



Diversity

and inclusion

ofgem

Making a positive difference
for energy consumers

Ofgem Diversity & Inclusion Strategy

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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.

This Diversity and Inclusion Strategy sets out for the first time 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.

We will keep our Diversity and Inclusion Strategy under 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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Foreword

Ofgem's principal objective is to protect the interests of existing and future gas and electricity consumers. In our dual role as an employer and regulator, we are committed to creating an inclusive and diverse workplace and promoting equality and diversity in the industry we regulate.

There is a wealth of research that shows that more diverse and inclusive organisations are more successful. However, historically the energy sector has been one of the least diverse sectors in Great Britain (GB). While the sector is starting to wake up to, and seek to achieve, the benefits of making energy companies more inclusive workplaces, the need for this is greater than ever before.

A diverse workforce is not just about the characteristics protected in legislation: it is about capturing the benefits of having people with different backgrounds, skills and experiences. Evidence shows that an organisation that has people from a range of backgrounds and with a range of experiences will be more effective by bringing together new ideas and an ability to challenge established thinking.

The energy sector is undergoing a fundamental transformation, driven by smart meters and technological change. The energy sector in ten years' time will look unlike the sector today: companies working in the sector will need access to a far broader range of skills and capabilities to be successful.

In Ofgem, we value all our colleagues, regardless of their visible and non-visible characteristics, including their gender, background, ethnicity, age, nationality. We are better and stronger the more diverse we are. For us as the sector regulator, representation is important: if we are more representative of the consumers we serve, we will better understand their experiences of the energy market. Diversity is about being able to harness the views of people with a range of experiences and backgrounds; it is about more than just the "protected characteristics" in legislation, although these are an important way of thinking about the issue.

However, diversity is only half the story – to harness the benefits of a diverse workforce we need an inclusive culture, where everyone can bring their whole selves to work, offering their unique skills and experience to make Ofgem a success. And we want to see the same across the whole sector.

Setting an example as a more inclusive and diverse organisation means meeting, and exceeding, our statutory duties under equality legislation. But it is much more than a legal requirement or just a "nice thing" to do – it is a must-do, because it has a direct impact on our performance and ability to get better outcomes for consumers. It is also crucial to the organisation's commitment to better ways of working.

We are publishing this strategy and associated aspirational targets to demonstrate our commitment and hold ourselves to account for making progress.

We will review our strategy as required, but no later than 2021, when we will publish a revised version to cover the following three years.

Rob Salter-Church
Diversity Champion, Ofgem

Executive summary

It is morally right for a public body to focus on diversity and inclusion. However, our Diversity and Inclusion Strategy is also part of our broader commitment to making Ofgem a high-performing organisation that regulates effectively the energy markets to achieve good outcomes for consumers.

Through this Strategy, we are seeking to:

- Build a diverse and inclusive workforce which better reflects the GB population we serve
- Make our workplace culture a more inclusive one where everyone can be their true selves and flourish
- Work with, and influence, other organisations across the energy sector to improve diversity and inclusion

We are setting ourselves a number of aspirational long-term targets to hold ourselves to account for achieving these objectives:

We will improve the broader data we have on the diversity of Ofgem. This will allow us to consider setting additional targets, once we enough information to make informed decisions.

We are creating new organisational structures to ensure that from the Board down to teams and individuals there is a focus on making Ofgem a more inclusive organisation with a workforce that better represents the consumers we serve.

1. Introduction

Ofgem

- 1.1. Ofgem¹ is the administrative body that supports the Gas and Electricity Markets Authority (the Authority) in its role as the economic regulator for the gas and electricity industries in GB. The Authority determines strategy, sets regulatory policy priorities and takes decisions on a range of matters.
- 1.2. The Authority's powers are provided for under a range of legislation including the: Gas Act 1986; Electricity Act 1989; Utilities Act 2000; Competition Act 1998; and, Enterprise Act 2002.
- 1.3. Our priority is protecting and making a positive difference for all energy consumers through promotion of value for money, security of supply and sustainability, for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.
- 1.4. Our core purpose is to ensure that all consumers can secure good value services from the energy market. In support of this, we favour market solutions with practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change, while protecting consumers.

