



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 seventh cycle of reporting since the introduction of statutory obligations in 2017. As has been the case since 2021, 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 addressing proactively pay inequality in all its forms.

The report is based on snapshot data as of 5 April 2023.

Gender Pay Gap

The outcomes of this year's report are set out below. The figures have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

		2017	2018	2019	2020	2021	2022	2023	Change/Movement 2021 to 2022		Change/Movement 2017 to 2022								
Mean Gender Pay		23.38%	19.72%	19.69%	17.16%	16.87%	17.78%	20.29%	0.91%		-5.60%								
Median Gender Pay		22%	24.41%	21.47%	16.84%	18.14%	20.41%	21.42%	2.27%		-1.59%								
Bonus Mean		55.39%	64.73%	37.30%	39.55%	51.42%	47.59%	58.27%	-3.83%		-7.80%								
Bonus Median		27%	30.00%	-0.46%	39.56%	59.10%	0.00%	71.86%	-59.10%		-27.00%								
Proportion Receiving Bonus	Male	72.00%	14.05%	7.57%	9.16%	8.02%	98.23%	6.94%	90.21%		26.23%								
	Female	89.00%	16.67%	8.54%	12.88%	11.42%	97.36%	9.11%	85.94%		8.36%								
Quartiles		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female				
	Lower Quartile	21%	79%	27%	73%	24%	76%	27%	73%	31%	69%	23%	77%	22%	78%	-4.22%	4.22%	2.00%	-2.00%
	Lower Middle	21%	79%	24%	76%	28%	72%	27%	73%	25%	75%	25%	75%	22%	78%	-2.22%	2.22%	4.20%	-4.20%
	Upper Middle	31%	69%	36%	64%	38%	62%	40%	60%	32%	68%	35%	65%	32%	68%	-5.00%	5.00%	3.90%	-3.90%
Upper Quartile	42%	58%	46%	54%	44%	56%	43%	57%	48%	52%	45%	55%	46%	54%	1.91%	-1.91%	3.10%	-3.10%	

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 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 structure, introduced in 2019, is underpinned by a proprietary job evaluation system. In addition, we undertook a full equal pay audit in 2023 as committed to by internal policy which confirmed that as a group, there are no material areas of pay inequality risk. Findings and accompanying improvement plans were presented and overseen by governance forums within the group.

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 many of the executive director roles are held by men. In addition, many of the relatively highly paid specialist roles e.g. property development are held by men and not women. This can be seen in the table attached depicting pay quartiles by gender.

The table 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 the gender pay gap to be eliminated, there would need to be an equal ratio of men to women in each Band. However, within Stonewater, 78% of the employees in Band A and Band B are women and 22% men. The percentage of male employees increases in Bands C & D, with a 46% male representation 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 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 'whole sector' gender pay gap figure, as reported by the ONS (Nov 2023 – latest publication), stood at 14.3% slightly down from that of 2022 which was recorded at 14.41%.

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

It is important to consider annual results within a broader equality context given that 'pay gap' reporting forms a small, albeit important, part of the equality and inclusion mix of interventions. In addition to gender pay gap reporting, but complimentary to, specific work-based action groups and frameworks are championed by our Head of Equality, Diversity and Inclusion (EDI). In particular, the Social Housing Equality Framework and Routes into Stonewater are, and will continue to be, instrumental in acting as a 'gear shift' change over the coming years. These form part of many initiatives, set out within the wider EDI strategy which is monitored and commented on by both internal and external bodies. These interventions are shaping a progressive culture that is mainstreaming inclusion in all its forms.

Over the long term, the above will make a positive difference on the gender pay gap. By definition, shifting the dial on this metric is heavily influenced by demographic change as opposed to the application of direct interventions. The successes of Stonewater's progressive and multi-faceted equality and inclusion strategy should not be under-appreciated by pay gap outcomes. Furthermore, the values and legislative dimension of pay inequality, which is of high priority, was validated in 2023 revealing no material issues of concern.

An illustrative sample of integrated interventions is set out below.

- Leadership support for the further embedment of a business wide gender equality group – looking at initiatives that remove barriers to gender equality.
- Ongoing improvement action to address the gender balance.
- 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 in junior roles.
- Undertake annual staff engagement survey through Best Companies with annual stretched targets.
- Continual review of employee policies to support family friendly principles.
- To put diversity profiling at the heart of our new approach to workforce planning.
- Six monthly review of Directorate where the pay gap is exaggerated to reduce identified gaps, formally reviewed by the Executive team every six months.

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 fourth 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 11 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 11 January 2019. Resulting government views were deferred until the publication of Inclusive Britain: Government response to the Commission on Race and Ethnic Disparities on 17 March 2022. Unexpectedly that response informed that ethnic pay reporting would not become a statutory requirement at that stage.

2022 results revealed for the first time a regression in the progress made in previous years. However, the results for 2023 appear to suggest that was a 'high water mark' with outturns in this year's analysis delivering to a large extent favourable outcomes to that of 2022. The

outcomes are summarised in the table below.

Ethnicity Pay Gap

		2019	2020	2021	2022	2023	Change/ Movement from Prev Year		Change/ Movement from 2019						
Mean Ethnicity Pay Gap		4.45%	6.88%	4.30%	9.02%	4.75%	-4.27%		0.30%						
Median Ethnicity Pay Gap		-2.02%	-0.07%	1.26%	9.48%	5.08%	-4.40%		7.10%						
Bonus Mean		49.95%	50.30%	36.11%	64.48%	8.58%	-55.90%		-41.37%						
Bonus Median		0.60%	72.44%	23.91%	0.00%	61.63%	61.63%		61.03%						
Proportion Receiving Bonus	White	10.23%	13.93%	11.71%	98.20%	9.98%	-88.22%		-0.25%						
	Ethnic	16.67%	5.80%	3.85%	97.94%	3.96%	-93.98%		-12.71%						
Quartiles		White	Ethnic	White	Ethnic	White	Ethnic	White	Ethnic	White	Ethnic	White	Ethnic		
Lower Quartile		88.19%	11.81%	86.86%	13.14%	87.01%	12.99%	82.00%	18.00%	87.00%	13.00%	5.00%	-5.00%	-1.19%	1.19%
Lower Middle		92.91%	7.09%	88.32%	11.68%	87.01%	12.99%	85.00%	15.00%	83.00%	17.00%	-2.00%	2.00%	-9.91%	9.91%
Upper Middle		85.83%	14.17%	86.23%	13.77%	88.96%	11.04%	86.00%	14.00%	87.00%	13.00%	1.00%	-1.00%	1.17%	-1.17%
Upper Quartile		92.91%	7.09%	88.41%	11.59%	86.36%	13.64%	87.00%	13.00%	85.00%	15.00%	-2.00%	2.00%	-7.91%	7.91%

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:

