

# GENDER PAY GAP REPORT APRIL 2021

## FOREWORD

Our vision is to be a company people aspire to work for, where we always deliver the best experience for our customers.

We believe people should enjoy fulfilling careers, customers should have projects they're proud of, communities should be improved by our work and involvement, and the environment and nature should benefit from our behaviour. In this way, we will realise our ambitions.

Today we employ over 275 people, a similar figure to 2020 and which is now rising. Our aim is to grow sustainably so we can provide opportunities and fulfilling careers for all of them.

In the UK, companies are facing challenges as a result of 'the great resignation' so it's more important than ever we have a diverse and inclusive approach to employment practices that enables us to recruit and retain talent for our business.

We are keen to continue to build our teams, develop our employees and bring our guiding principles to life, encouraging team spirit and recognising that everyone's contribution matters. At our Right Works Forum in October 2021, which was attended by a cross-section of more than 80 employees, we concentrated on how our teams could work more effectively and help each other achieve collective success.

Currently, 17% of employees are female, a marginal increase on 2020. Within our emerging talent sub-group, (graduates, placement students, trainees and apprentices) this rises to 21%. In the last 12 months, women comprised 15% of new recruits, 18% of promotions and 14% of leavers, and we recognise there are opportunities to improve upon this.

The priorities set in our diversity and inclusion programme, published in March 2021, are:

- **Maximise opportunities to celebrate the work of underrepresented groups.**  
We have made a film to promote women in construction roles, in which some of our role models explain what their work involves, share their views on the industry and give advice on how to get into construction.
- **Embed inclusion in our leadership skills.**  
We have developed this skills framework and we will be building these new skills into our people practices.
- **Develop a robust process for capturing data from employment lifecycle stages.**  
We are making good headway with this, introducing an annual diversity survey and quarterly new starter diversity questionnaire. We have already received some helpful improvement suggestions. We are also measuring diversity in promotions and out of cycle pay increases.
- **Include diversity and inclusion questions within our 2021 employee survey.**  
Most views across the business were similar, however, more women than men reported senior managers not actively including others in decision making. The launch of both our mentoring and great place to work programmes will help us focus on this issue.
- **Target schools in all divisions and create opportunities to encourage students into construction careers.**  
A recent cohort from our management development programme has designed a mobile phone app to encourage interest from this group.
- **Introduce diversity and inclusion training.**  
We will not be introducing specific unconscious bias training, preferring instead to build the issue into our employment practices. This year will focus on recruitment.

Two women in the senior leadership team contribute to the strategic direction of the business, one is a board director.

## WHAT IS GENDER PAY?

The gender pay gap is often confused with equal pay. It doesn't measure equal pay, which relates to what men and women are paid for the same role or jobs of equal value. Equal pay is a legal requirement under the Equality Act 2010. Gender pay shows the difference between what the average female and the average male earns.

Our aim in reporting gender pay is to enable Knights Brown to understand and reduce the size of the gap, as it's particularly prevalent in the construction industry. External factors have significantly affected where the industry is today. It cannot be fixed by solely focusing on the short term. Instead, a long term strategy is required to bring about a change in perceptions from within and outside the industry, encouraging more women into it. Our diversity and inclusion programme is intended to address this in the longer term.

Pay for the purposes of gender pay gap reporting doesn't include overtime payments or benefits in kind. However, it does include all additional payments made as a matter of course within normal contractual hours, including shift/travel payments, paid breaks, car allowances, etc.

## HOW DO WE COMPARE TO 2020?

In April 2020, over a third (99) of employees were on furlough leave under the government's coronavirus job retention scheme. The majority (79) were male. This was a direct result of some site operations temporarily closing while we solved the challenge of how to work safely. In line with the Government Equalities Office, those on furlough leave were excluded from the majority of the required gender pay gap calculations and their absence is therefore, reflected in the figures. We anticipated that comparing the April 2021 results to 2020 would be challenging as a result of the arising distortions.

### Mean Gender Pay Gap

This calculation shows the difference between the average (mean) rates of pay for men and women in April 2021, expressed as a percentage. In 2018 our mean gender pay gap was 24.7% and last year it fell dramatically to 12.35% (which we recognised to be due predominantly to the furlough scheme). This year's figure has rebounded to 22.8%, a marginal improvement on 2018.

- The mean hourly rate of pay for men: £21.74
- The mean hourly rate of pay for women: £16.78

The difference between the two figures, our gender pay gap, is **22.8%**.

This means that for every £1 earned by a man, a woman earns just over 77p, regardless of role.

### Median Gender Pay Gap

This calculation shows the difference between the median rates of pay for men and women in April 2021, expressed as a percentage. In other words, if you place all the men and women in two separate lists in order of salary the median is the difference in pay between the middle ranking man and woman.

The median can help us to draw what is 'typical' as it is less distorted by very high or very low pay.

- The median hourly rate of pay of men: £17.88, a 3% increase on the previous year
- The median hourly rate of pay for women: £13.75, 6% decrease from last year's figures

The difference between the two figures, our median gender pay gap, is **23.1%**, compared to 15.31% in 2020 and 14.05% in 2018.

## Proportion of men and women in each quartile of pay

In 2020 we saw an increase in the percentage of females in the upper quartile of pay, from 8.6% in 2018 to 13.2% of employees. It is likely this was a result of the number of men furloughed in April 2020, as well as being influenced by resignations. The percentage of women employed in the upper quartile has now decreased to just over 6%. We have seen an increase in the percentage of women in all three of the other quartiles, with the upper middle quartile increasing from 9.4 to 15.4%.

Those roles in the upper quartile of pay include 42% operational, 21% in work winning roles, 17% commercial, and 16% directors. There are still insufficient numbers of women in higher paid roles. However, we have a greater proportion of women in new entrant roles, who we must continue to encourage into construction to address this imbalance in the longer term.

In the lower pay quartile, 33.3% of employees are female compared to 30.2% in 2020 and 27% in 2018.

## Bonus payments

Bonus payments for the purposes of the calculations include long service award voucher payments.

The proportion of men and women receiving bonuses has changed significantly, with only 4.3% of women receiving a bonus compared to 13.5% of men. We recognise 2021 was a challenging year with fewer bonuses being awarded and those that were, focusing on exceptional operational performance.

## CLOSING THE GAP

We anticipated that progress in closing our gender pay gap would be negatively impacted by the effects of the pandemic, as has proven to be the case. We recognise the improvements we have made are insufficient and remain fully committed to achieving this objective.

Our priority for 2022 is to attract more women into the business, particularly in upper quartile, higher paid roles. The following actions will help us achieve this.

- Actively engage with external bodies and work with our trade association, CECA, via their Fairness, Inclusion and Respect (FIR) working party.
- Engage with women in the business to understand and improve inclusivity and equity through our great place to work programme.
- Conduct exit interviews with all women leaving the business to understand reasons for leaving and enable us to spot trends.
- Train our recruiters such that they become enablers for greater diversity.