We will do this by embedding equity, diversity and inclusion in policies and practices and equipping leaders with the ability to manage diversity and be accountable for the results. The foundations are being laid through the Transformation Programme and so the refreshed Strategy includes a focus on this to develop and embed over the next period.



Data

The diversity profile of our people is set out in our EDI Dashboard. We have full datasets for gender and age as they are not optional as directly linked to HR and pension records.

The data shows that our declaration rates for ethnicity and disability are relatively high but there is work to do on sexual orientation and religious belief in order to undertake any meaningful and statistical relevant equality impact assessments. We will also be starting to capture data on the social economic status of our people so we will need to ensure people feel comfortable to declare their personal data.

Action:

- Start capturing data on socio-economic background (SEB) on our HR and Recruitment systems
- Report our EDI workforce profile on our external website
- Run an internal diversity data campaign to increase self declaration rates, particularly on sexual orientation, religious belief and socio-economic background.
- Include data on performance management outcomes in our EDI dashboard





Representation levels

In terms of gender we are making good progress towards our Powerful Women targets below and have a relatively even distribution at all levels of the organisation.

We have seen an increase in overall representation of Black, Asian and other minority ethnic people compared to 2019 with overall representation at over 23%. However, there are regional discrepancies with Glasgow and Cardiff being under-represented compared to national average of 13.6% but we know there are higher levels of Black, Asian and other ethnic minority groups in the London population than regionally.



Existing 2025 Targets

- 50% of our senior leadership and management positions will be filled by women.
- 9% of our senior leadership and leadership positions will be filled by black and minority ethnic women.

Action:

- Maintain existing aspirational targets on gender and ethnicity for 2025 (Powerful Women)
- Commit to an aspirational target for ethnicity representation in senior management roles – 14% by 2030
- Commit to an aspirational target for disability representation overall and in senior management roles – 14% by 2030
- Investigate barriers to career progression for under-represented groups and develop a targeted development programme



Pay gaps

We already report on our overall gender pay gap as required under legislation. This year we have calculated our ethnicity pay gap since 2020 as well using the same methodology. There is not a requirement for organisations to report on their ethnicity pay gap at present but it is seen as a best practice approach.

Action:

- Develop gender and ethnicity pay gap action plans in conjunction with HR and monitor progress against them.





Processes and Systems

The systems, processes and policies that we use as an employer have a huge impact on our ability to build a diverse workforce and an inclusive culture. We need to ensure these systems, processes and policies are fairer by design, recognising that in order to treat everyone fairly we will have to support some people differently. This includes ensuring that we equality assess any changes, particularly as we continue our Transformation journey.

We have made a good start over the past couple of years by introducing new or updated policies which remove barriers and provide the support that enables more of our people to do their jobs effectively. These changes include our new workplace adjustments policy, which makes it easier to request adjustments not only for disabled colleagues but also for parents and carers. They also include our transitioning at work policy for trans and non-binary colleagues and our upcoming guidance and support for people experiencing symptoms of the menopause.

We have committed to being a Disability Confident employer so will use that framework as a benchmark and continuous improvement tool as we move from Level 2 to Level 3 (Leader). We will also submit to the Carers Confident Employers benchmark to assess our policies and support mechanisms with the ultimate aim of reaching Level 3.



We have taken part in the Social Mobility Foundation benchmark and will use feedback from this as a gap analysis to develop our Social Mobility action plan.

We will also develop further guidance and support for managers and colleagues in conjunction with the Neurodiversity Working Group within EnAble with practical advice to help support people who are neuro-divergent.

Action:

- Have robust process for Equality Impact assessments throughout our internal change processes.
- Submit application for Level 3 Disability Confident Employer
- Analyse feedback from the Social Mobility Index and develop a social mobility action plan.
- Submit application to the Carer Confident Employers benchmark starting with Level 1.
- Develop guidance on managing and supporting disability and neurodiversity



Recruitment

We have made progress on embedding EDI considerations into our recruitment processes since 2019 but we need a holistic approach to EDI across all our campaigns. We will be launching a project focussing on Strategic Recruitment within our Transformation programme where we will focus on looking at different channels and methods of recruitment to ensure we are attracting diverse talent.

We will use our diversity data to target and reform aspects of the recruitment process. We will not be afraid to innovate in our approach to bringing diverse talent into Ofgem.

Action:

- Monitor and include EDI outcomes of recruitment campaigns in the EDI dashboard to analyse potential bias in the system and challenge different recruitment methods.
- Explore different channels for recruitment including targeting areas of low socio-economic background and ensuring processes work for people who are neuro-divergent.



