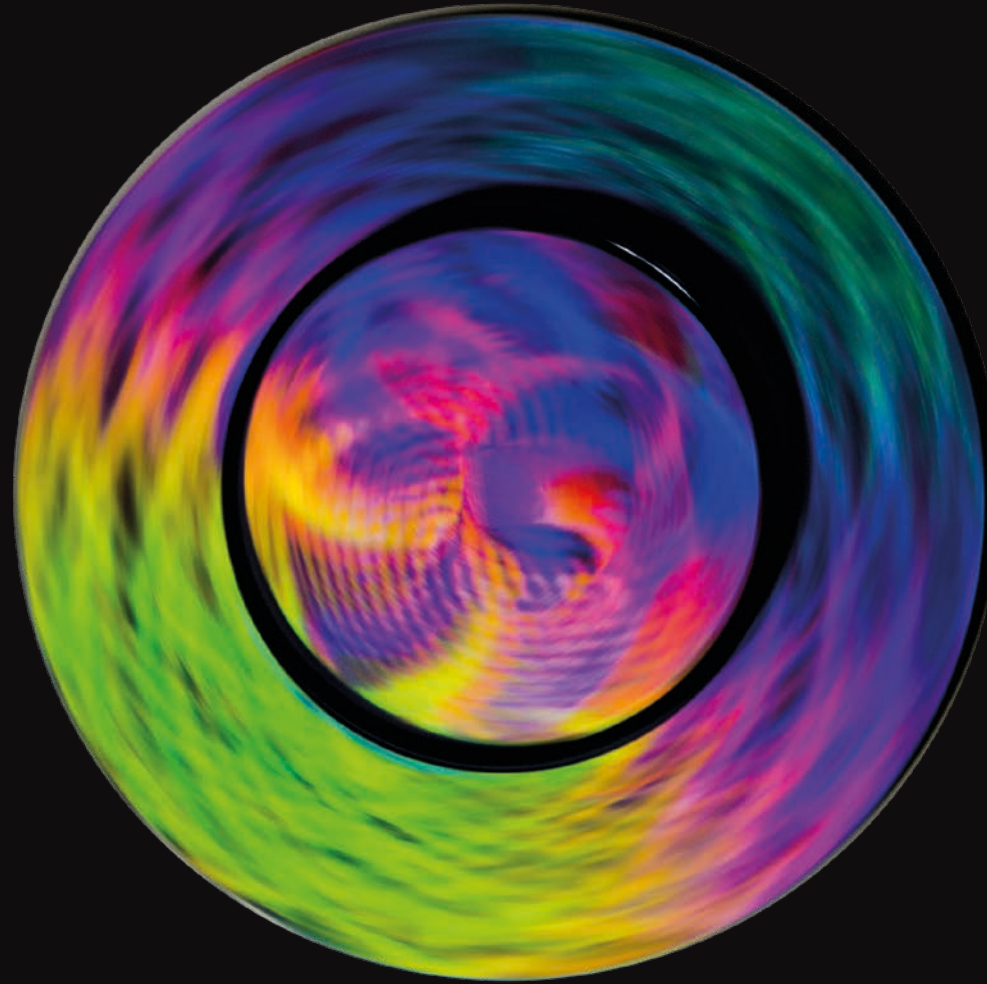# Deloitte.

Deloitte UK
2019 Ethnicity Pay Report

Since voluntarily publishing our ethnicity pay gap for the first time in December 2017, we have continued to focus on improving Black, Asian and Minority Ethnic (BAME) representation in our organisation, as well as being more vocal about this externally. We are proud to have been one of the first organisations to sign the Race at Work Charter developed by the government and Business in the Community (BiTC) and we welcome the government consultation on ethnicity pay gap reporting.

This report sets out our second ethnicity pay gap report and our accompanying narrative. As with our first report, we have followed the statutory gender pay gap reporting methodology when calculating our gap. However, this year we have also calculated and reported our total ethnicity earnings gap* – a view that looks at our firm as a whole, with total earnings of both our employees and our equity partners used to provide a mean and median calculation. We have committed to publishing this each year (as we have also done for our gender pay gap reporting).

