

# Ethnicity Pay Gap Report

## Introduction

UK law requires that employers promote equality within the workplace and carefully consider whether they are discriminatory on any grounds. It is also well proven that more diverse organisations consistently perform better. Despite these evidence-based cases for better diversity and inclusion, good representation is still not visible across the sector.

Ethnicity pay gap reporting is not currently mandatory for employers, but movement is building towards greater transparency and disclosure on ethnicity pay as part of a business's ESG reporting. The publication of the Race Disparity Audit in 2017 and Ethnicity Pay Reporting Consultation in 2019 investigating what ethnicity pay information should be reported to allow for meaningful actions highlights the value in this level of reporting in identifying existing inequalities in organisations.

As an organisation we nurture an inclusive culture regardless of characteristics and background. Despite this we are aware of the prevalent barriers and obstacles for colleagues from minority groups and hence see great value in ethnicity pay reporting as a contributing step in identifying these barriers. Our objective is to gather reliable data and report on our ethnicity pay gap to ensure we take accountability, set aspirational targets and maintain an active focus on diversity.

## Ethnicity pay gap

### **How is it calculated?**

The ethnicity pay gap shows the difference in the average hourly rate of pay between Black, Asian and minority ethnic (BAME) colleagues and non-BAME colleagues (white colleagues, or those who do not fall into the BAME category) expressed as a percentage of the average non-BAME earnings. All data collected disregards role in the organisation, length of service and any other differentiating factors.

We will report on ethnicity pay in the same way that organisations are required to report on gender pay, using the same calculation methodology set out by the Government Equalities Office. Based on this same snapshot of pay data used for our gender pay gap report we have chosen to report on the following measures.

It is important to note that we have implemented pension salary sacrifice in 2021 which means that salary amounts to complete the analysis is based on salary after pension deduction, this will impact based on the pension percentage contribution.

### **The mean**

The difference in the average hourly pay of non-BAME colleagues and BAME colleagues. To ensure we have fairly considered the difference in pay for BAME colleagues we have also found the difference in the average hourly pay for each ethnic group within the BAME grouping compared to non-BAME colleagues.

## The median

The difference in hourly pay between the middle paid (the person at the mid-point if we were to line all colleagues up by pay) non-BAME colleagues and BAME colleagues.

The median is a highly representative measure of an 'average' colleagues pay as it does not include the highest and lowest figures in our data set which can sometimes skew the mean.

## Bonus pay reporting

It is worth noting that all bonus payments are standardised at settle with all colleagues earning this payment if they maintained a full-time or part-time contract prior to 31<sup>st</sup> December 2020. As this payment is not allocated on a performance review basis the percentage difference of mean and median bonus reflects this with a near to 0% median difference.

## Final considerations

We recognise that as a business with just over 250 colleagues we are subject to fluctuations with our data when examining ethnicity pay gaps. We have good representation of the communities we serve, as the National Housing Federation's EDI tool using Annual Population Survey data tells us that our 12.73% of BAME colleagues is largely representative of the 9.73% BAME residents living within settle neighbourhoods. However, we are aware that our colleague minority ethnic groups still consist of small numbers. Therefore, we are still driven to increase our representation of all groups across the business, hence why we are committed to reporting on this data and maintaining complete transparency. However, it's important we keep in mind that a small shift in our workforce can make a significant impact on the below figures. This may be reflected in our ethnicity pay gap data for 2022.

## Our ethnicity pay gap analysis

### Mean and Median ethnicity pay gap observations

The tables below show our overall mean and median ethnicity pay and bonus gap based on hourly rates of pay as at the snapshot date 5<sup>th</sup> April 2021.