Performance Management

As part of our Transformation Programme we will be reviewing our performance management approach to ensure it meets the needs of the organisation and is aligned with our move to a Professions model and our new Organisational Design structure. We will ensure there are equality, equity, diversity and inclusion considerations build into the design and that we have the right evaluation methods in place to ensure fair outcomes.

Action:

- To equality assess performance management proposals at design stage.
- To monitor, analyse and report performance management outcomes against EDI characteristics at mid and end year points.

Pillar 2: An Inclusive Culture

We want Ofgem to be a place where we all respect and value each other's abilities and talents. For this to become a reality for all of our people, we want to operate in an inclusive, open environment, one where diversity is respected and our differences valued. Fundamental to this is ensuring that the culture and behaviours of the organisation are inclusive otherwise we will lose diverse talent. Inclusion needs to be a mindset for everything we do in Ofgem, not an add on to the day job.

We have recently launched our Values. Our values underline what's distinctive about working at Ofgem, reinforce the things we do well, tell a story about the organisation we want to become and provide a common framework for the behaviours we want to see in our everyday work and interactions with each other. They will shape our culture and become part of the DNA and fabric of Ofgem – the way we do things here.

Behaviours that sit underneath these will be embedded into our performance management system so that people will be assessed not just on 'what' they deliver but 'how' they interact with and support people through their work. All staff will have a EDI objective and be held accountable for this.

This doesn't mean we all should agree all the time as diversity of thought is as important as lived experiences. However, we want to create brave spaces where we hold each other to high standards, seeking and giving constructive challenge and feedback. However, we must listen to each other and treat each other with professionalism and respect.

90% of our people who responded to our 2021 People Survey said they felt they were 'treated with respect by the people I work with'. However, our overall measure for Inclusion has dropped to 79% from 83% in 2020 so there is work to do.

We also acknowledge that this is not a consistent view across Ofgem; some groups feel that they are not treated as fairly than others. For example, 76% of Black and Minority Ethnic people working for Ofgem feel that they are treated fairly compared to 87% of their white colleagues – a difference of 11%. Similarly, there is a 15% differential between staff who consider themselves having a disability and those who don't.

When you look at figures on discrimination, those in under-represented or minority groups are proportionately reporting higher levels than majority groups.

We have a zero tolerance approach to bullying, harassment and discrimination within Ofgem. We have implemented a new policy but there is work to do to embed the policy and ensure we continue to work with HR team and our Fair Treatment Ambassadors, staff network groups and Trade Unions to ensure our Values are embedded and that we are dealing appropriately with any instances of poor behaviours.



Do the
right thing



Be bold to
make an impact



Make connections,
join forces



Be supportive,
be you



Take pride
in what we do

As part of our Transformation programme we will be defining desired behaviours as they are an essential component to having an inclusive culture. We will be undertaking an internal engagement exercise to support this and through focus groups, consultation with employee network groups and pulse surveys. The findings from pulse surveys and annual People Survey outcomes will help us to baseline our position and develop a clear action plan so that we can target cultural interventions to address areas for improvement.

We will also be looking at developing the capability of our leaders and supporting them to build successful diverse teams, inclusive leadership and valuing individual strengths through a leadership development programme.

Action:

- Develop a respect at work toolkit that helps equip teams/leaders to recognise and challenge inappropriate behaviours including bullying, harassment and discrimination.
- Analyse outcomes of the Values and Behaviours engagement exercises and pulse surveys from a EDI perspective and develop an action plan in conjunction with HR to address any inclusion issues.
- Analyse outcomes of the 2022 People Survey for Fairness and Inclusion and develop an action plan to address any priority areas.
- Ensure EDI is embedded in the development of a Leadership development programme.



Personal responsibility

We know real change starts when everyone engages. We want to help people engage with topics which may currently be outside their comfort zone or lived experience, and continue to build awareness, acceptance and understanding of difference. We have made a good start with the EDI Core Learning Series and numerous panel and awareness sessions that our staff network groups have held. Feedback from these sessions have shown they have helped build understanding of different lived experiences and barriers faced by individuals.

We want to continue this focus on understanding the impact of exclusion and on how we can better understand our own attitudes, behaviours and approaches to topics which can arise at work. We will work with our staff network groups and EDI Champion network to have a rolling programme of initiatives that are people-led and are evaluated to ensure they are adding value.

Action:

- Continue with the EDI Calendar of events ensuring they are linked to key awareness campaigns.
- Ensure staff network initiatives are linked with key strategic aims/deliverables and opportunities for intersectional approaches are maximised.



Pillar 3: Promote EDI externally

Ofgem is committed to improving equity, diversity and inclusion internally and across the energy sector – it is one of our top priorities and absolutely vital when addressing current challenges in the sector. We have worked hard but there is a long way to go and no time to waste, as we raise the bar even further and challenge the sector to join us on the journey.

Building on good work that has already been done will allow us to shape effective solutions based on experience and evidence, driving a data-led and robust step change.



Policy making and our Regulatory function

As the regulator of the energy sector, we recognise the real-life impact of the work that we do and the decisions we make. For example, we have heard directly from consumers of the detrimental impact of the rise in energy bills particularly on those who are on low incomes and are vulnerable. In all these areas, and many others, we will be a more effective regulator if we understand as much as possible about the different groups of people who will be affected by our work.



Equality impact assessments

Before making a decision we assess the impact of that decision on British consumers. We will gather customer insight to get the views of particular communities that we think may be particularly affected and ensuring the views of under-represented groups are made clear to our senior decision makers. Our consultation process means everyone has the opportunity to share their thoughts on any changes we're proposing before we make a decision.

We will explore how we can make our consultation process more inclusive, particularly among under-represented community groups. We will bring our vision of fairness by design into our governance framework so that when we are looking at a policy or reviewing equality impact assessments we can be confident that we have explored a broad range of views and reached a fair outcome.

Action:

- To capture data from under-represented groups as part of our customer insight processes
- To build inclusion considerations and equality impact assessments into all our business planning activities.

Our engagement across the energy sector has been positive. We actively participate in the Energy UK Equality & Diversity Forum, the UK Regulators Network (UKRN) EDI group and several other Networks including POWERful Women and Pride in Energy. We will also continue to partner with the BBC 50:50 Equality Project.



We hold annual EDI conferences partnering with Energy-UK and Energy Networks Association (ENA). At the 2022 conference we launched a 'Tackling Inclusion and Diversity in Energy' (TIDE) Taskforce to combine cross-sector EDI insights and evidence to inform robust outcomes, building on experience and expertise to share best practice and support bold industry-wide changes.

We will hold each other to account and share best practice as we raise the bar even further and challenge the sector to join us on the journey.

The taskforce will:

- Work in partnership with industry to develop an implementation plan and associated drumbeat of communications to drive incremental, visible change across the sector. This will include agreed tangible outputs and deadlines.
- Run initially for 18 months from September 2022 based on a set of smart objectives that will allow critical analysis of the group's success and inform its future delivery.
- Ensure that any learnings and best practice gathered are banked from the first year and used to influence longer-term initiatives, reporting and support organisations with their own EDI activity.
- Assign roles to liaise with other EDI groups across industry, Government and the supply chain to maximise output.

Action:

- Contribute to the delivery of Taskforce priorities and tangible outputs.



Ofgem as an inclusive employer

- We will continue our outreach activities that support the future talent pipeline including an under-representation of women in STEM but in line with our social mobility action plan we will target areas of low socio-economic background (SEB).

Action:

- Develop a clear outreach programme including targeting low SEB areas.



“We have developed a robust strategic EDI communication strategy which will be data-led with activities to support the three strategic pillars.”



Comms approach

We will ensure the Strategy is articulated in a specific way to ensure progress and success is measurable, and enhance accountability for delivery.

Our overarching equity, diversity and inclusion communications objective is to:

- Support colleagues and consumers from all backgrounds to feel represented and confident that Ofgem has improved equity, diversity and inclusion at the forefront of everything we do.

We have developed a robust strategic EDI communication strategy which will be data-led with activities to support the three strategic pillars of the strategy, considering internal and external audiences and stakeholders build upon the principles of:

- Maintaining an active conversation on EDI
- Championing authenticity
- Enabling change



Governance and accountability

We will implement regular and robust progress reporting to enhance accountability, and publish achievements and progress, and actively assess the success and impact of specific initiatives.

We are establishing a EDI Committee that will challenge and evaluate the progress against agreed actions in the strategic equity, diversity and inclusion plan and help to focus priorities for that year. Committee members will act as ambassadors in promoting an inclusive and diverse working environment where everyone is confident in being themselves at work.

It will be vital for the EDI Committee to maintain a strong link with ExCo who are accountable for agreeing the strategic action plan. They will also need to make links with the internal diversity networks and external 'Tackling Inclusion and Diversity in Energy' (TIDE) Taskforce.

The strategy will be reviewed annually by ExCo and GEMA but the EDI team will provide 6 monthly progress updates in order to evaluate progress and assess the impact of agreed actions.