We know that our ethnicity pay gap is driven by a lack of BAME representation at senior levels – a factor which we are working hard to address.

As with gender, we have been clear that programmes alone aren't enough and we have thus focused on ensuring that we always provide an inclusive working environment that is underpinned by respect at all times – one where everyone can thrive, develop and succeed – and that all our people are able to balance a successful career with commitments outside work. On top of this important foundation, we have focused on delivering our BAME action plan – a series of actions aimed at ensuring that we are able to attract, develop and retain BAME talent.

Comparing our figures with last year shows a slight increase in our mean and median pay gap figures, a larger increase in our mean bonus gap figure and a reduction in our median bonus gap figure. However, a reduction in our disclosure rates (from 83.1% last year to 75.4% this year) – caused by natural attrition and headcount growth – makes a true year-on-year comparison challenging. As a firm that recruits approximately 4,000 people each year, ensuring that new joiners feel comfortable in disclosing their ethnicity data is critical to our ability to determine actions and measure their impact; thus, this year we have also embarked on work to encourage such disclosure at the time of entry to the firm. .

We are clear that, while we still have much to do, meaningful progress is being made. We were proud to be listed as one of BITC's Best Employers for Race for the second year running and as a Top 10 Employer in the Investing in Ethnicity Awards.

Emma Codd, Managing Partner for Talent

* As the gender pay gap methodology excludes equity partners (who, as owners of the business, do not receive either a salary or bonus), we have instead sought to provide one mean and one median calculation for the whole firm, including equity partner earnings. This takes employee salary and bonus, together with all equity partner earnings for one year, and applies the gender pay gap calculation.
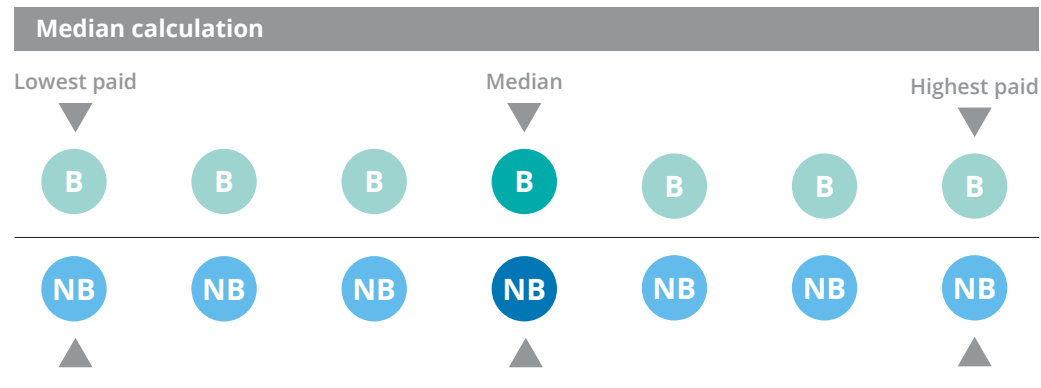
Ethnicity pay gap reporting explained

