

# Evolve Gender Pay Gap Report Accompanying Narrative

SNAPSHOT DATE - 5<sup>TH</sup> APRIL 2017

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# Introduction to this Gender Pay Gap Report

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As Evolve employs more than 250 people we are required by Government regulations to publish an annual gender pay gap report showing the difference in average female earnings compared to average male earnings.

We collected the data to inform our Gender Pay Gap Report based on a 'snapshot date' of 5<sup>th</sup> April 2017. This data will inform our 2017 submission which will be reported to the Government Equalities Office (GEO) by the 4<sup>th</sup> April 2018.

In accordance with Government Equalities Office guidance, this Gender Pay Gap report relates solely to the legal entity 'Evolve Facility Services Ltd'.

# Background to Gender Pay Reporting

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## **Why do we need to complete a Gender Pay Report?**

Organisations employing 250 or more employees have to publicly report on their gender pay gap by the 4<sup>th</sup> April each year in order to comply with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

All applicable organisations are required to publish their first Gender Pay Reports by 4<sup>th</sup> April 2018. This report will use pay data taken as a snapshot of 5<sup>th</sup> April 2017, and for some of the reported elements (notably Bonus Pay data) will use pay data in the 12 month period leading to 5<sup>th</sup> April 2017.

The regulations require that six calculations are carried out and published by each organisation to satisfy the minimum requirements of the Gender Pay Report.

Employer's are also required to provide a written statement/declaration from an authorised Director or equivalent which confirms the accuracy of the calculations and have the option to write and publish an accompanying narrative to support the basic data.

# How does this differ to Equal Pay Monitoring?

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'Gender Pay Gap' and 'Equal Pay' are often confused. The difference is explained by ACAS as being;

'Equal Pay' deals with the **pay differences between men and women who carry out the same jobs, similar jobs or work of equal value**. It is unlawful to pay people unequally because they are a man or a woman.

The 'Gender Pay Gap' shows **the difference in the average pay between all men and women in a workforce**. The gender pay gap is concerned with differences in the average earnings of men and women, regardless of their role or seniority. It is, therefore, a broader measure capturing not simply any equal pay issues within an organisation but also any pay inequalities resulting from differences in the sorts of jobs performed by men and women and the gender composition of the workforce by seniority.

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Paying men and women differently for the same or equivalent work has been unlawful for decades. Although it does still happen in some organisations, ‘equal pay’ is not considered a major factor in explaining a gender pay gap.

An employer that has completely eliminated unequal pay may still have a wide gender pay gap. For example, an organisation with a higher proportion of men in senior roles and women in junior roles will have a gender pay gap. So too will an organisation with a higher proportion of men than women in better-paid functions such as IT or engineering roles.

ACAS report that women make up three-quarters of the part-time workforce, whose hourly pay rates tend to be significantly lower than those of full-time workers. In addition, women are much more likely to take time out of the labour market for family reasons, slowing the pace at which they typically progress to more senior and better-paid roles – this will also contribute to the gender pay gap.

# Publishing Gender Pay Gap Report Data

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Gender Pay Reports must be published on both the **employer's website** and on the designated **government website** at [www.gov.uk/genderpaygap](http://www.gov.uk/genderpaygap) by the 4th April 2018.

The regulations require that the report must remain on the employers website and available to the public for at least three years.

The six calculations will also be uploaded to the GOV.UK website and will appear in a publicly available league table.

There isn't currently a legal obligation for us to publish any form of commentary or narrative to accompany the Gender Pay data however, it is recommended by ACAS, CIPD and XperthHR that employers do so in the interests of good practice.

# Information Requirements under The Act:

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The six calculations required for the Gender Pay Report are as follows:

- The Mean Gender Pay Gap
- The Median Gender Pay Gap
- The Mean Bonus Gender Pay Gap
- The Median Bonus Gender Pay Gap
- The Proportion of Men and Women that Received Bonuses
- The Proportion of Men and Women in Quartile Pay Bands

A written statement, authorised by a Director or equivalent which confirms the accuracy of the calculations will also be required.

# Calculation 1: Mean Gender Pay Gap 18.6%



The mean Gender Pay Gap (GPG) involves adding up all of the hourly salaries for each gender and dividing by the total number of employees of that gender. The gender pay gap is the % difference between male and female colleagues.

