



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.

The report is based on snapshot data as of 5 April 2017 and the findings are set out below;

- The mean gender pay gap for Stonewater is 23%.
- The median gender pay gap for Stonewater is 22%.
- The mean gender bonus gap for Stonewater is 56%.
- The median gender bonus gap for Stonewater is 27%.
- The proportion of male employees in Stonewater receiving a bonus is 72% and the proportion of female employees receiving a bonus is 89%.

Pay quartiles by gender

Band	Males	Females	Description
A	21%	79%	Includes all employees whose standard hourly rate places them at or below the lower quartile
B	20.8%	79.2%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	31.1%	68.9%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	41.9%	58.1%	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 are planned for 2018. This will include an exploration of introducing job evaluation methodology and equal pay audits as a core feature of our reward strategy. We believe the resulting gender pay gap in 2017 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, 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 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 front-line 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, 79% of the employees in Band A are women and 21% men. The percentage of male employees increases throughout the Bands C to D, with 41.9% in Band D. 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 2017 'whole sector' figure as reported by the ONS, is 18.4%. This figure has generally been on a downward trend in recent years having stood at 27.5% in 1997. Stonewater is a relatively new organisation, the product of two organisations merging in January 2015. As a result, different pay practices throughout the Group have been managed during the early years of the organisation inception. Whilst it is not possible to attribute a specific proportion of the 23% to the transitional period, inevitably, this dimension of the organisation's development has been a contributory factor in the outcomes produced.

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

Stonewater is maturing as an organisation and through that process established a comprehensive Reward strategy that has equality and fairness at its core. Over the coming 12 months the organisation will:

- **Create an evidence base:** To identify any barriers to gender equality and inform priorities for action to understand:
 - the proportion of men and women applying for jobs and being recruited;
 - the proportion of men and women applying for and obtaining promotions;
 - the proportion of men and women leaving the organisation and their reasons for leaving;
 - the numbers of men and women in each role and pay band;
 - take-up of flexible working arrangements by gender and level within the organisation;
 - the proportion of men and women who return to their original job after a period of maternity or other parental leave; and
 - the proportion of men and women still in post a year from a return to work after a period of maternity or other parental leave.

The findings will be reported and overseen by the organisation's Governance & HR Committee with specific actions for improvement which will form an integral part of our People strategy.

- **Carry out Equal Pay Audits Triennially:** This work will provide a firm evidential basis upon which to ensure that pay inequality has not inadvertently been imported into the new approach to pay following establishment of pay infrastructure on merger. As a triennial exercise, outcomes and resulting improvement plans will be presented to the Governance & HR Committee for scrutiny and oversight.
- **The implementation of Job Evaluation methodology:** Job evaluation will be introduced to ensure that an objective system of placing roles within job families, and ensuring equal pay for equal work, is validated through a systematic and objective comparator tool.
- **Develop a bonus payments policy that provides clear parameters on how contribution can be rewarded beyond base pay in a consistent and fair manner:** It is likely that a personal 'Scorecard' approach will be adopted to assess personal contribution, with outcomes across the Group being monitored for consistency by the Reward team.

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.

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

A handwritten signature in black ink, appearing to read "Nicholas Harris". The signature is written in a cursive style with a large, sweeping initial "N".