Diversity & Inclusion Strategy

- 1.5. 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.
- 1.6. In 2013/14, we published our Single Equalities Scheme (SES) and associated Action Plan. This sets out our approach to our staff, internal processes, policy development and decision-making. We said we would review our SES during 2019, and some of the agreed updates are reflected in our Diversity and Inclusion Strategy.
- 1.7. Our Diversity and Inclusion Strategy is broader in scope than the SES. We believe there is more we can do to provide the framework necessary to facilitate a truly fair and inclusive working environment and to capture the business benefits of diversity.
- 1.8. Ofgem's Diversity and Inclusion Strategy highlights the extra ambition that Ofgem has to provide such a framework.

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. In this document we use the term "Ofgem" to mean both "Ofgem" and the "Gas and Electricity Markets Authority" (the Authority), except where we refer expressly to "the Authority" in its statutory decision-making role.

1.9. This Diversity and Inclusion Strategy sets out our organisational objectives in relation to equality, diversity and inclusion:

- **Building a diverse and inclusive workforce which better reflects the GB population we serve**
- **Making our workplace culture a more inclusive one where everyone can be their true selves and flourish**
- **Working with, and influencing, other organisations across the energy sector to improve diversity and inclusion**

1.10 We expand on these objectives below and outline what actions we will take forward during 2019-21.

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

2. Objective 1: to build a diverse and inclusive workforce which better reflects the GB population we serve

What do we want to achieve?

Inclusive and diverse recruitment

- 2.1. An approach to recruitment that prioritises the elimination of bias and promotes inclusivity is critical to achieving a diverse and open culture. We want to recruit from the broadest range of available talent in the GB population and create a workforce from a diverse range of backgrounds, with different skills, capabilities and ways of thinking.
- 2.2. Managers and other staff involved in recruitment should be aware of Ofgem's recruitment practices, and we will audit post-recruitment to ensure these practices are followed.
- 2.3. We will participate in programmes across the Civil Service to encourage women and BAME staff to pursue positions in leadership and in Science, Technology Engineering and Mathematics (STEM) discipline.

Equality in retention

- 2.4. All employees should have equal opportunity and importantly should want to remain working in Ofgem. We will monitor the successful retention of all distinct groups of staff, including women, BAME members of staff, LGBT+ staff, carers and staff with disabilities. We will measure this by examining factors such as: progression within and between bands, elimination of any relevant pay gaps and feedback from staff through periodic surveys.

A more representative workforce

- 2.5. An important part of assessing whether Ofgem's existing recruitment and retention practices are yielding a diverse workforce is to review statistics on the representation across Ofgem. A diverse workforce is about more than just considering the "protected characteristics" as set out in legislation, although given the availability of data, this is a good place to start.
- 2.6. Similar to the rest of the civil service, Ofgem structures its job roles into grades from Grade A, the most junior, all the way through to Grade E, followed by the most senior roles, referred to as Senior Civil Servant (SCS).
- 2.7. Although 44% of Ofgem's workforce is female, with an almost equal distribution of men and women across Bands A-C, women cluster at Band C whereas men cluster at Band D. Just a third of SCS staff are women. Data shows that 21% of Ofgem employees identify as BAME and they tend to be clustered at Band C, with BAME women standing out because they cluster at Bands B-C.
- 2.8. We want to eliminate the underrepresentation of any particular group of staff to ensure we are representative of the consumers we serve. For reasons of data

availability, we are signing up now to aspirational targets relating to the representation of all female and BAME female staff as shown below.

- 2.9. We are committed to achieving equal representation of men and women at each band, and to increasing representation of BAME staff at all bands to be more consistent with their existing and projected representation in the national population we serve. In setting these targets we have looked at the proportion of groups in the GB population, and analogous targets set in similar organisations to Ofgem such as central government departments (e.g. BEIS) and other regulators (e.g. Ofcom).
- 2.10. Data availability means that it is not possible to draw meaningful conclusions about the representation of staff by any other characteristics, such as sexual orientation, disability status and staff with caring responsibilities, or the diversity of the workforce more broadly, for example considering the social and economic backgrounds. We are therefore committing to improve our data collection processes. This will help us to develop future actions for improvement and to consider whether to set further aspirational targets for different groups or characteristics.

