



Gender Pay

2019



Foreword

As a large and ambitious employer in the Midlands, we've got a diverse workforce of approximately 1,500 people. Being inclusive has always been at the very heart of our organisation, as when we embrace our diversity we attract and retain the right people who provide the best service to our customers. Put simply, we want to be a place where anyone can succeed, irrespective of their background.

Alongside other employers with over 250 employees, we're publishing our gender pay gap results for the third time reflecting our April 2019 snapshot. Our mean gender pay gap is 20.37%, while the UK average mean gap is 16.2% (ONS October 2019).

Across our organisation, we pay men and women equally for doing the same job. Our gender pay gap exists primarily because there are more women working for us in social care positions, with lower levels of pay. This isn't unique to us and reflects broader societal issues connected to roles that are viewed as traditionally male or female.

We saw our mean gender pay gap decrease very slightly but remain above the national average due, in the main, to the changing shape of our workforce during the year. We inherited 426 social care colleagues (396 women and 30 men), who transferred into our business between August 2017 and June 2018. Most of these people work in roles that are on or around the minimum wage and their terms and conditions of employment transferred with them from their former employer. Whilst we're disappointed that there hasn't been a more significant decrease, there's no doubt our pay gap

has been impacted wholly as a result of transferring these colleagues into our organisation. This has masked progress of the actions we've already taken to address the gender pay gap across our business as a whole.

We're not satisfied with our current gender pay position however I'd like to note that it's comparable with other mixed housing providers reporting under a single group structure. We're very focused on seeing a real reduction in our gender pay gap in future years. I'm confident that the work we're doing and the plans we've put in place will result in a bigger decrease when we report on our April 2020 pay gap.

We have, and will continue to, focus our attention on attracting women into traditionally male dominated roles. This includes maintaining our strong relationship with Women into Construction, which has led to the recent recruitment of female trade apprentices in our Maintenance team. We know this is still early days and there's a lot more we've got to do to increase the balance and diversity across all areas, continuing to work in partnership with relevant, expert organisations to support this ambition.

We also know that growing our own talent will be key to making sure we achieve our gender pay goals. To give this work the focus it needs, a new Talent function has been formed. Their priority will be to make it easier for people to find progression within our organisation and to offer flexible development opportunities that suit both individual and business needs.

Finally, whilst disappointing, there are clear reasons for our pay gap being what it is this year, which are a reflection of much broader societal challenges. We've got a clear plan in place and have made sure this aligns to both the Government Eight Step Analysis Framework and our new five-year corporate plan, *Making What Matters Brilliant*. Our ambition is to be a great employer. We understand that to achieve this, it's key to attract and retain the right people. We want people to want to work with us and choose to stay and build their career here too.

Baljinder Kang
Executive Director of People Services



What's the gender pay gap?

This is the difference between our hourly pay for men and the hourly pay for women, regardless of the work they do. It gives an overall picture of total pay from the highest to the lowest paid colleagues and lists them by gender. These figures take into account both full and part time roles. Put simply, any jobs where either men or women are underrepresented will have higher pay gaps.

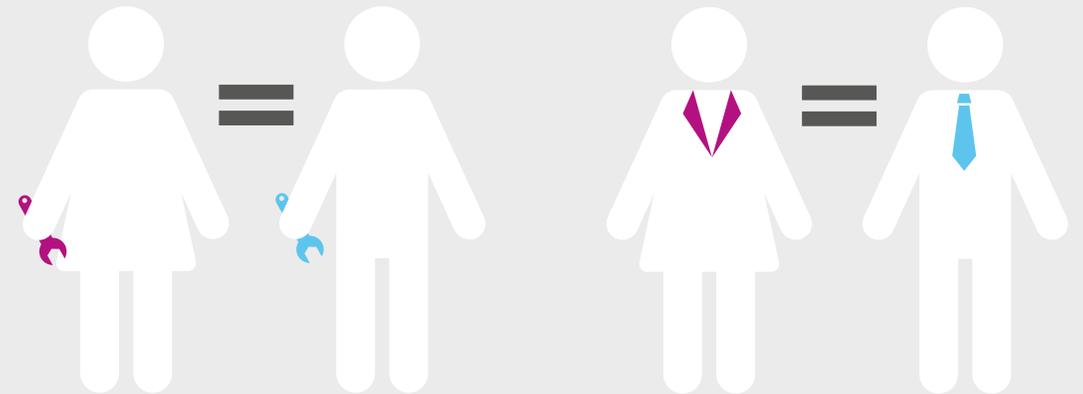
The national mean gender pay gap is 16.2%

Nationally, one of the main reasons for the gender pay gap is men are more likely to be in senior roles.