	Female	Male	Grand Total	
<b>Row Labels</b>				
<b>RELEVANT FULL PAY EMPLOYEE</b>	9.56	11.74	11.52	
<b>Grand Total</b>	9.56	11.74	11.52	
<b>GPG (mean) - Including Bonus but excluding Overtime</b>	11.74	9.56		18.6%
	11.74			



# What do the statistics show and why?

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The statistical results evidence that there is a mean gender pay gap between men and women at Evolve with men being paid more highly than women (mean pay). The gap between mean pay increases as bonuses and then overtime are included. If we exclude bonuses and overtime and so the focus is on basic pay alone, the mean pay for men is 14.3% higher than that for women. This is likely because a significantly higher proportion of men occupy the management and more senior roles within Evolve which attract the higher rates of pay.

The gap between the pay of men and women increases further as bonuses (18.6%) and then overtime (22.1%) are included. This is likely because overtime and also bonuses are commonplace and regular at operative level owing to the nature of the work and the fact that the business must be able to respond to the needs of the client and the service user (the tenant). The business has to be able to respond to emergencies outside of normal working hours and so overtime is available to respond to these situations.

In addition, a number of operatives who work within the specialist areas of gas and electrical are also paid per job completion i.e. each time a gas service or electrical test is completed. This payment is classified within the bonus category and so within these trades, a significant proportion of their pay comes from bonus related works.

Bonus payments are also more commonly paid at Supervisor level upwards which is occupied by more males than females.

When compared against the CIPD Mean GPG of 14.4% as a benchmark, Evolve's result (excluding bonus payments) is in line with the national average but the difference increases when we include bonus payments.

# Calculation 2: Median Gender Pay Gap 23.1%

The Median average involves listing all hourly rates of pay in numerical order for each gender and taking/comparing the middle rate of pay. The % difference in salary is then taken as the median pay gap.

<b>Median Male Full Pay Inc Bonus &amp; Exc OT</b>	<b>369.00</b>	<b>185.00</b>	<b>11.14</b>	
<b>Median Female Full Pay Inc Bonus &amp; Exc OT</b>	41.00	21.00	8.57	
<b>GPG (mean) - Including Bonus but excluding Overtime</b>	11.14	8.57		23.1%
	11.14			

# What do the statistics show and why?

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The statistical results evidence that there is a median gender pay gap between men and women at Evolve with men being paid more highly than women in terms of median pay. Again, the gap between median pay increases as bonuses (23.1%) and then overtime (25.8%) are included.

Of the 41 female employees at Evolve, 35 are employed in administrative roles. This represents 85% of the female workforce. The reasons for the results are likely to be the under-representation of females employed as a whole but contributing factors would be that in the main, female employees do not occupy the more senior level roles where bonuses tend to apply and also they do not tend to work in the trade areas where bonuses and overtime apply.

The business has 2 female Operatives who work in the gas trade and these two female employees are paid in the exact same way as their male colleagues. The difference in pay is therefore not because male and female employees are paid differently for the same role but instead because we have fewer females in the roles that attract bonuses and regular overtime.

Female staff working at administrative levels of the organisation would be entitled to overtime payments if worked but the nature of the work is such that it is not a commonplace requirement as out of hours working is not required and hence business need and requirement to work overtime is minimal.

Evolve compares unfavourably against CIPD data as a benchmark (10.8%) but this is not unexpected. Females make up only a small proportion of the workforce and their roles are concentrated in administrative functions.

# Calculation 3: Mean Bonus Gender Pay Gap 74%

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	Mean (Bonus Only)
Male	£1,638.37
Female	£386.36

# What do the statistics show and why?

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The mean amount of male bonus pay made was £1,638.37. The mean amount of female bonus pay made was £386.86.

The figure then needs to be converted into a percentage to compare the mean difference between the bonus payments of males and females. The mean bonus gender pay gap is 74%. That is, the mean bonus payment of male employees was 74% greater than that paid for female employees.

All employees subject to qualifying service of 12 months were eligible for a £300 bonus payment within the period to the snapshot date in April 2017. This one off payment was not consolidated into basic pay.

One of the reasons for the significant difference in bonus payments is due to a high number of gas and electrical male operatives being paid per job completion i.e. each time a gas service or electrical test is completed. The payment being classified within the bonus category.

A further reason for the mean bonus pay gap is owing to the fact that the majority of female staff are admin based and therefore these employees would only have been eligible for the £300 bonus payment. A significantly higher proportion of male than female staff would not only be eligible for the £300 bonus payment but would also have been eligible for further bonus payments connected to their performance in the role. For example, some male staff were eligible for additional bonus payments either related to their productivity (gas and electrical) as stated above or were in addition eligible for larger bonuses connected to meeting KPI's as set in their roles. Bonus payments are more common at Supervisor level upwards which are occupied by more males than females.