Mean (average)	Median (middle)
2021 ethnicity pay gap	
-0.31%	-1.00%

Mean (average)	Median (middle)
2021 ethnicity bonus gap	
-2.49%	0.00%

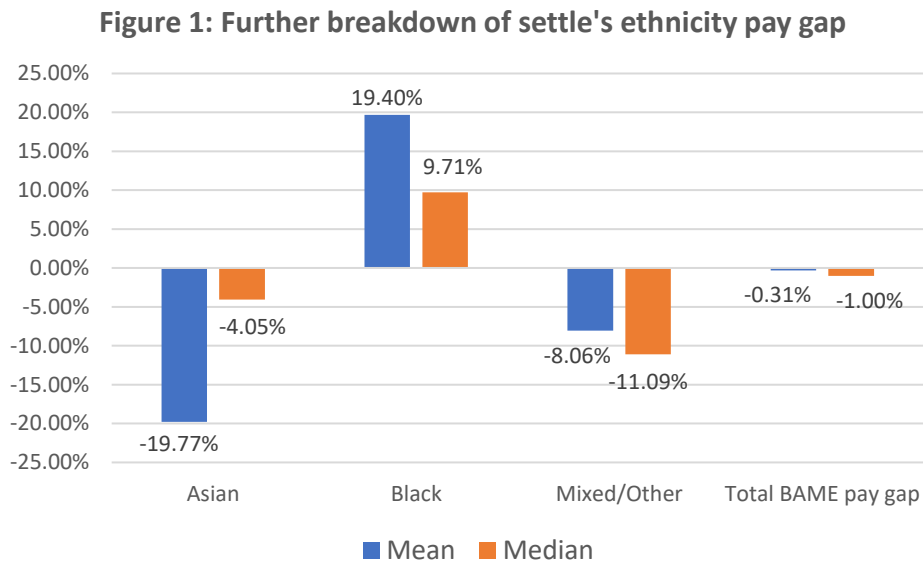
### What does this tell us?

Our ethnicity pay gap is -0.31% (mean) and shows a median gap of -1%. This means that on average BAME colleagues at settle are paid a small amount more than non-BAME colleagues at settle.

Although these insignificant differences suggest that there is currently no ethnicity pay gap, this only tells part of the story. It is important we consider the break down of minority groups and analyse their pay gaps, which you can see in the further analysis below.

### Mean and median pay gap for Asian, Black and Mixed/Other colleagues

In order to understand whether there are differences between individual ethnic groups, the 2021 data has been broken down further, see Figure 1.



### What does this tell us?

Asian colleagues and Mixed/Other colleagues at settle are paid on average more than non-BAME colleagues at settle. This is most significant for Asian colleagues who are paid on average 19.77% more than non-BAME colleagues with the middle earning Asian colleague earns 4.05% more than the middle earning non-BAME colleague at settle.

We can see that a pay gap exists for Black colleagues at settle as they are paid on average 19.4% less than non-BAME colleagues with the middle earning Black colleague earning 9.71% less than the middle earning non-BAME colleague.

### Distribution across quartiles for BAME and non-BAME in 2021

Quartile	BAME	Non-BAME
Upper	10.61%	89.39%
Upper middle	16.42%	83.58%
Lower middle	10.45%	89.55%
Lower	13.43%	86.57%
Overall population	12.73%	87.27%

### What does this tell us?

Of the colleagues that shared their ethnicity data (94% of colleagues) 12.73% told us they are from a BAME background. This matches the UK BAME population of 13%. This tells us we have a good representative BAME proportion of our workforce in comparison to the national average but there is still room for improvement to increase this number to an overly representative level.

The percentage of BAME and non-BAME colleagues within each quartile band tells us that we are well represented in the lower earning hourly pay brackets but are under-represented in management and senior positions. While BAME colleagues make up 12.73% of our overall workforce, only 10.61% of our most senior roles are BAME.

### **Distribution across quartiles for Asian, Black and Mixed/Other colleagues in 2021**

<b>Quartile</b>	<b>Non-BAME</b>	<b>Asian</b>	<b>Black</b>	<b>Mixed</b>
<b>Upper</b>	89.39%	6.06%	3.03%	1.52%
<b>Upper middle</b>	83.58%	5.97%	7.46%	2.99%
<b>Lower middle</b>	89.55%	4.48%	5.97%	0%
<b>Lower</b>	86.57%	5.97%	7.46%	0%
<b>Overall population</b>	87.27%	5.62%	5.99%	1.12%

### What does this tell us?

This breakdown by minority ethnic group shows us that Asian and Mixed/Other colleagues are well represented in the upper and upper middle quartile. Black colleagues are under-represented in the upper quartile and are the most represented minority ethnic group in the lower quartile.

## **Observations**

Although initial analysis of the pay gap for BAME colleagues as a group tells us we do not have a pay gap at settle, we can see that that this is misleading when the BAME group is broken down into the three ethnic groupings. The significantly larger pay gap between colleagues from a Black background compared to colleagues from an Asian and Mixed/Other background reinforces the need to examine the cultural differences between ethnic minority groups and to not treat all as one.