Table 1
Ofgem’s aspirational targets for the representation of all female and BAME staff by grade

	Now	2025 Ambition						
Grade	A-C		D		E		SCS	
Female (all)	47%	50%	45%	50%	33%	50%	33%	50%
BAME (all)	27%		16%		9%	18%	12%	18%
Female (BAME)	14%		8%		4%	9%	3%	9%

Notes: Row 1 presents the proportion of all women at Ofgem in each grade and the corresponding aspirational target.
 Row 2 presents the proportion of all BAME staff at Ofgem in each grade and the corresponding aspirational target for Bands E and above where they are underrepresented.
 Row 3 presents the proportion of BAME women at each grade in Ofgem and the corresponding aspirational target for Bands E and above where they are most underrepresented

- 2.11. These are not quotas but aspirational targets that we will strive to achieve over time. No preferential treatment will be given in recruitment to move us towards these targets. Where representation already exceeds the 2025 ambition we have not set a formal target, but continue to monitor representation. More broadly, we will keep our aspirational targets under review.
- 2.12. Whilst the targets are a driver for change, we believe that making sure our processes and organisational culture are inclusive is more important than a number, and we need to remember that our commitment to diversity is wider than just these

characteristics. To ensure we are making progress we will review and publish our progress against the actions we commit to later in this document.

2.13. Ofgem’s gender pay gap – the difference in mean earnings between men and women – was 5.8%, as of 31 March 2017.² This is lower than the national average³ gender pay gap and in some cases lower than, but in other cases higher than, some of the bodies that we regulate. Using a similar methodology for calculating the gender pay gap, BAME staff earn an average of 11% per year less than non-BAME staff. The gender pay gap also creates a *double disadvantage* for BAME women. This is the rationale for having a specific BAME female staff target for the most senior roles in Ofgem.

2.14. In line with other organisations, we judge that there is no need, at this point, to set specific pay gap targets. Our own data analysis suggests that, as in other organisations, a major driver of the gender⁴ and ethnicity pay gaps at Ofgem is the unequal distribution of female and BAME staff across bands. In other words, by addressing inequalities in representation, Ofgem should be able to reduce substantially, if not close, its pay gaps.

How will we get there?

Review recruitment and HR policies and practices

<i>Action</i>	<i>To be completed latest by</i>
Review advertising approach for Ofgem vacancies, including graduate programme, with objective to broaden applicant pool	2020
Briefings with all recruitment partners used by Ofgem on our commitment to diversity and inclusion and targets	2020
Introduce a requirement on all interview panels to ensure (as much as possible) a broad representation across interview panel members, for example, in terms of ethnicity	2020
Introduction of blind recruitment throughout Ofgem	2021

Take positive steps to attract, retain and develop colleagues from underrepresented groups

<i>Action</i>	<i>To be completed latest by</i>
Work to embed and build on Ofgem’s Disability Confident Scheme accreditation	2020

² <https://www.ofgem.gov.uk/publications-and-updates/gender-pay-gap-ofgem-sdata>

³ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/understandingthegenderpaygapintheuk/2018-01-17>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/gender-pay-gap-ofgem-sdata>

Embrace Network-led 8 week coaching programme for BAME colleagues	2020
Review diversity information to identify potential barriers / blockers to the progression of women and BAME colleagues to generate actions for future iterations of Diversity and Inclusion Strategy. Develop actions relating to other groups (e.g. those with disabilities) based on further analysis of data and consideration of data collection issues.	2020
Introduce mentoring scheme for BAME colleagues, including joining up with other organisations to identify pool of mentor	2020
Introduce reverse mentoring scheme for senior leaders and managers	2020
Scope out options for collaborating with schools to address the shortage of schoolgirls of any ethnicity pursuing STEM subjects e.g. start off by hosting an event with local schools in Tower Hamlets	2020
Consider and decide on whether to pilot participation in Tower Hamlets Apprenticeship scheme	2020
Work with Ofcom on engaging with state schools to encourage underrepresented groups to pursue careers in economics	2020
Consideration of issues relating to reporting of health conditions, disabilities (including 'invisible' conditions) and impairments. Work to ensure self-reporting of disability and LGBT+ and other characteristics closely matches national averages.	2021

Improve quality of diversity data and introduce regular reporting

<i>Action</i>	<i>To be completed latest by</i>
Implement new data management system for monitoring and reporting on diversity and inclusion	2020
Work with HR to include personal information declaration as part of new induction programme	2020
Report on implementation of Diversity and Inclusion Strategy every quarter to all Ofgem, with annual report on progress against targets	Ongoing
Complete review of organisational objectives set out in Ofgem's SES	2020

3. Objective 2: to make our workplace culture a more inclusive one where everyone can be their true selves and flourish

What do we want to achieve?

