



Gender and Ethnicity Pay Gaps Report 2019

Introduction

Last year, Notting Hill Genesis (NHG) published our first gender pay gap as a merged organisation. In this report we publish both our gender and ethnicity pay gaps based on data that represents a snapshot taken on 5 April 2019.

What are the gender and ethnicity pay gaps?

The gender and ethnicity pay gaps are a way of measuring the difference in average pay for men and women, and for people of different ethnicities, within an organisation. Generally speaking, pay gaps reflect the distribution of people from different groups employed in more and less senior roles. The gender and ethnicity pay gaps are different to equal pay, which is where men and women doing the same job must be paid the same.

There are four elements to the gender and ethnicity pay gap; the mean, median, and bonus pay gaps, and the distribution of staff across pay quartiles. These four measures, and NHG's results for each one, are explained in this report.

How are the gender and ethnicity pay gaps calculated?

Our gender pay gap was calculated using the methods set out in the gender pay gap reporting legislation. Further detail on the individual elements is included later in this report.

There is currently no legislation relating to ethnicity pay gap reporting, and in the government's consultation on the matter a number of different approaches were suggested. These included reporting on the same measures as the gender pay gap, and this is the approach we have taken at NHG. This means that the way we calculate our ethnicity pay gap may change in future if the government decides that organisations should take different approaches for ethnicity and gender, but we wanted to be consistent across the two diversity strands until firm guidance is in place.

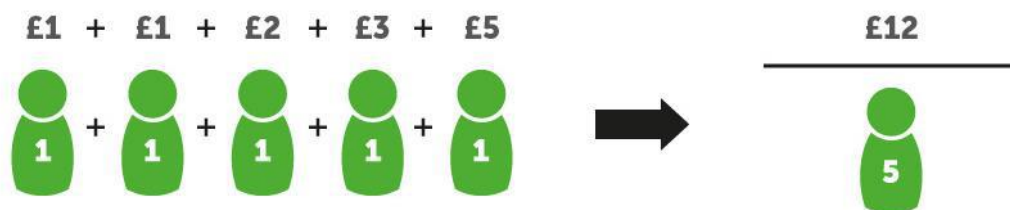
The government also highlighted the problematic nature of grouping people by ethnicity, and for the purposes of their consultation, stated "the term 'people from ethnic minorities' refers to all ethnic minority groups excluding people from white ethnic minorities.". We have chosen to compare two groups of staff: White British and Irish, and all other single and mixed ethnic groups, which we refer to here as

Black, Asian and Minority Ethnic (BAME). This is in recognition of the fact that people from white ethnic minority groups, such as Eastern Europeans, do not, on average, have the same advantages and access to opportunities as White British and Irish people. This again means that our approach to measuring our ethnicity pay gap may need to change if government guidance is introduced. Our ethnicity pay gap calculation does not include data from the 142 individuals (6.66% of our staff) whose ethnicity data is missing, or who have selected “prefer not to say”.

Mean

The mean gender pay gap is calculated by adding together all the men’s salaries and dividing by the number of men in the organisation, then adding together all the women’s salaries and dividing by the number of women. The mean gender pay gap is the difference between these two numbers.

The mean ethnicity pay gap is calculated by adding together all the White British and Irish staff’s salaries and dividing by the number of White British and Irish people in the organisation, then adding together all the BAME staff’s salaries and dividing by the number of BAME people. The mean ethnicity pay gap is the difference between these two numbers.



mean

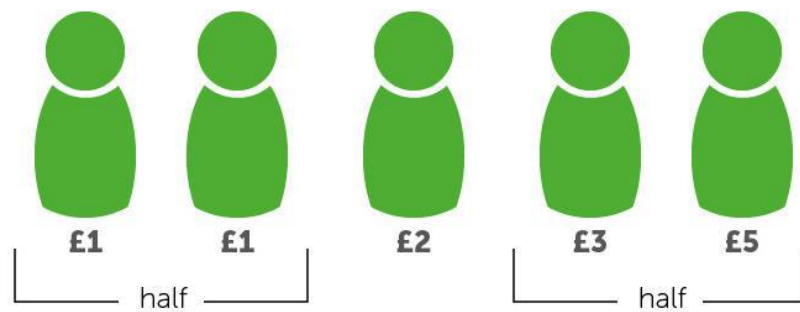
the average,
the total amount divided by the number of people

→ = £2.4

Median

The median gender pay gap is calculated by listing all the men’s salaries by size and selecting the middle salary, then listing all the women’s salaries by size and selecting the middle salary. The median gender pay gap is the difference between these two figures.