The ethnicity pay gap shows the difference in the average hourly rate of pay between BAME (Black, Asian and Minority Ethnic) and non-BAME individuals in an organisation, expressed as a percentage of the average non-BAME earnings. An ethnicity pay gap can be driven by a number of factors including, crucially, a lack of BAME representation in senior positions.
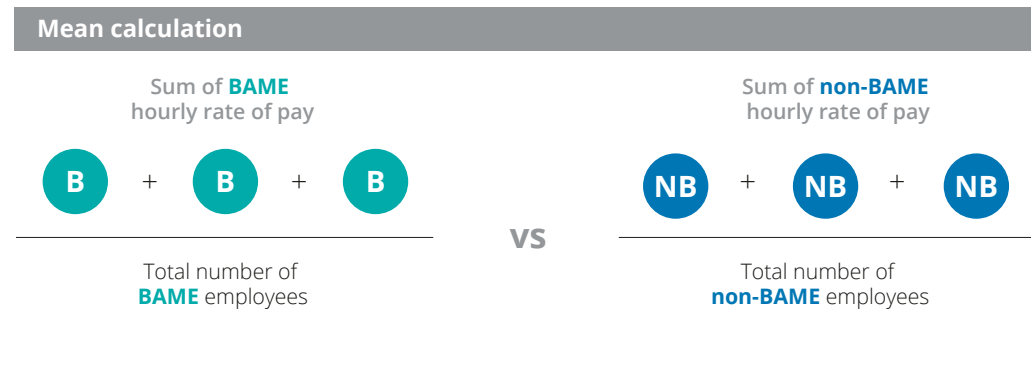
It is important to note that this is different to the issue of equal pay – namely the legal requirement to pay two individuals the same for equal work – which is governed by the Equality Act.

We have chosen to use the same calculation methodology set out by the Government Equalities Office ("GEO") for gender pay gap reporting, for our mean and median ethnicity pay gap, bonus gap, and distribution across pay quartiles. However unlike gender, our ethnicity disclosure rate is not at 100% (currently it stands at 75.4%); thus, any individuals with undisclosed ethnicities (around a quarter of our firm) are excluded from our calculations.

Distinguishing between median and mean

Median calculation

Lowest paid   Median   Highest paid

B   B   B   **B**   B   B   B

NB   NB   NB   **NB**   NB   NB   NB

The median is the figure that falls in the middle of a range when the wages of all relevant employees are lined up from smallest to largest. The median gap is calculated based on the difference between the employee in the middle of the range of BAME wages and the middle employee in the range of non-BAME wages.

Mean calculation

Sum of **BAME** hourly rate of pay

B + B + B
_____
Total number of **BAME** employees

VS

Sum of **non-BAME** hourly rate of pay

NB + NB + NB
_____
Total number of **non-BAME** employees

The mean is calculated by adding up the wages of all relevant employees and dividing the figure by the number of employees.

The mean ethnicity pay gap is calculated based on the difference between mean BAME pay and mean non-BAME pay.

Since the GEO methodology excludes equity partners (who do not receive a salary or bonus) we have also published an important additional mean and median calculation to further increase transparency, namely our total ethnicity earnings gap. Our total ethnicity earnings gap accounts for the average difference in the total remuneration of BAME and non-BAME individuals in our organisation – including both employees and equity partners.

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At a glance

Headline ethnicity pay figures for Deloitte UK

The tables below show our overall median and mean ethnicity pay and bonus gap based on hourly rates of pay as at the snapshot date of 5 April 2018, and bonuses paid in the year to 5 April 2018.

All calculations are based on an ethnicity disclosure rate of 75.4%.

	Median	Mean
Ethnicity pay gap	7.9%	12.9%
Ethnicity bonus pay gap	25.0%	45.0%
Total earnings gap	10.6%	43.9%
The proportion of **BAME** and **non-BAME** individuals receiving a bonus payment	Non-BAME 72.4%	BAME 60.5%

Proportion of BAME and non-BAME in each quartile band		
Quartile	BAME	Non-BAME
Upper	16%	84%
Upper Middle	26%	74%
Lower Middle	28%	72%
Lower	21%	79%

Understanding the gap

- The analysis of our ethnicity pay gap figures tell us that our ethnicity pay gap as at April 2018 arises because BAME individuals hold fewer senior positions within the firm than non-BAME individuals. While BAME people made up 22% of our overall workforce in April 2018, only 5% of our partners and 10% of our directors (the grades attracting the highest levels of remuneration) are BAME.

