



# GENDER PAY GAP REPORT APRIL 2022

## 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 more than 285 people, a figure that is rising. We aim to grow sustainably, so we can provide development opportunities and fulfilling careers for all of them.

The construction industry in the UK is facing challenges due to a skills shortage. This makes it more important than ever that we have a diverse and inclusive approach to employment practices, which will enable us to recruit and retain talent for our business. By doing so we will be a much stronger business.

We are enthusiastic about building our teams, developing employees, bringing our guiding principles to life, promoting team spirit, and recognising the importance of everyone's contribution, all of which helps us prosper.

Females account for 18% of employees, a marginal increase year on year. In the last 12 months, 20% of new recruits were women. One third are in site management and emerging talent roles. The remainder are in administrative functions. Women secured 19% of promotions. However, 23% of those leaving the company were female and we recognise there is much opportunity to improve.

The priorities set out in our diversity and inclusion programme are:

- **Maximise opportunities to celebrate the work of underrepresented groups.**  
Our Wales & Energy Division founded a 'women in construction and engineering' group to:
  - Create support and mentoring networks in our business and the wider industry.
  - Encourage women to pursue STEM careers, by supporting initiatives and events in construction and engineering.
  - Create a safe and empowering space to share experiences of working in the industry and generate ideas about how to make construction more welcoming and accessible.

The group hosted a networking event at Cardiff University, to share experiences with university students across engineering disciplines. As engineers they have demonstrated to girls of GCSE age, that a career in construction is something they should consider. The group is expected to expand across all divisions.
- **Embed inclusion in our leadership skills.**  
We have developed a skills framework and will be embedding these skills in our management development and recruitment programmes.
- **Develop a robust process for capturing data from employment lifecycle stages.**  
We have introduced an annual diversity survey and quarterly diversity questionnaire for new starters and are recording gender in promotions and out of cycle pay increases.

- **Include diversity and inclusion questions within our annual employee survey.**  
We have launched 'mentoring' and 'great place to work' programmes and have provided mentoring skills training for the 'women in construction and engineering' group. This is in response to feedback from last year's employee survey. Our next annual survey will take place this summer.
- **Target schools in all divisions and create opportunities to encourage students into construction careers.**  
We have targeted primary and pupils in years seven to nine, promoting construction at an age and where girls can see construction as a viable career option. This has been supported by female engineers.
- **Introduce diversity and inclusion training.**  
We will not be introducing specific unconscious bias training, preferring instead to build the issue into our employment and recruitment practices.

The leadership team includes two women who contribute to the strategic direction of the business; one is a board director.

We engage with a cross-industry group to gain insight to data across a wider platform and share knowledge and activities that have proved successful.

## WHAT IS GENDER PAY?

The gender pay is often confused with equal pay. Equal pay relates to what men and women are paid in the same role or in jobs of equal value. Equal pay is a legal requirement under the Equality Act 2010. Gender pay relates to the earnings of the average female and the average male.

Our aim in reporting our gender pay gap is to enable Knights Brown to recognise and reduce the gap, which is particularly prevalent in the construction industry. External factors have significantly affected where the industry is and it's not possible to fix it with a solely, short term focus. Instead, a long term strategy is needed to change perceptions inside and outside the industry, and by encouraging more women to join it. Our diversity and inclusion programme sets out our long term approach.

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 2021?

### Mean gender pay gap

This calculation shows the difference between the average (mean) rates of pay for men and women in April 2022, expressed as a percentage. In 2020 our mean gender pay gap fell dramatically to 12.35% (which we recognised to be due predominantly to the furlough scheme), the figure rebounded to 22.8% in 2021, and now sits at 28.7%.

- The mean hourly rate of pay for men increased from £21.74 in 2021 to £22.44.
- The mean hourly rate of pay for women fell from £16.78 in 2021 to £15.98.

The difference between the two figures, our gender pay gap, is **28.7%**.

This means that for every £1 earned by a man, a woman earns just over 71p, regardless of role.

### Median gender pay gap

This calculation shows the difference between the median rates of pay for men and women in April 2022, 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 for men: £18.42, a 3% increase on the previous year.
- The median hourly rate of pay for women: £13.34, 3% decrease on the previous year.

The difference between the two figures, our median gender pay gap, is **27.5%**, compared to 23.1% in 2021.

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

In 2021, the percentage of women employed in the upper quartile was 6%. There has been no change to this figure in 2022.

We have seen a slight increase in the percentage of women in the remaining quarters. In the upper middle quartile, the proportion of women has increased slightly to 15.7%. We have seen an increase in the proportion of women in both the lower middle and lower quartiles. The lower middle quartile increased from 11.32% in 2020 to 12.12% in 2021 to 12.8% in 2022. In the lowest quartile the increases were from 30% in 2020, to 33% in 2021 to 36.6% in 2022.

We are continuing to encourage new female entrants to join the industry to address this imbalance, which in turn, will increase the proportion of women in the lower quartiles.

### Bonus payments

For the purposes of these calculations, bonus payments include long service award voucher payments.

The proportion of men and women receiving bonuses has changed significantly. 29.4% of women received a bonus, compared with only 4.3% in the previous year. We saw a similar increase with men, as 35.7% received a bonus compared to 13.5% of men previously. Generally, 2021 was a challenging year with fewer bonuses awarded, while 2022 saw an improvement.

## CLOSING THE GAP

The improvements made to date have been insufficient to address the imbalance and we remain fully committed to narrowing the gap. In summary, our gender pay gap has increased, we have more women joining us within the lower pay quartiles, while there has been no real change within the upper quartiles.

Our priority in 2023 is to attract more women into the business, particularly in upper quartile, higher paid roles. The following actions will help us achieve this:

- Continue to engage with external bodies and our trade association, CECA.
- Understand and improve inclusivity and equity by engaging with our 'great place to work' and 'women in construction and engineering' groups.
- Embed diversity within our management development programmes.
- Conduct exit interviews to understand women's reasons for leaving and enable trend analysis.
- Update policies and procedures to incorporate diversity and inclusion considerations.
- Train our recruiters with the skills to improve diversity.