The median ethnicity pay gap is calculated by listing all the White British and Irish staff’s salaries by size and selecting the middle salary, then listing all the BAME staff’s salaries by size and selecting the middle salary. The median ethnicity pay gap is the difference between these two figures.



median → = **£2**
 half earn more,
 half earn less

NHG's gender pay gap

The mean gender pay gap at NHG is 20.72%, which is very similar to our 2018 gender pay gap, which was 21.66%.

When looking at the organisation excluding care and support, our mean gender pay gap is significantly lower, at 7.81% (the 2018 figure was 6.59%), and the gap within care and support is lower still, at 6.96% (the 2018 figure was 3.20%).

The median gender pay gap at NHG is 20.70%, which is lower than the 2018 figure, of 28.59%.

When looking at the organisation excluding care and support, our median gender pay gap is significantly lower, at 4.3% (the 2018 figure was 5.71%), and within care and support there's also a significantly lower, negative gap, of -5.15% (the 2018 figure was -11.51%). The negative gap means that the median salary for women is higher than the median salary for men, in this area of our organisation.

NHG's ethnicity pay gap

The mean ethnicity pay gap at NHG is 18.33%.

When looking at the organisation excluding care and support, our mean ethnicity pay gap is 19.42%, and the gap within care and support is significantly lower, at 3.85%.

The median ethnicity pay gap at NHG is 8.22%.

When looking at the organisation excluding care and support, our median ethnicity pay gap is 7.98%, and within care and support there's a lower, negative gap, of -5.15%. The negative gap means that the median salary for BAME staff is higher than the median salary for White British and Irish staff, in this area of our organisation.

Bonus gender and ethnicity pay gaps

NHG has adopted the legacy NHH approach to an organisational bonus, with a flat-rate bonus being paid to all qualifying staff on a pro-rata basis linked to their hours

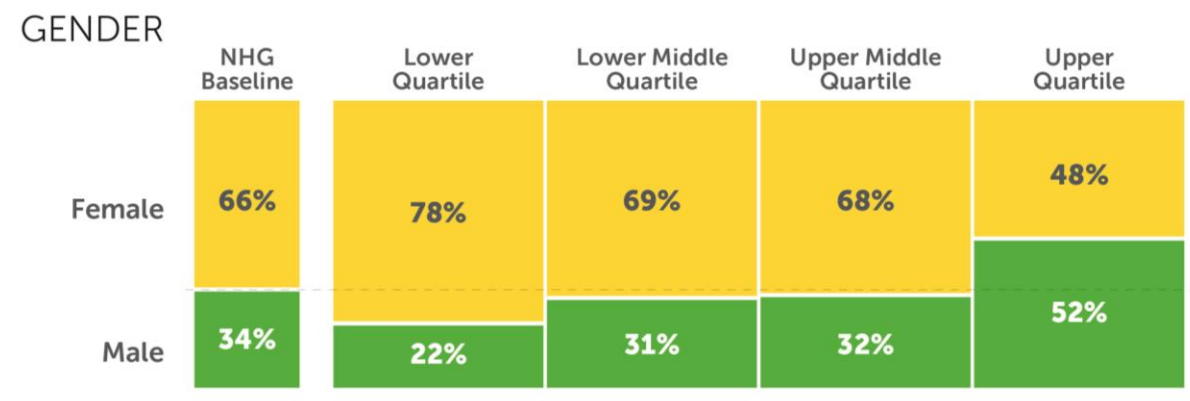
and length of time in post over the previous year. The final NHH bonus was paid in March 2018, just before our two legacy organisations merged, and our first organisation-wide bonus as a merged organisation was paid in November 2019. This means that we did not pay an organisation-wide bonus in the reporting period of 6 April 2018 to 5 April 2019. However, a small number of staff did receive a bonus during this time, and so we have still been able to calculate our bonus pay gap for the period.

