

Introduction

Stonewater is a social business fully committed to Equality in all aspects of its operations. Whilst we acknowledge our legal obligation to publish an annual gender pay gap report, more qualitatively, we do so with a commitment to learn and act upon its findings.

This is the fourth cycle of reporting since the introduction of statutory obligations were introduced in 2017. As was the case last year, we have again voluntarily undertaken an ethnicity pay reporting exercise. In acting voluntarily in this way, we do so in the firm belief that it is the right thing to do. Our actions are in part intended to signal Stonewater's commitment to proactively addressing pay inequality in all its forms. We continue to eagerly await the outcome of the Government's consultation exercise on statutory Ethnicity Pay Gap reporting. Once published, it will be fully embraced as part of our overall integrated strategy.

The report is based on snapshot data as of 5 April 2020. The outcomes alongside those of previous years are set out below.

Gender Pay Gap

	2017		2018		2019		2020		Change/ Movement	
Mean Gender Pay	23.38%		19.72%		19.69%		17.16%		-2.53%	
Median Gender Pay	22.00%		24.41%		21.47%		16.84%		-4.63%	
Bonus Mean	55.39%		64.73%		37.30%		39.55%		2.25%	
Bonus Median	27.00%		30.00%		-0.46%		39.56%		40.02%	
Proportion Receiving Bonus	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	72.00%	89.00%	14.05%	16.67%	7.57%	8.54%	9.16%	12.88%	1.59%	4.34%
Quartiles	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Lower Quartile	21.00%	79.00%	27.47%	72.53%	24.46%	75.54%	27.22%	72.78%	2.77%	-2.77%
Lower Middle	20.80%	79.20%	23.63%	76.37%	27.72%	72.28%	27.22%	72.78%	-0.50%	0.50%
Upper Middle	31.10%	68.90%	35.71%	64.29%	38.04%	61.96%	40.00%	60.00%	1.96%	-1.96%
Upper Quartile	41.90%	58.10%	46.15%	53.85%	44.32%	55.68%	43.09%	56.91%	-1.23%	1.23%

The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

What are the underlying causes of Stonewater's gender pay gap?

Under the law, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or

- work of equal value.

Stonewater is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above). As such, the organisation:

- carries out pay and benefits audits at regular intervals;
- provides regular equal pay training for all managers and other staff members who are involved in pay reviews; and
- evaluates job roles and pay grades as necessary to ensure a fair structure.

Stonewater remains vigilant in guarding against pay inequality, and whilst we do not believe that the gender pay gap reported is attributable to paying men and women differently for the same or equivalent work, we regularly monitor practices to ensure this remains the case. We have, since publishing our last report, fully implemented a new pay structure – the core foundation of which is underpinned by a proprietary job evaluation system. In addition, we undertook a full equal pay audit in the latter part of 2019, the outcome of which was reported to the governance authorities in the first quarter of 2020. That audit identified areas where enhancements could be made, accompanied by a comprehensive and integrated development plan. Regular monitoring to ensure intended outcomes are sustained will continue as a part of our core working practices.

Across the UK economy, men are more likely than women to be in senior roles (especially very senior roles at the top of organisations), while women are more likely than men to be in front-line roles at the lower end of the organisation. In addition, men are more likely to be in construction, technical and IT-related roles, which attract higher rates of pay than other positions at similar levels of seniority. Women are also more likely than men to have had breaks from work that have affected their career progression, for example to bring up children. They are also more likely to work part time, and many of the jobs that are available across the UK on a part-time basis are relatively low paid.

This pattern from the UK economy is broadly reflected in the make-up of Stonewater’s workforce, where the majority of front-line customer facing roles are women, and most executive director roles are held by men. In addition, most of the relatively highly paid technical roles e.g. IT are held by men and not women. This can be seen in the table above depicting pay quartiles by gender. This shows Stonewater’s workforce divided into four equal-sized groups based on hourly pay rates, with Band A including the lowest-paid 25% of employees (the lower quartile) and Band D covering the highest-paid 25% (the upper quartile). For there to be no gender pay gap, there would need to be an equal ratio of men to women in each Band.

However, within Stonewater, 73% of the employees in Band A are women and 27% men. The percentage of male employees increases in Bands C & D, with 43% in Band D, 1% down on the figures reported in 2019. The upper end of Band D, the executive director cohort, has a significant impact on the outcomes reported.

How does Stonewater’s gender pay gap compare with that of other organisations?