Asian colleagues are well represented in higher paid roles at settle as we see 6.06% in the upper quartile and 5.97% in the lower quartiles compared to our overall 5.62% proportion of Asian's overall at settle (5.62%). We are therefore comfortable with Asian representation at settle and will continue to encourage progression for colleagues in the lower middle and lower quartiles. Although settle maintains a small proportion of Mixed/Other colleagues, these colleagues sit in the upper and upper middle quartile, which means they are well represented in high paid roles at settle.

The analysis of colleagues in each quartile tells us that Black colleagues are more widely represented in the lower paid roles which is contributing to this groups pay gap. Black colleagues make up 5.99% of our workforce but we can only see 3.03% in the upper quartile.

## Priorities moving forward

We understand the value in having ethnic diversity across our workforce, in particular in decision-making roles. We are therefore committed to achieving greater representation across our business and following this analysis we will focus on balancing the representation of Black colleagues at settle. We aim to reduce the pay gap for this group in the next year by supporting movement into the upper quartiles and increasing overall representation across our workforce. We will now maintain conscious awareness of the disproportion for our Black colleagues and this will be considered as part of our equality, diversity and inclusion strategy and action plan moving forward.

We have completed our EDI Strategy which displays our ongoing commitment to equality, diversity and inclusion and sets out our goals over the next three to five years. Executing our EDI Strategy and the corresponding action plan across all elements of our business is our main priority that we feel will support our cultural progression and foster a diverse and inclusive environment which attracts, retains and facilitates the progression of ethnic minorities. This will be launched mid-2022 with targets set to measure our successes. We also continue to grow our colleague diversity and inclusion group 'value everyone', which takes a lead on celebrating diversity at settle. In consideration of our EDI strategy and the action plan that supports it alongside the recommendations from our colleague led diversity group 'value everyone' we have identified our commitments to address our ethnicity pay gap analysis:

### **Cultural growth**

We continue to focus on creating an environment where colleagues can be themselves and where we celebrate and respect differences. Bringing all colleagues along with us is an important part of our equality, diversity and inclusion journey. To ensure there is ongoing dialogue we will hold informal sessions with a focus on diversity and inclusion related topics that addressing knowledge gaps identified through engagement surveys and the 'value everyone' group.

### **Data driven processes**

Initiating a continuous data-driven process is an important part of removing bias and increasing opportunity. We have successfully gathered and analysed colleague demographic data and now hope to include the analysis of leaver and performance data as well as feedback from customers into our EDI data analysis. An important part of this will be sharing this information with colleagues and ensuring we maintain an understanding of the importance of data.

We will also implement Equality Impact Assessments as part of the standard policy and activity review framework. This evidence-based approach will help colleagues evaluate how colleagues and customers may be affected by our policies, events and decision-making processes and support with the removal of any barriers to participation.

### **Expanding our network**

We recognise the value in connecting with our local community and will continue to identify and expand on the links we have with organisations which are also progressing with diversity and inclusion. Established bodies such as North Hertfordshire District Council and locally run diversity groups such as North Herts ethnic minority forum offer us a great opportunity for partnership and to expand on our diversity and inclusion impact across our local community.

### **Intersectionality**

Understanding how our colleagues experience working at settle is important to us, which is why we will take an intersectional approach to our diversity and inclusion strategy moving forward. This means we will consider how various social identities such as ethnicity and gender are interconnected for our colleagues and how this can change an individual's experience.

### **Progressing and retaining our talent**

We are looking to expand our offering of mentoring opportunities as well as encourage applicants for BAME leadership development programmes within the housing sector. Eastern Leadership and Leadership 2025 will be explored for all relevant colleagues with the intention to support BAME colleagues on path to moving into senior roles. We will ensure our succession plans and recruitment activities consider and address our identified representation goals and we will support the development of our BAME leadership pipeline.

### **Removing recruitment barriers**

To maintain an inclusive recruitment process, we will provide recruitment skills training for hiring managers to minimise the impact of unconscious bias. All job advertising will be screened for bias in language and will include an EDI statement indicating to our support of diverse applicants. Additionally, we are committed to working with agencies that reach out to BAME applicants only.