Our mean and median gender and ethnicity pay gaps reflect the nature of the small number of bonuses paid. Certain staff within our care and support business are entitled to a bonus, linked to attendance, of £125. The majority of staff who received this bonus were female and BAME. Some staff within our Direct Labour Organisation are also entitled to a bonus, linked to performance, of up to £1,000. The majority of staff who received this bonus were male and White British or Irish. A small number of staff in other roles across the organisation, for example in Sales, also received a performance-related bonus in the reporting period.

Our mean gender bonus pay gap is 79.75% and our mean ethnicity bonus pay gap is 59.30%. Our median gender and ethnicity bonus pay gaps are both 87.50%. It is important to remember that our bonus pay gaps relate to the very small number of staff who received a bonus in the reporting period.

Representation across quartiles

To calculate representation of gender across quartiles, we list all the men's and women's salaries by size and then divide them into four equal groups, from the lowest paid quartile to the highest paid quartile. We then look at the proportion of men and women in each quartile. NHG's workforce is 66% female and 34% male, and is split into the following quartiles:



To calculate representation of ethnicity across quartiles, we list all the BAME salaries, and all the White British and Irish salaries, by size, and then divide them into four equal groups, from the lowest paid quartile to the highest paid quartile. We then look at the proportion of BAME staff, and White British and Irish staff, in each quartile. NHG's workforce is 63% BAME and 37% White British and Irish, and is split into the following quartiles:

ETHNICITY

	NHG Baseline	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
BAME	63%	62%	70%	71%	49%
White British and Irish	37%	38%	30%	29%	51%

Addressing our gender and ethnicity pay gaps

The biggest contributor to our gender and ethnicity pay gaps is the distribution of staff in different roles across the organisation. However, distribution impacts our two pay gaps in different ways.

As explained, our bonus pay gaps in 2019 were mainly driven by the bonus structure in two specific business areas, and the distinct profiles of the staff who received those two sets of bonuses. For the reporting period 2019/20, and for future reporting periods, we expect to see a return to a very small bonus pay gap, similar to that at legacy NHH in 2018 (2.7% mean and 0% median). This is because our organisational bonus is paid at a flat-rate, meaning that all staff receive the same amount, pro-rata for part-time staff and time of service within the relevant year.

Our gender pay gaps are driven by the overrepresentation of women in the lower quartile and underrepresentation in the upper quartile (our two middle quartiles are roughly representative in terms of gender). Although there is more that we can, and will, do to increase representation of women at the top of NHG, there is less we can do to impact the make up or pay of staff in the lowest quartile. 38% of our staff are employed in our care and support business areas, where salaries are generally lower across the employment market, and 82% of those staff are female. The high proportion of women in these roles is consistent across the sector and reflects the general preference among customers for female carers. As with other roles across NHG, the salaries we pay our care staff are in line with the market median for the type of work being done. We are committed to paying a fair wage to this group of staff and pay higher hourly rates than many other employers; we pay the London/National Living Wage wherever possible, but it is highly likely that the nature of this sector will continue to impact our gender pay gap in future.

Our ethnicity pay gap is driven by different factors. In contrast to gender, our lower quartile is very representative of our staff group in terms of ethnicity. BAME staff are overrepresented in the two middle quartiles, but underrepresented in our upper quartile. This means that, in order to close our ethnicity pay gap, we must focus on increasing the number of BAME staff in our upper quartile.

We have already implemented a range of initiatives aimed at ensuring that all of our staff have equal opportunity to develop and progress at NHG. Our emerging leaders, mentoring, executive development, and director development programmes, and involvement with Future of London and Leadership 2025 are all aimed at supporting a diverse range of staff to take the next step in their career. We monitor the diversity of those who apply to and secure a place on our various development programmes,



so we can identify imbalances in access to opportunities and take action to address them if they arise.

Although we have a high-level understanding of the drivers of our pay gaps, designing appropriate actions to address them requires us to have more detailed, accurate and up to date data. We will therefore calculate our pay gaps for the snapshot date of 5 April 2020, in April, and will use the information gathered to inform our ED&I Strategy for 2020/21. As well as including actions around our pay gaps, the strategy will address equality, diversity and inclusion at NHG more broadly. The strategy will be produced in collaboration with our four staff networks, and our staff and partnership forum, and will also incorporate feedback gathered directly from staff.

Consultation with staff will begin in spring 2020 and our ED&I Strategy will be published shortly after. We look forward to reporting on the progress made.