Most organisations have a gender pay gap. The 2016 ‘whole sector’ figure as reported by the ONS, was 18.1%. A figure that has been on a downward trend in recent years having stood at 27.5% in 1997. The latest figure published by the ONS, up to April 2020, as published in November last year, stood at 15.5%

(Stonewater 2020 16.84%). As highlighted in previous statements, Stonewater, is still a relatively new organisation, the product of two organisations merging in 2016. As a result, different pay practices throughout the Group have been managed during the early years of the Group's inception. Whilst it is not possible to attribute a specific proportion of the 16.84% to the transitional period, inevitably, this dimension of the organisation's development has been a contributory factor in the outcomes reported. For an organisation of Stonewater's size and complexity, the first 5 years of its inception is in effect transitional, it is therefore encouraging to see the overall positive trends continue. The wider equality strategy that guides decision making on issues of inclusion and equality will see further downward reductions over the next 5-year cycle.

What will we do to further address the gender pay gap?

Stonewater is maturing as an organisation and through that process has now established a comprehensive Reward strategy that has equality and fairness at its core. The introduction of the new approach is still playing through and whilst some positive impacts are starting to reflect in the gender gap figures, we expect that trajectory to increase and be reflected in the next reporting period. The integrated strategy continues to result in positive outcomes and further progress is expected to result. These will continue during the coming 12 months with material improvements expected in the mid-term:

- Leadership support for the business wide Gender Equality Group – looking at initiatives that remove barriers to gender equality.
- Ongoing improvement action to address the gender balance Assets, Development and IT.
- Implementation and robust monitoring of a business wide Pay Framework to ensure roles are assessed consistently.
- Policy commitment to undertake triennial equal pay audits.
- Continual review of our Apprenticeship, Graduate and mentoring programmes to strengthen our gender balance in roles.
- Ongoing commitment to continue with our leadership development programme to increase leadership capacity in junior roles.
- Undertake annual staff engagement survey through Best Companies with annual stretched target and aim for Times top 100 by 2021.
- Ensure employee policies support family friendly principles.

None of the above initiatives will, of themselves, remove the gender pay gap. It may be several years before some have any impact at all. In the meantime, Stonewater is committed to reporting on an annual basis what it is doing to reduce the gender pay gap, and the progress that it is making. This will be overseen within the organisation's governance structure via the Governance & HR Committee.

Ethnicity Pay Gap

This is the second year that we have taken a proactive stance to examine pay gaps associated with ethnicity. This is a 'voluntary' act and not one mandated by statute. As such, there is no authoritative guidance on how the analysis should be undertaken.

On the 11th October 2018 the Government launched a consultation exercise to gain views on how any future statutory obligations should be positioned. A major consideration being the need to compare organisational outcomes on a like for like basis. The consultation closed on 11th January 2019. As a result

of the pandemic, the resulting government views are still to be published. The options set out in the consultation document illustrated the added complexity associated with reporting pay gaps based on ethnicity. At one end of the spectrum, reporting options propose comparisons on a white vis-à-vis BAME employee pay basis, whilst at the other end of the spectrum, options include comparisons of different ethnic groupings to one another overlaid with gender analysis too. The overwhelming trend of organisations who have reported pay gap ethnicity have adopted the Gender Pay Gap formula and produced analytical outcomes on a white vis-à-vis BAME comparator basis. Our reviews are presented on that basis too.

The outcomes, summarised below, continue to reveal an encouraging picture. Whilst there has been a marginal worsen, this is unlikely to be because of any institutional action – partly more a reflection of the smaller data set upon which the analysis has been conducted. Again, near parity is revealed, other than in the areas of bonus. This is likely to be as a result in the reduction of BAME colleagues qualifying for a bonus payment, which has reduced from 16.67% to 5.8% in this reporting period. This is an area that will be kept under scrutiny.

BAME Pay Gap

		2019		2020		Change/Movement	
Mean BAME Pay Gap		4.45%		6.88%		2.43%	
Median BAME Pay Gap		-2.02%		-0.07%		1.95%	
Bonus Mean		49.95%		50.30%		0.35%	
Bonus Median		0.60%		72.44%		71.84%	
Proportion Receiving Bonus							
		White	10.23%	13.93%			3.70%
		BAME	16.67%	5.80%			-10.87%
		White	BAME	White	BAME	White	BAME
Quartiles	Lower Quartile	88.19%	11.81%	86.86%	13.14%	-1.33%	1.33%
	Lower Middle	92.91%	7.09%	88.32%	11.68%	-4.59%	4.59%
	Upper Middle	85.83%	14.17%	86.23%	13.77%	0.41%	-0.41%
	Upper Quartile	92.91%	7.09%	88.41%	11.59%	-4.51%	4.51%

Any further initiatives launched throughout the year will be reported on the company intranet.

I, [name of person], [job title], confirm that the information in this statement is accurate.

Signed: 