# Calculation 4: Median Bonus Gender Pay Gap 0%



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	Median (Bonus Only)
Male	£300
Female	£300

# What do the statistics show and why?

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The Median average bonus involves listing all bonuses paid in the year to the snapshot date in numerical descending order for each Gender and then taking/comparing the middle rate of pay. The % difference in bonus is then taken as the median bonus pay gap.

The results show that the median bonus payment made to both male and female employees was £300. There is no gender bonus pay gap at the median point. This is because all employees regardless of role and responsibility were entitled to the £300 bonus payment provided they met the service criteria. The bonus was applied fairly and consistently to both male and female staff at all levels within the organisation provided they met the service qualification.

It was expected that the mid- point for both male and female staff would be the same as the vast majority of both female and male staff qualified for the payment. Please see calculation 5.

# Calculation 5 – The proportion of men and women that received bonuses



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	Total Number	Total Bonus	Percentage	
Male Full Pay who received a Bonus	369	326	88%	
Female Full Pay who received a Bonus	41	33	80%	
	410	359	88%	
£300 Bonus Criteria was based on 12 months service				



# What do the statistics show and why?

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As stated, all employees subject to qualifying service of 12 months were eligible for a £300 bonus payment in 2017. This one off payment was not consolidated into basic pay.

This payment was applied consistently throughout the business to all eligible employees. The statistics show that the percentage of staff receiving a bonus was similar for both males (88%) and females (80%). Any differentiation between the percentages for this calculation is purely accounted for on the basis of the number of males with more than 12 months service and the number of females with more than 12 months service as of the qualification date because there was no performance criteria to meet in order to be in receipt of the payment. It is therefore concluded that there is no gender pay gap in terms of eligibility for the £300 bonus payment.

# Calculation 6 – Proportion of men and women in quartile pay bands



	Female %	Male %	Female	Male	Total
Q1 - Lower	25%	75%	26.00	77.00	103.00
Q2 - Lower Middle	10%	90%	10.00	92.00	102.00
Q3 - Upper Middle	2%	98%	2.00	101.00	103.00
Q4 - Upper	3%	97%	3.00	99.00	102.00
Grand Total	10%	90%	41.00	369.00	410.00

# What do the statistics show and why?

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As can be seen in the table above, there is a quite an even split in terms of the number of male employees in all 4 pay quartiles. This is not unexpected as the workforce is predominantly male overall. Approximately 52% of the male workforce are in the middle quartiles of Q2 and Q3 with 20% in the lower quartile (Q1) of pay and nearly 27% in the upper quartile (Q4.)

By contrast, female employees are most greatly represented at the lower quartile level (Q1) which accounts for 63% of female staff overall, with a further 24% being paid at lower middle quartile (Q2). This is consistent with the fact that the vast majority of females employed in the business occupy administrative roles.

Female employees are under-represented in the upper middle (Q3) and upper pay quartiles (Q4). Of the 205 employees within these 2 pay brackets, only 5 are female accounting for just 0.02%. That said, the figure must be considered in the overall context of the small number of female employees in the business overall.

# SUMMARY AND CONCLUSIONS

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The calculations are not unexpected. The statistics will naturally be significantly skewed because of under-representation of female employees in a male dominated industry. Female employees account for only 10% of the workforce and so the statistics have to be put into context. Evolve is not dis-similar to other organisations working within the same industry. Building maintenance has traditionally been occupied predominantly by male employees.

Evolve Facility Services pay male and female employees equally. This is evidenced by both male and females occupying the same role with the same opportunity to benefit from additional payments such as overtime, on-call payments, bonuses etc.

Evolve recognise the differentials in mean and median pay between male and female staff but feel they have evidenced sound reasoning behind the calculations.

# SUMMARY AND CONCLUSIONS cont'd

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Going forward, Evolve will need to consider ways to reduce the gender pay gap and one way to do so would be to look at ways to attract and retain more female employees into the business as a whole. The industry is traditionally male dominated and we need to consider ways of making Evolve a more attractive prospect for female applicants. We also need to consider how best to retain our existing female workforce. Female staff are more likely to value family friendly benefits and flexibility at work. Evolve will need to review existing policies to see if there are ways to improve our current offering.

A further way we may be able to reduce the gap is to positively encourage female apprentices into the business, particularly into the trade areas. It is hoped that dialogue with the colleges could support further interest and applications from female students by trying to move away from the traditional view that particular trades are for males only.

Although Evolve fully commit to providing every opportunity for advancement for our existing workforce where the appropriate skills are already available in-house, we recognise that promotion from within may in part, be a contributing factor of Evolve's gender pay gap because it further strengthens the existing make-up of the existing workforce. Where appropriate, Evolve do and will further consider external advertisement of opportunities.