- While our analysis shows that our bonus gap is primarily driven by a lack of BAME representation at senior levels (at which our highest bonus amounts are typically paid), a lack of voluntary ethnicity disclosure limits our ability to provide a full picture of the firm-wide spread of bonus payments from an ethnicity perspective. It should also be noted that in the period to which this report relates our people at manager grade and below (where we have the highest declared levels of BAME representation) received proportionally fewer bonuses than those in more senior positions.

- We continue to monitor all reward decisions from an ethnicity perspective to ensure that our processes are free from bias; all reward recommendations are reviewed through both an ethnicity and gender lens and any discrepancies are challenged by both our CEO and Managing Partner for Talent prior to final sign off.

- Our analysis also reveals a factor which reflects the fact that our firm has offices across the UK – namely that location of our BAME employees has an impact on our ethnicity pay gap. Indeed, our average mean ethnicity pay gap within grade pools is around -2.4% (i.e. in favour of BAME employees) due to the fact that 74% of our BAME employees are based in London where salaries are on average higher. In comparison, only 58% of our non-BAME employees are based in London.

- We continue to focus on increasing our disclosure rates, in particular amongst new joiners to the firm, in order to ensure that our calculations are reflective of our whole organisation and that we can better track year-on-year trends.
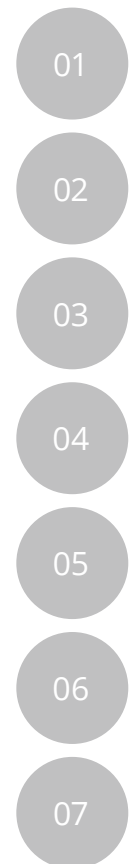
Delivering on our BAME action plan

- In late 2016, analysis of our engagement survey identified that our BAME employees were less engaged than their non-BAME counterparts. This led to in-depth analysis of other data relating to recruitment, engagement, performance management, and attrition from an ethnicity perspective. It also led to focus groups with BAME employees so that we could hear the lived experiences of our BAME people.

- This analysis and information gathering identified a number of possible 'pain points' within our career lifecycle – for example, our student recruitment data showed that we were receiving significantly less BAME applicants than non-BAME counterparts, resulting in less BAME candidates recruited at student level. Our BAME employees also told us that they wanted to see more visible role models, both within and outside the firm.

- In July 2017 our firm's CEO and leadership team ratified our BAME action plan. This extensive and detailed plan sets out clear actions aimed at addressing those possible 'pain points' during our career lifecycle – these actions focus on attracting, developing and retaining BAME employees; it also focuses on actions relating to engagement.

- At the same time we set targets, in line with the Parker Review, relating to BAME representation in the senior levels of our firm, as set out below.

Our BAME action is underpinned by our on-going focus on our culture, namely always providing an inclusive culture under-pinned by respect.

BAME targets

- As noted above, in 2017 we put in place a target that by 2021 10% of our partners would be BAME, our Executive committee would have at least one BAME member, and each of our business leadership teams would include at least one BAME member.

- Today only 5% of our partners are BAME; while this is up from 3.9% in 2013, we recognise that this is not good enough. Last year around 10% of those promoted to partner were BAME and we have a growing pipeline.

Recruitment actions

- Over the past 4 years we have reviewed all of our recruitment processes from a diversity perspective; this has led to a number of actions, including the introduction of: contextualisation; name- and academic institution-blind recruitment; a strengths-based assessment approach, which enables us to identify potential as opposed to past experience; as well as moving away from a traditional student rolling recruitment process.

- However, as noted above, our analysis of data in 2017 showed that we were receiving proportionally fewer applications from BAME candidates to our student programmes; thus, in 2017 and 2018 we have worked hard to widen our pool of target universities to include more institutions with higher BAME representation. We have also ensured we are more appropriately represented on campus from a diversity perspective, including working closely with our multi-cultural network.

- The actions we have taken in relation to our student recruitment activities are already showing positive results. For our Autumn 2018 student intake, 29% of those recruited were BAME, up from 26% the year before. We continue to focus on ensuring that all of our recruitment efforts, both at a student and experienced hire level, attract a more diverse mix of people including working hard to increase BAME representation next year and beyond.