Gender pay is very different to equal pay

Equal pay is about making sure men and women are paid equitably for doing the same or comparable work. We pay all men and women equally for doing similar work or work of the same value. Equal pay is very different to gender pay but easily and often confused.

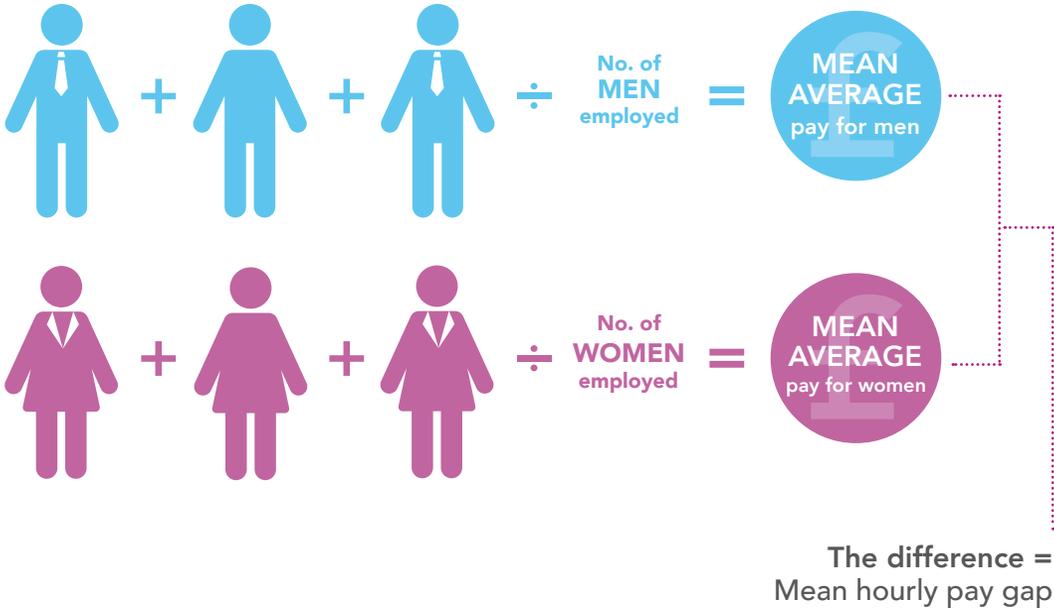


How do we calculate our gender pay gap?

1,477 colleagues were included in our 12 month data snapshot. We've published our mean and median pay gap information, as it was on the **snapshot date of 5 April 2019**. This is the date when all employers had to cut their pay data, to form a report based on the hourly rate of pay on that day.

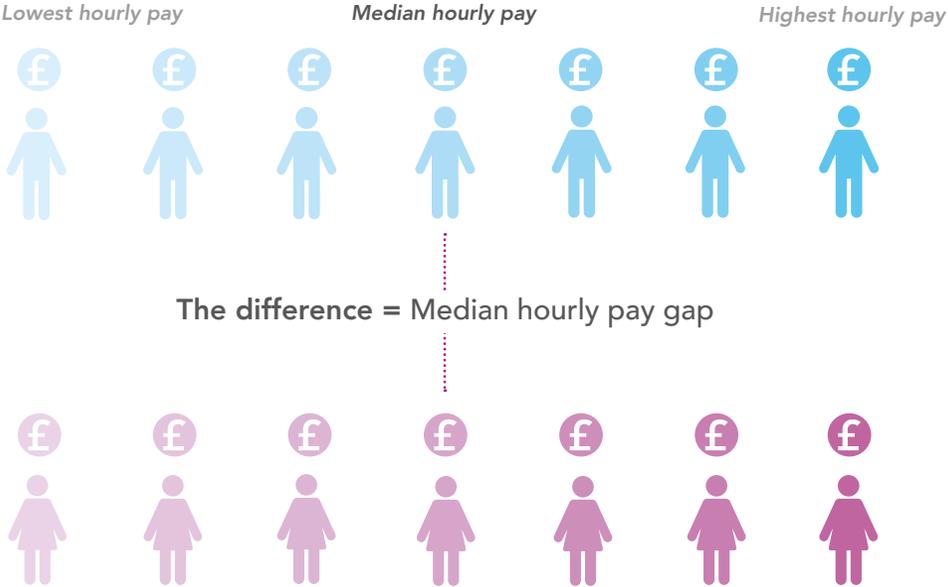
How we calculate the MEAN (average) pay gap

