

Introduction

Stonewater is a social business fully committed to equality in all aspects of its operations. As well as welcoming the legal obligation to publish an annual gender pay gap report, we embrace the opportunity to learn and act upon its findings.

This is the fifth cycle of reporting since the statutory obligations were introduced in 2017. Since 2019, we have also voluntarily undertaken an ethnicity pay reporting exercise. We believe it's the right thing to do and it signals Stonewater's commitment to proactively addressing pay inequality in all its forms. Once the outcome of the government's consultation exercise on statutory ethnicity pay gap reporting is published, it will become a key part of our overall integrated strategy.

This year's report is based on snapshot data as of 5 April 2021. The outcomes, alongside those of previous years, are set out in the attached appendix.

Gender Pay Gap

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

		2017		2018		2019		2020		2021	
Mean Gender Pay		23.38%		19.72%		19.69%		17.16%		16.87%	
Median Gender Pay		22%		24.41%		21.47%		16.84%		18.14%	
Bonus Mean		55.39%		64.73%		37.30%		39.55%		51.42%	
Bonus Median		27%		30.00%		-0.46%		39.56%		59.10%	
Proportion Receiving Bonus		Male		14.05%		7.57%		9.16%		8.02%	
		Female		16.67%		8.54%		12.88%		11.42%	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Quartiles	Lower Quartile	21.00%	79.00%	27.47%	72.53%	24.46%	75.54%	27.22%	72.78%	30.77%	69.23%
	Lower Middle	20.80%	79.20%	23.63%	76.37%	27.72%	72.28%	27.22%	72.78%	25.29%	74.71%
	Upper Middle	31.10%	68.90%	35.71%	64.29%	38.04%	61.96%	40.00%	60.00%	32.35%	67.65%
	Upper Quartile	41.90%	58.10%	46.15%	53.85%	44.32%	55.68%	43.09%	56.91%	47.95%	52.05%

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. As such, the organisation:

- Carries out pay and benefits audits at regular intervals
- Provides regular equal pay training for all managers and other colleagues who are involved in pay reviews
- Evaluates job roles and pay grades as necessary to ensure a fair structure

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 attached 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, just over 69% of the employees in Band A are women and nearly 31% men. The percentage of male employees increases in Bands C and D, with 48% in Band D, nearly 5% more on the figures reported in 2020. The upper end of Band D, the executive director cohort, has a significant impact on the outcomes reported.

Stonewater remains vigilant in guarding against pay inequality, and while 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. Our pay framework, introduced in 2019, 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. We will, as a matter of policy, carry out a further equal pay audit later this year as part of our triennial commitment to formally reviewing pay equality.

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

Most organisations have a gender pay gap and it is difficult to draw direct comparisons as each organisation varies in a range of factors. That said, Stonewater fits broadly within the spectrum and does not sit at any extreme. The 2016 'whole sector' figure - as reported by the ONS - was 18.1%. This figure has been on a downward trend in recent years, having stood at 27.5% in 1997. The 'whole sector' gender pay gap figure, as reported by the ONS (Oct 2021 – latest publication), stood at 15.4%, a slight increase from October 2020 which was recorded at 14.9%.

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

Stonewater continues to embed a comprehensive Reward strategy that has equality and fairness at its core:

- Leadership support for embedding the newly created Gender Equality Group – looking at initiatives that identify and remove barriers to gender equality
- Ongoing improvement action to address the gender balance in the Homes, Development, and IT teams
- Implementation and robust monitoring of a business-wide pay framework to ensure roles are assessed consistently
- Policy commitment to undertake triennial equal pay audits
- The use of upward mentoring through our new Reverse Mentoring scheme
- Continual review of our apprenticeship programme to strengthen our gender balance in roles
- Ongoing commitment to continue with our leadership development programme to increase leadership capacity at all levels
- Undertake annual colleague engagement survey through Best Companies, with [target of 3* by 2027](#)
- Ensure employee policies support family-friendly principles

All the above, plus new emerging initiatives are designed – over time – to close (and ultimately remove) the gender pay gap. It may be several years before the full impacts are felt as there is no 'quick fix' solution. 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 have oversight from the organisation's governance structure, via the Governance & HR Committee.

Ethnicity Pay Gap

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

On 11 October 2018, the government launched a consultation exercise to gain views on how any future statutory obligations should be positioned. A major consideration was the need to compare organisational outcomes on a like for like basis. The consultation closed on 11 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 white employees versus those identifying as Black, Asian and minority ethnic, 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, is to adopt the Gender Pay Gap formula and produce analytical outcomes on a white versus Black, Asian and minority ethnic comparator. Our reviews are presented on that basis too.

The outcomes, summarised below, reveal an encouraging picture although there is a slight increase in the median figure and a worsening in the proportion of bonus awards to colleagues from an ethnically declared heritage. The bonus trend will continue to be closely monitored.

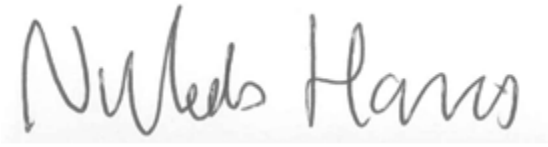
Ethnicity Pay Gap

		2019	2020	2021			
Mean Ethnicity Pay Gap		4.45%	6.88%	4.30%			
Median Ethnicity Pay Gap		-2.02%	-0.07%	1.26%			
Bonus Mean		49.95%	50.30%	36.11%			
Bonus Median		0.60%	72.44%	23.91%			
Proportion Receiving Bonus	White	10.23%	13.93%	11.71%			
	Ethnic	16.67%	5.80%	3.85%			
Quartiles		White	Ethnic	White	Ethnic	White	Ethnic
	Lower Quartile	88.19%	11.81%	86.86%	13.14%	87.01%	12.99%
	Lower Middle	92.91%	7.09%	88.32%	11.68%	87.01%	12.99%
	Upper Middle	85.83%	14.17%	86.23%	13.77%	88.96%	11.04%
	Upper Quartile	92.91%	7.09%	88.41%	11.59%	86.36%	13.64%

We are committed to continuing this important work and any new initiatives launched during the course of the year will be promoted on the company intranet.

I, Nicholas Harris, Chief Executive, confirm that the information in this statement is accurate.

Signed:

A handwritten signature in black ink that reads "Nicholas Harris". The signature is written in a cursive style and is positioned above a light grey horizontal line.