Proportion of BAME partners
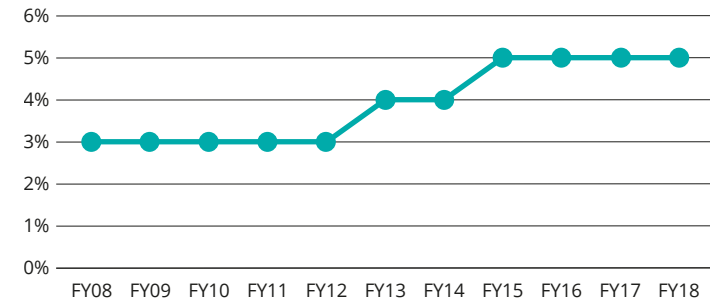
Proportion of BAME directors
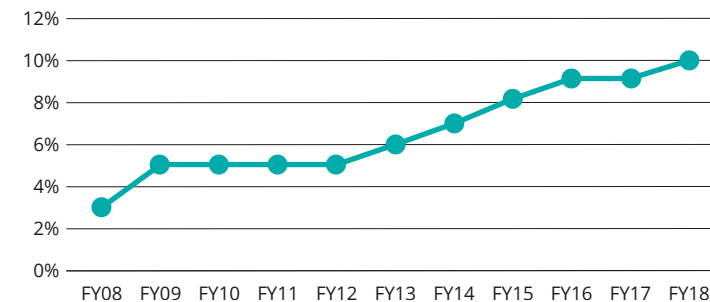
Delivering on our BAME action plan

Reward and progression

- In order to make meaningful progress we need to ensure that our pipeline of future BAME leaders increases through retention of those who join our firm at more junior levels and through recruitment (and then retention) at more senior levels. As such, each business reviews their talent pipelines through an ethnicity lens (as with gender) to ensure that they are identifying talented future leaders and providing them with appropriate development support to achieve their potential.
- In addition, as described above, all promotion and reward recommendations are thoroughly reviewed from an ethnicity perspective and challenged by our CEO and Managing Partner for Talent prior to final sign off. Looking at our main-grade promotions in September 2018, 16% of those promoted were BAME – this represents 29% of the eligible BAME population (compared to 27% of the eligible non-BAME population).

Other actions

- We continually measure progress from an ethnicity perspective and ethnicity is a regular agenda item at our Executive meetings.
- We continue to focus on improving the quality of the diversity data by encouraging all of our people to disclose their ethnicity data. We know that this will not only improve the accuracy of our reporting but will enable us to ensure we are continuing to focus on the right things.
- Our focus on BAME also extends to the external market, with our BAME on Boards Programme introduced in 2017 to promote ethnic diversity on UK boards – in line with the recommendations from the Parker Review. This educational and networking programme is part of our Deloitte Academy offering and supports senior BAME leaders with the ability and ambition to be considered for a non-executive board director position at a UK-listed company.

Awards and recognition

While we still have work to do, we are proud that our efforts to date have been recognised through the following:

- Listed in the BiTC Best Employers for Race ranking in 2017 and 2018
- Awarded 'Best benefits to support D&I' at the Employee Benefits Awards 2018
- Named as a Top 10 Outstanding Employer in the Investing in Ethnicity Awards 2018
- Emma Codd, our Managing Partner for Talent, named as a Top 8 Champion Ally at the Investing in Ethnicity Awards 2018
- Multiple colleagues named in the EMpower Ethnic Minority Role Models lists in 2017 and 2018

BAME Advisory Council
In 2017, we established a BAME Advisory Council, a group of BAME employees at different grades and from different parts of the firm, who regularly meet with the Managing Partner for Talent and provide input on the firm's talent strategy. This group also plays a consultancy role as we continue to develop new initiatives and programmes to support our BAME people.