The **mean** is our average pay; this is when the salaries of men and women are added together and divided by the number of men and women in each list.



How we calculate the MEDIAN (middle) pay gap

The **median** is when all salaries of men and women are organised in order and the middle number is picked out from the list of men, and the list of women.



What's our gender pay gap?

**OUR MEAN
GENDER PAY GAP IS
20.37%**

The UK mean gender
pay gap is 16.2%

**OUR MEDIAN
GENDER PAY GAP IS
24.36%**

The UK median gender
pay gap is 17.3%

**OUR MEAN
GENDER PAY GAP IS
15.84%**

Without our social care workforce

**OUR MEDIAN
GENDER PAY GAP IS
14.53%**

Without our social care workforce



Who gets a bonus?

The Government defines a bonus as anything relating to productivity, performance, incentive and commission. For us, this includes our Long Service Awards, Sales Commission, STAR Awards and the Productivity Scheme for our Repairs and Maintenance team.

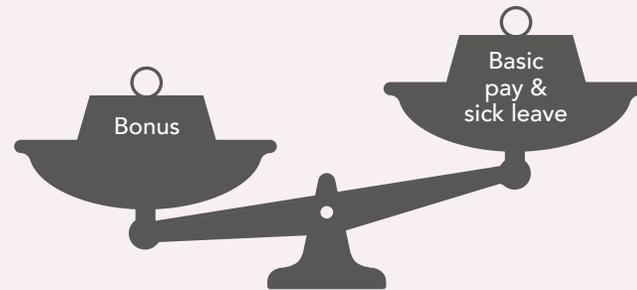
The number of men and women who received bonus pay in this 12-month snapshot is: 60% men vs 42% women. Whilst our median bonus gap is 0% for the third year running, we continue to have a large mean bonus gap between men and women as expected. This again is down to two things.

As set out in our previous two Gender Pay Reports, our Repairs and Maintenance team consists of roles such as repair operatives and technical surveyors, filled predominantly by men.

This team has a pay framework that incentivises quality repairs and whilst they have access to a bonus payment, some of their employment terms and conditions are more basic than the rest of our organisation. For example, they don't get occupational sick pay when they're not at work and their basic pay is also below median market rates.

We know this pay structure works to incentivise quality repairs, with our customer satisfaction levels reaching the upper quartile. However, as a result, there is a direct impact on our mean bonus pay gap.

Having completed our eight step analysis, we know that our Long Service Awards, attendance incentive and STAR Awards are the key drivers for our 0% median bonus gap. Whilst we continue to operate a productivity based bonus scheme, our mean bonus gap will remain above 90%. Any females who join our Repairs and Maintenance team will enjoy the same bonus scheme.



PROPORTION OF MEN & WOMEN

EMPLOYEES WHO RECEIVED BONUS PAY



Median bonus gap 0% (£50 men, £50 women)

Mean gap is 96.9% (£2,177 men, £66 women)

What's our gender profile?

As we completed the repatriation of our final Extra Care Schemes, we saw the profile of our workforce change again. In April 2017, our profile was 60.6% women and 39.4% men. In 2018, it was 65% women and 35% men and now, in April 2019, this is at 66% women and 34% men.

Most of our TUPE colleagues have roles that fall into the lower quartile, which has increased our headline median gender pay gap figure.