An inclusive culture

- 3.1. We regard any discrimination, bullying or harassment as unacceptable. However, we want to go further than having zero tolerance on bullying, harassment and discrimination. We want to create an organisational culture that is positive about diversity and personal differences, that values the difference in backgrounds and perspectives that people can bring to a team and to their work.
- 3.2. We want Ofgem to be a place where people can positively be their true selves, because we understand that if people feel that they need to hide or hold back important aspects of who they are, they are unlikely to bring their whole energy and creativity to the workplace.
- 3.3. In our 2018 annual staff survey, the large majority of people felt that Ofgem was committed to creating a diverse and inclusive workplace and respected people's differences. In the index that measures the extent to which employees are "flourishing" in the workplace, Ofgem rates 73%, one percentage point below the overall civil service average. We want to see Ofgem recognised as a great place to work that embraces people's differences and supports everyone to succeed. We will measure our success through a range of indicators in the annual staff survey.

Tackling bullying and harassment

- 3.4. Based on the Sue Owen review⁵ into bullying and harassment in the civil service, and the Equality and Human Rights Commission's report into workplace sexual harassment⁶, we want:
 - An anti-harassment policy that takes both low-level and 'serious' harassment seriously, and which recognises the particular circumstances and vulnerabilities of people experiencing or witnessing bullying and sexual harassment in the workplace
 - Improved training for line managers and staff
 - Clear and appropriate reporting procedures, including anonymous reporting tools (with a clear check-list to indicate what behaviour constitutes harassment-to minimise risk that only 'serious' harassment/bullying is reported)
 - Unbiased handling of complaints and protection for complainants
 - Procedures to protect people reporting sexual harassment from victimisation

⁵ <https://www.gov.uk/government/publications/bullying-harassment-and-misconduct-review>

⁶ <https://www.equalityhumanrights.com/sites/default/files/ending-sexual-harassment-at-work.pdf>

- A review into whether the complainant is the best person to decide whether a claim is escalated and to pursue a resolution through HR
- Clear policies and processes communicated through induction and training

Procedures on parental leave and caring responsibilities

- 3.5. We want to achieve a process where every person involved in parental, maternity or paternity leave feels supported throughout and after they return from leave, regardless of gender.
- 3.6. We want to create an environment in which people with caring responsibilities are not disadvantaged in any respect compared to staff without caring responsibilities.

How will we get there?

An inclusive culture

<i>Action</i>	<i>To be completed latest by:</i>
Include Diversity & Inclusion awareness as part of new Ofgem induction programme	2021
Ensure that everyone in Ofgem is trained in avoiding unconscious bias (through e-learning and team-based sessions)	2020
Organising and encouraging regular Ofgem events that celebrate or highlight inclusivity (e.g. Pride in London, International Women’s Day, Carers Rights Day)	Ongoing
Create new Diversity & Inclusion section on staff intranet (The Wire)	2020
Highlight stories that celebrate inclusivity and diversity in internal and external communications on a regular basis	Ongoing
Complete review of organisational objectives set out in Ofgem’s SES	2019
Engage with external organisations over the needs of different types of consumers during planned meetings e.g. RNIB	Ongoing

Procedures on parental leave and caring responsibilities

<i>Action</i>	<i>To be completed latest by</i>
Review bullying and harassment policies and processes, in particular to improve monitoring of incidents and consider the roles of line managers/HR in escalating and resolving incidents	2020

Review parental leave policies, based on research undertaken by Women's Network (and to include encouraging male colleagues to consider taking parental leave)	2020
Review Flexible Working policy and remote working facilities to identify potential barriers and limitations	2020
Include Diversity & Inclusion awareness as part of new People Managers Development programme	2021
Work to embed and raise awareness of the Civil Service Carers Passport which has recently been adopted by Ofgem and to ensure that all HR policies are carer-friendly	2020

4. Objective 3: working with, and influencing, other organisations across the energy sector to improve diversity and inclusion

What do we want to achieve?