Reverse mentoring
During 2018, we piloted a reverse mentoring programme, pairing junior BAME (and female) employees with partners from a different business area. The pilot programme has received very positive feedback and, as such, we will be rolling out the programme again in 2019.

Not in your own image
In 2018 we successfully piloted our 'Not in your own image' sponsorship programme for senior leaders to sponsor and mentor diverse talent; we are now working on plans to roll this programme out across our business. Participants benefited from presentations, bespoke learning and development modules and peer networking sessions.

Cross-organisational mentoring
A number of our BAME employees and one of our BAME partners participated in BITC's Race Mentoring Circles programme, and we have a further cohort taking part this year. We have also joined EMpower, enabling more of our BAME partners and employees to take up mentoring and other career development opportunities.

EMpower
Our new EMpower membership not only provides our BAME people with mentoring and development opportunities; it also gives the firm a seat on their steering committee, enabling us to help drive the BAME agenda beyond Deloitte.

Multicultural Network (MCN)
The Multicultural Network is a firmwide community open to anyone with an interest in learning about different cultures and the key issues faced by BAME employees. With over 600 members and an active committee, MCN focuses on empowering and supporting BAME professionals to develop, grow their personal networks, connect with our clients and the wider community. It raises awareness of BAME issues both internally and externally and supports central teams to embed diversity into our business. In addition, it celebrate that everyone, regardless of their race or culture, brings a unique and valuable contribution to Deloitte.

Focus on our culture and working environment

- We recognise that none of our BAME actions will succeed without the right culture and working environment. To this end, we have relentlessly focused on providing a working environment that is truly inclusive, underpinned by respect at all times.

- Through our award-winning 'Ask Yourself...' film we have sent a clear message to our people and others that we will judge every person only on the value they can – or could – bring.

- We believe that diversity – across all dimensions – is an outcome of an inclusive and respectful culture. We are clear that all of our people have a part to play in ensuring we always provide an inclusive environment.

- In 2015 we launched our Respect and Inclusion action plan and since then, we have rolled out mandatory inclusive leadership workshops to over 6,000 of our partners, directors and senior managers and established of a network of R&I Advisors to provide a safe way to escalate issues throughout the firm. In 2018 we rolled out updated mandatory inclusive leadership sessions to all our partners and these are currently also being rolled out to all our directors; these sessions were an update to the first sessions undertaken in 2015.

- As a further step in promoting R&I throughout the firm, in December 2018 we launched mandatory online learning to bring to life the importance of behaving in a respectful and inclusive way and share important resources for support and the escalation of issues.

Ask yourself...

We believe that diversity – across all dimensions – is an outcome of an inclusive and respectful culture. We are clear that all of our people have a part to play in ensuring we always provide an inclusive environment.

We recognise that none of our BAME actions will succeed without the right culture and working environment. To this end, we have relentlessly focused on providing a working environment that is truly inclusive, underpinned by respect at all times.

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Case studies

Reverse mentoring

Lerato Marema

Manager, Real Estate, Manchester

In 2018 Lereto took part in Deloitte's pilot reverse mentoring scheme.

"When I saw an email asking for volunteers to take part in a reverse mentoring programme I knew I wanted to be involved. I think firms should represent the diversity of society and of their clients. I thought this would be a great opportunity to understand what the firm and its leadership were doing to hit their ethnicity and gender diversity targets. I also wanted to better understand the challenges they faced in hitting those targets.

My mentee was a senior partner in our Risk Advisory practice in London. We met once a month over a period of six months and each session covered a range of issues, from respect and inclusion in the workplace, the challenges of recruitment and retention of BAME employees to the millennial mindset and the importance of resilience.

I really enjoyed being able to give my personal perspective of what can hold women back in the workplace, and in particular BAME women. There are a lot of subtle issues that we face and I know the partner valued my insight into the unseen or underlying challenges. I also spoke to my mentee about the importance of coaching and sponsorship and how having someone senior supporting your development makes such a difference.