Throughout this time, 396 women transferred into the organisation, along with 30 males, predominantly in frontline social care roles. These are lower paid roles due to contractual constraints of commissioned contracts from local authorities.

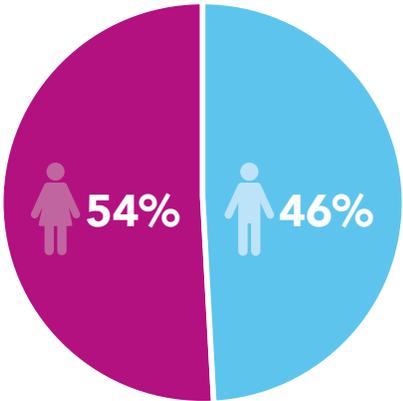


Our profile by quartile

Here's a breakdown of our gender split across each quartile when the snapshot of our data was taken. Since last year, we've seen the biggest shift in our lower quartile, which has moved to 86% women from 74% and explains the increase to our headline median gender pay gap figure.

Upper Quartile

Executive Team, Directors and Heads of Departments



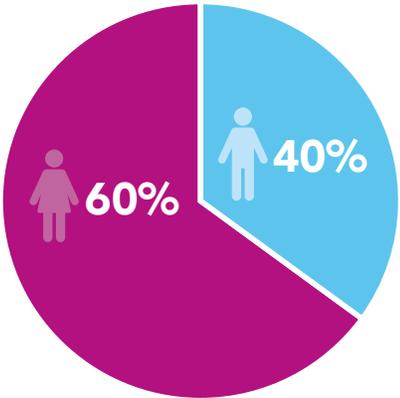
% OF WOMEN

↑ 5%

FROM 2018 - 2019

Upper Middle Quartile

Team Leaders, Surveyors and Multi Skilled Operatives



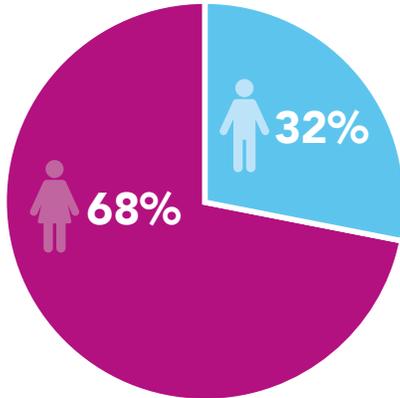
% OF WOMEN

↓ 6.5%

FROM 2018 - 2019

Lower Middle Quartile

Customer Service Officers, Scheme Managers and Void Operatives



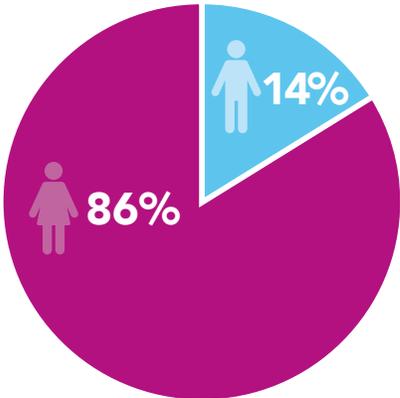
% OF WOMEN

↓ 3%

FROM 2018 - 2019

Lower Quartile

Support Workers, Chefs and Caretakers



% OF WOMEN

↑ 12%

FROM 2018 - 2019

How will we close the gap?

Over the next four years, to 2024, we've got three clear aims that inform our plans to drive down our gender pay gap. These are outlined below.

Increase the number of women in our upper quartile

Have a balance of men and women in the lower quartile

Ensure our reward and benefits enable everyone to balance their professional and personal lives

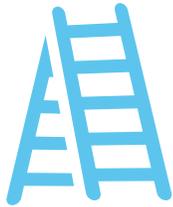
To make sure we stay focused and can successfully reduce our gender pay gap (outside of the future effect of our care divestment programme that concludes in March 2020), we've used the Government's eight step model to create the framework for our 2020/2021 action plan.

Read more about our scheduled activity over the next 12 months, on pages 10 and 11. Where possible, we've highlighted more specific timings to show what our focus will be in each quarter of the year.