- 4.1. The global energy sector is generally recognised as being one of the worst performing sectors for diversity:
 - According to Energy UK, despite representing 619,000 jobs, five percent of GDP and over two percent of all jobs in the UK, the energy industry has fallen behind other equivalent industries in key indices such as the Stonewall Workplace Equality Index.
 - According to Renewable UK, 6% of the top 80 UK energy companies have all-male boards, and only 7% of these executive board seats are occupied by women.
 - Using publically available gender pay gap data, we estimate that the median gender pay gap in the industry is ~20%, but data is not available on other characteristics to assess the extent to which pay gaps extend beyond gender.
- 4.2. As the GB regulator, we have direct influence over a significant proportion of the British energy sector (wholesale and retail markets, transmission and distribution), and significant indirect influence as a key part of the energy landscape (alongside Government, energy system participants and representative bodies). As such, we would like to use this position of influence to support and encourage improvements in sectoral diversity, where it is appropriate for us to do so.
- 4.3. Our duties require us to have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes or live in rural areas. We are also able to take into account the needs of other groups of consumers. We have embedded this through our Consumer Vulnerability Strategy, which we are updating in 2019. We run an open and transparent approach to policy development. In 2017, we reviewed our approach to our policy consultations to improve the ways we engage with stakeholders in the policy development process.
- 4.4. We will ensure that diversity and inclusion are highly visible themes in our public events, speeches and stakeholder engagement activity. This will also carry across into our industry engagement, where (building on our shared approach to evidence and targets) we will seek to encourage transformative changes in the GB regulated energy sector.
- 4.5. There are some great examples of good practice across the sector, where organisations are taking steps to improve diversity and inclusion. We want to learn from other organisations and share Ofgem best practice to help the sector as a whole become more diverse and representative. In doing this, the sector as a whole can be more representative of the consumers it serves.
- 4.6. There are considerable gaps in the evidence base for diversity and inclusion across the energy sector. We will work with like-minded organisations to develop a shared understanding of our sector, and actively use this information to underscore the importance of diversity to the current and future energy system.

How will we get there?

<i>Action</i>	<i>To be completed latest by</i>
We will ensure that diversity and inclusion themes are prominently featured throughout our corporate communications, and linked to meaningful (cross-sectoral) objectives, such as increasing the proportion of women and other underrepresented groups in senior roles	Ongoing
Active participation in Energy UK Equality & Diversity Forum, to share best practice	Ongoing
Review – in line with our duties under the Equality Act 2010 – how we make information we publish easily accessible to all	2019
Active participation in cross-sector equality and diversity networks (e.g. Pride in Energy, POWERful Women)	Ongoing
Consider whether to include diversity and inclusion requirements for procuring third party services for Ofgem to the extent permissible by procurement law	2019
Raise diversity and inclusion as a key issue when meeting with energy industry stakeholders	Ongoing

5. Governance of Diversity and Inclusion Strategy

5.1. In this section, we illustrate how our Diversity and Inclusion Strategy will form part of our corporate governance

5.2. At a **governing body** level:

- The **Authority** will review progress against the Diversity and Inclusion Strategy twice yearly.
- Within the Authority's sub-committee structures, the **People and Remuneration Committee** formally reviews diversity data and Staff Survey developments, and will formally receive updates on progress with the Diversity and Inclusion Strategy prior to reports going to the Authority.

5.3. At a **corporate** level:

- Activity will be overseen by an **SCS Diversity Champion**, working with and through a newly formed **Diversity and Inclusion Panel**, formed of staff representatives from across the organisation.
- Day-to-day priorities will be driven by a new **Head of Diversity and Inclusion**.
- The **HR team** will provide regular updates on our workforce data, in support of our Objective 1 and 2 actions.
- The existing **Diversity Networks** (Embrace Group, EnAble, LGBT+ Network, Women's Network, Wellbeing, Young Professionals Development Network) will continue their key role in acting as a staff-led mechanism to identify staff concerns and feelings.

5.4. At a **team and individual** level:

- Diversity and inclusion already forms part of SCS performance objectives and will increasingly appear as a key part of our staff appraisal and performance system.
- Teams will be regularly challenged to identify and take forward actions that can encourage the Diversity and Inclusion Strategy objectives. These actions will be 'bottom-up' and ownership will be encouraged across all staff.