Overall the reverse mentoring programme has been a huge eye-opener for me. I've loved having such open and honest conversations with such a senior leader in the firm. It has also given me a greater sense of empowerment and helped my confidence – both of which will support me in my own career progression."

BiTC mentoring circles

Riteesh Mishra

Manager, Internal Client Services, London

Riteesh first heard about the BITC mentoring circle through a colleague at work, who'd been a mentor in previous years. The opportunity to be mentored by a senior figure outside of Deloitte was appealing, especially as he was at a pivotal point in his career.

Having successfully completed his application, he joined the 2017/18 programme.

"The programme launch was the first taste of what it would be like; that was inclusive, honest, and with people from all types of organisations coming together to share ideas, challenges and collectively break down barriers.

All mentees were allocated a 'circle', which became their mentor group. Lead by a senior figure who facilitated discussions, provided advice and guidance, and mentored the group for a 12 month period. Each session we came together and discussed different topics, and opened up about our own experiences. Topics included building resilience, networking, being able to push back and challenge, and building the confidence to speak openly and honestly about your background.

Personally, the big benefits of the programme were being able to open up and talk honestly to people who were going through, or had been through similar situations. Hearing other people's stories and experiences from other organisations was also hugely beneficial.

The programme really has helped me over the last 12 months to build a like-minded network and grow my confidence. I would personally advise anyone who wants to be mentored, or learn to become a mentor, to apply for the programme."

Multicultural Network (MCN)

Our Multicultural Network (MCN) is a firm-wide community open to anyone with an interest in learning about different cultures and the key issues faced by Black, Asian and Minority Ethnic (BAME) employees.

With over 600 members, the network celebrates individual differences – encouraging inclusion and collaboration.

The network focuses on three key themes:

Role Models: Tackling the need for more ethnic minority role models both internally and externally

- Regular newsletters and events feature diverse leaders from across the firm, and externally, sharing their personal experiences.
- Recruitment events and insights evenings provide the opportunity to showcase our role model employees with the next generation.

Collaboration: Exploring intersectionality through joint events with other diversity networks

- Events have included co-hosting an International Women's Day panel with the Women's network and a film screening with the LGBT+ network.

Celebration: Enabling members to share their heritage and celebrating our diversity

- Events have included an annual Black History Month event (with 200+ attendees), a Chinese New Year event, and a dance event co-hosted with the Spanish community.

Year on year comparisons and breakdowns by region and grade

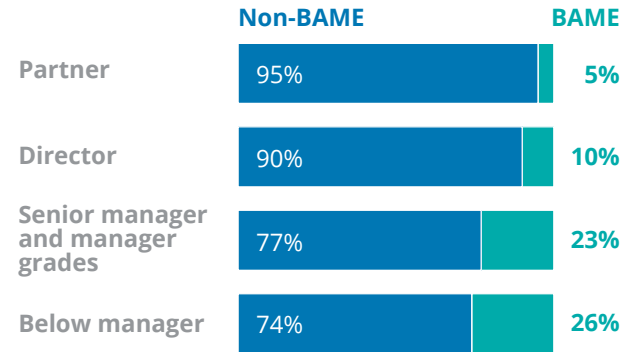|	Median		Mean	
	FY17	FY18	FY17	FY18
Ethnicity pay gap	6.9%	7.9%	11.7%	12.9%
Ethnicity bonus pay gap	30.0%	25.0%	40.8%	45.0%
	Non-BAME		BAME	
	FY17	FY18	FY17	FY18
Proportion of BAME and non-BAME receiving a bonus payment	69.4%	72.4%	55.5%	60.5%

Proportion of BAME and non-BAME employees in each quartile band				
Upper	82%	84%	18%	16%
Upper middle	74%	74%	26%	26%
Lower middle	71%	72%	29%	28%
Lower	80%	79%	20%	21%

	Median		Mean	
	FY17	FY18	FY17	FY18
Equity partner earnings gap	–	16.7%	–	11.3%
Total earnings gap	–	10.6%	–	43.9%

