



## Introduction

Stonewater is a social business fully committed to equality in all aspects of our 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 year we have voluntarily undertaken an ethnicity pay reporting exercise too, the outcome of which is published in this statement for transparency.

The report is based on snapshot data as of 5 April 2019 (the figures in brackets are the 2018 results) and the findings are set out below show encourage improvements in all areas of the analysis;

### ***Gender Pay Gap (2018 outcomes in Brackets)***

- The mean gender pay gap for Stonewater is 19.69%. (20%)
- The median gender pay gap for Stonewater is 21.47% (24%)
- The mean gender bonus gap for Stonewater is 37% (65%)
- The median gender bonus gap for Stonewater is -0.46% (30%)
- The proportion of male employees in Stonewater receiving a bonus is 7.57% (14%) and the proportion of female employees receiving a bonus is 8.54% (17.9%)

### **Pay quartiles by gender**

<b>Band</b>	<b>Males</b>	<b>Females</b>	<b>Description</b>
A	(27.47%) 24.46%	(72.53%) 75.54%	Includes all employees whose standard hourly rate places them at or below the lower quartile

## Pay quartiles by gender

Band	Males	Females	Description
B	(23.63%) 27.72%	(76.37%) 72.28%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	(35.71%) 38.04%	(64.29%) 61.96%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	(46.15%) 44.32%	(53.85%) 55.68%	Includes all employees whose standard hourly rate places them above the upper quartile

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 don't believe that the gender pay gap reported is attributable to paying men and women differently for the same or equivalent work, further reviews to validate this position will continue as a regular part of our working practices. Since the last cycle of reporting, we have fully implemented a new pay structure that is supported by policy to undertake equal pay audits as enshrined within the core of our newly agreed reward strategy. We believe the resulting gender pay gap in 2019 emanates from the fact that the roles in which men and women work within the organisation, and the salaries that these roles attract, is the underlying driver for the outcomes produced – not pay inequality from an equal pay perspective.

Across the UK economy, reports indicate that 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 frontline roles at the lower end of the organisation. In addition, men are more likely to be in technical and IT-related roles, which attract higher rates of pay than other roles 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 frontline customer facing roles are women, and the majority of 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, 75% of the employees in Band A are women and 24% men. The percentage of male employees increases in Bands C & D, with 44% in Band D, 2% down on the figures reported in 2018. 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 as published on 25<sup>th</sup> October 2018 stood at 17.9%.

Stonewater, is a relatively new organisation, the product of two organisations merging in 2016 and so the differing 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 19.69% 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 that now emerging.

### **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 won't play through into reporting outcomes until 2020 and beyond. Following on from last year's integrated set of actions progress continues to be made in embedding new practices emanating from the initiatives summarised below. These will continue during the coming 12 months with material improvements expected in the mid-term;

- Created a business wide Gender Equality Group – looking at initiatives that remove barriers to gender equality
- Improvement action to address the gender balance Assets, Development and IT
- Application of business wide Pay Framework to ensure roles are assessed consistently
- Arrangements to undertake triennial equal pay audits
- Reviewing our Apprenticeship programme to strengthen our gender balance in roles.
- To continue with our leadership development programme to increase leadership capacity in junior roles.
- Undertake employee engagement survey through Best Companies with annual stretched target
- 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 & People Committee.

### *Ethnicity Pay Gap*

This year we took a proactive stance to examine pay gaps associated with ethnicity. It should be noted that was 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 11<sup>th</sup> 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 organizational outcomes on a like for like for basis. The consultation closed on 11<sup>th</sup> January 2019. The resulting government views are yet 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 v vis BAME employee pay basis whilst at the other end 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 v vis BAME comparator basis. Our inaugural review is presented on that basis too.

The outcomes, summarised below, reveal an encouraging picture. Near parity is revealed, other than the mean bonus figure which stands at 49.95%. The underlying cause for this ‘outlier’ is driven by the highest monetary value bonus payments being clustered towards the top end of the structure which is predominately populated by white employees.

- The mean ethnicity pay gap for Stonewater is 4.45%
- The median ethnicity pay gap for Stonewater is -2.02%
- The mean ethnicity bonus gap for Stonewater is 49.95%
- The median ethnicity bonus gap for Stonewater is 0.60%
- the proportion of white employees in Stonewater receiving a bonus is 10.23% and the proportion of non-white employees receiving a bonus is 16.67%

**Pay quartiles by Ethnicity**

<b>Band</b>	<b>White</b>	<b>BAME</b>	<b>Description</b>
A	88.19%	11.81%	Includes all employees whose standard hourly rate places them at or below the lower quartile

### Pay quartiles by Ethnicity

Band	White	BAME	Description
B	92.91%	7.09%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	85.83%	14.17%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	92.91%	7.09%	Includes all employees whose standard hourly rate places them above the upper quartile

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

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

Signed 