1 PEOPLE STUCK AT CERTAIN PAY LEVELS

We want to build on our success in the last two years, increasing the ratio of women in our upper quartile and growing the foundations already laid in our leadership development, succession and talent management programmes.

We also aim to attract more females into apprenticeship trade roles - using our existing external partnerships and networks, and expanding these where possible, to support this goal. (Q4)



2 THE BALANCE OF PROMOTIONS

In the last 12 months, our promotions into leadership roles have been more balanced between men and women than previous years. Our challenge is how we maintain this and continue to encourage even more women to apply.

We'll use our women's network to understand the real and perceived barriers that stop women from progressing. (Q1) We can use this feedback to help design a more relevant development scheme, aimed at supporting high performing colleagues to progress. This will be ready to launch in 2021/2022.

We will actively develop women who are identified as successors for business critical leadership roles, at functional and executive director level.

At the same time, we'll continue to run our wide range of development programmes aimed at helping all of our employees reach their full potential, regularly reviewing these to make sure they're still fit for purpose.

3 WOMEN RECRUITED INTO LOWER PAID ROLES

Given our workforce profile, we do recruit more females than males into lower paid roles. We're going to review the way we're advertising these roles, and the language we use in our adverts, to make sure there's no unintended bias towards men or women. This aims to support a better balance at frontline worker level. (Q2)



We're also working with recently recruited lower paid females to find out why they chose these roles – do they think our flexible working and family friendly policies are well advertised and effective?

Even if this is an entry point, we'll continue to promote and discuss higher paid development opportunities with them, helping them to progress. We want to provide career pathways and progression across our business for anyone who wants to stay and build a career with us. (Q3)

4 COLLEAGUE TURNOVER

At the moment, overall, our colleague turnover is the same between women and men. However, we know that females in strategic and operational roles are leaving at a higher rate than their counterparts. We want to explore this in more detail to decide on any actions that can be taken that will help us to retain more females at this level.

We'll continue to review and monitor this data. Performance appraisal scores, reasons for leaving and length of service will all be included. This information will be part of our deep dive reporting and get presented to our Senior Managers and Board Committees throughout the year, where any changes identified can be discussed and managed accordingly.



5 STARTING PAY AND BONUS RATES



As part of our revised strategy for 2020-2024 we're moving away from labour market family based pay awards. We also plan to conduct an equal pay audit to make sure all of our roles are aligned as necessary. (Q2)

Where we occasionally offer additional recruitment and retention pay supplements, our Executive team will review these roles and their market data twice a year.

As in previous years, we'll continue to make sure requests for higher salaries at offer stage, and in yearly pay increases, are robustly challenged by our Resourcing and Reward teams. Requests will be referred to our Executive Director of People so we understand the impact on the gender pay gap.

In addition, we plan to review our trades bonus scheme for fairness (Q1) and continue to monitor the proportion of women to men receiving STAR Awards and long service recognition.

6 PERFORMANCE SCORES



We know from monitoring the outcomes of our bi-annual appraisal process that our current performance outcomes are balanced between women and men for each rating level used. When reviewing and implementing the re-design of the current performance appraisal process in 2020 (Q2), we'll make sure that the balance of ratings between genders is maintained by continuing to track and monitor our appraisal outcomes.



7 PART-TIME COLLEAGUES AND PROGRESSION

We're going to analyse why, with a few exceptions, we've got very few part-time colleagues in roles above £30,000pa. Do we need to have full time colleagues in all of these roles or are there ways we can fulfil these roles in a more flexible way? We believe that this piece of work may help to improve our ratio of females in strategic and operational roles.

8 COLLEAGUES AND CARING RESPONSIBILITIES

We engaged in all of the webinars and case studies shared by the Government Equalities Office (GEO) in October 2019. These helped to inform our family friendly and caring policies, as well as our SMART working strategy, which is currently in development.

We're considering how likely it is for many strategic and operational roles to be fulfilled with greater flexibility. This year, we will be reviewing our flexible working practices, benchmarking against other organisations and using our inclusion networks to look at perceived and real barriers around flexible working. (Q4)

This work aims to find solutions that will give both men and women the ability to create a better balance between the pressures of their personal and professional lives, and see these roles as exciting opportunities for them.





midland heart