	FY17	FY18
Disclosure rates	83.1%	75.4%

Ethnicity breakdown by grade

Non-BAME / BAME

- Partner: 95% / 5%
- Director: 90% / 10%
- Senior manager and manager grades: 77% / 23%
- Below manager: 74% / 26%

Disclosure rate by grade

- Partner: 91% Disclosed / 9% Undisclosed
- Director: 90% Disclosed / 10% Undisclosed
- Senior manager and manager grades: 85% Disclosed / 15% Undisclosed
- Below manager: 64% Disclosed / 36% Undisclosed

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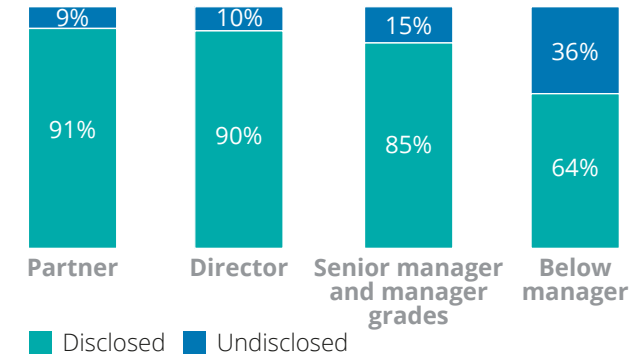
BAME representation within Deloitte by region
(excludes those that have not disclosed)

- Channel Islands/ Isle of Man: 27%
- London: 26%
- South & South East: 23%
- Midlands: 21%
- South West & Wales: 12%
- North East: 11%
- North West: 10%
- Scotland & N. Ireland: 6%
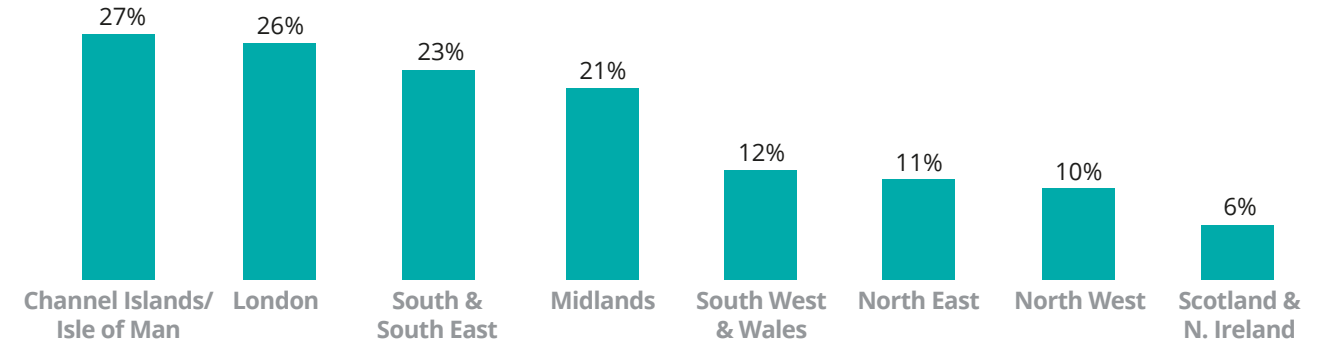
Notes

- BAME pay gap calculations are based on the population who have voluntarily disclosed their ethnicity. Our current disclosure rate stands at 75.4% as opposed to 83.1% in our last report
- When we reported our ethnicity pay gap in December 2017, we followed the government gender pay gap methodology guidelines (which excludes Channel Islands and Northern Ireland, both of which are locations where we have UK employees). For this report, in order to align to the 'Deloitte UK' figures in our gender pay gap reporting, we have included Channel Islands and Northern Ireland; this is important in order to provide the full picture across our entire UK firm. In order to compare like-with-like above, we have therefore recalculated our FY17 figures to include Channel Islands and Northern Ireland.

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