



Hill & Smith Holdings PLC

Gender Pay Report

2019



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Introduction

Hill & Smith Holdings PLC holds leading positions in the niche markets of security and road infrastructure products and galvanizing services, diversified through 29 subsidiary businesses throughout seven countries, employing over 4,600 people.

Our Infrastructure products and galvanizing services are delivered to the world's utilities and power generation industries, and to international businesses within the infrastructure of roads and rail, together with corrosion protection services in the form of zinc and other coating. We operate in sectors including construction and engineering that also endeavour to attract more women into occupations at all levels in the organisation that have typically been carried out by men.

With around 1,900 UK employees, 88% of whom are male, the Group is committed to equal opportunities and fairness and to policies, practices and behaviours that foster equal opportunities in recruitment, training and career development. The Group recognises that for its businesses to succeed it must support and develop both male and female employees through a range of attraction, development and progression strategies that engages everyone in the success of the organisation.

The Gender Pay Gap

From April 2017 annual gender pay reporting has been mandatory for all UK entities employing over 250 employees and, over the last three years, this organisation has reported pay gap data for three subsidiaries that are required to report. Reporting data can be sourced via the government's portal for Hill & Smith Ltd, Birtley Group Ltd and Joseph Ash Ltd. These are three of the 14 subsidiaries within the Group in the UK, and among the 29 subsidiaries within the Group worldwide.

Also, in this document, we disclose the data for the total workforce employed across our UK subsidiaries.

The Gender Pay Gap & Equal Pay

Hill & Smith Holdings PLC is committed to providing equal pay for work of equal value, not just because it's a legal requirement but because it's the right thing to do, and therefore our policy on equal opportunities and diversity supports this.

A gender pay gap does not necessarily mean that there are equal pay issues, rather it illustrates that there is an unequal distribution of men and women at different levels across the business and an under-representation of women or men in certain roles. In the UK, the ratio of men to women across the Hill & Smith Group is 88:12.

Hill & Smith in the UK (all employees)

The table below shows the proportion of males and females in each pay quartile in the UK workforce in April 2019.

All UK & reporting subsidiaries	Upper quartile m/f %	Upper middle quartile m/f %	Lower middle m/f %	Lower quartile m/f %
UK in total	89/11	87/13	91/9	87/13
Birtley Group Ltd	89/11	92/8	90/10	89/11
Hill & Smith Ltd	94/6	87/13	88/12	78/21
Joseph Ash Ltd	86/14	91/9	98/2	85/15

In 2019, we employed slightly more women in three of the four quartiles than we did in 2018, and we shall continue to review our attraction selection processes, in particular to ensure that our recruitment advertising attracts a broad range of candidates for roles at all levels in the organisation. In particular, we shall monitor the proportion of male and female applicants for roles at all levels, the proportion of offers of employment made to men and women, and review the way that salaries are set on commencement.

For Hill & Smith subsidiaries, changing the ratio of men and women employees across a broad spectrum of roles would be key to reducing any pay gap, and we envisage that it could take several years for the proportions to change materially. We shall therefore continue to use our links with schools and other organisations within the communities in which we operate to promote this industry sector and career opportunities in our subsidiaries.

Pay in the UK

The mean gender pay gap is the difference in the average base pay for women compared to men employed at a single point in time.

Although our mean pay gap of 12.7% in the UK remains at broadly the same level as last year (12.5%), the median pay gap has improved by 7.1%, from 3.9% to -3.2%. **The median pay gap** is the difference between the ordinary pay rate of the woman in the middle of the range compared to that of the man in the middle of the range.

Bonuses in the UK

In the year since we last reported our data, the proportion of women receiving a bonus increased from 54% to 62% and the proportion of men receiving a bonus increased from 33% to 46%.

The **mean bonus gap** has improved slightly (by 0.6%) and is 79.7%, and this is the difference in the average bonus paid to women and the average bonus paid to men. However, the **median bonus gap** that represents the mid-point of the population receiving a bonus has increased by 8% to 56.9%.

We shall review which types of bonus schemes and recipients might have contributed to the adverse movement, for example, to establish whether the arrival or departure of a small group of individuals might have had an impact on this figure. There are a range of variable pay arrangements that meet the bonus reporting criterion and these schemes apply to different roles.

Finally, we have recently sourced some technology that allows us to examine our pay data by employee group and this will enable us to focus our attention on areas where improvements in our talent management strategies can be made.

Hill & Smith Holdings subsidiaries

The data in the table below refers to the three subsidiaries in the Group that are required to report their pay gap

Hourly Paid & Salaried Employees 2018/19	Mean Hourly Pay	Median Hourly Pay	Mean Bonus Gap	Median Bonus Gap
Birtley Group Ltd	13%	0.6%	80%	89.8%
Hill & Smith Ltd	16.9%	14.4%	79.3%	32.4%
Joseph Ash Ltd	5.4%	-16.9%	89.4%	58.8%

In the tables that follow, the data is shown by company and for the three reportable years.

Birtley Group Ltd

Year	Mean Hourly Pay	Median Hourly Pay	Mean Bonus Gap	Median Bonus Gap
2016/17	-7.1%	-38.6%	87.3%	90.7%
2017/18	2.5%	-28.0%	89%	90%
2018/19	13%	0.6%	80%	89.8%

The pay gap reported for the year to April 2019 at the mean (13%) is comparable with the average reported by the ONS (17%) but the median (0.6%) shows that the gap is more or less closed at the midpoint, which we are pleased with. The experience of reporting over the last years has demonstrated that small movements in the workforce profile and our pay policy can affect the figures, so we take care to evaluate the impact of recruitment and pay decisions.

Our mean bonus gap has improved by 9% since last year and the median has broadly stayed the same and we shall continue to review our approach to variable pay in a setting where a higher proportion of women are receiving bonus pay. Also, we now employ more women in each of the pay quartiles, which gives us the potential to develop our pay policy in the right direction.

Hill & Smith Ltd

Year	Mean Hourly Pay	Median Hourly Pay	Mean Bonus Gap	Median Bonus Gap
2016/17	14.1%	18.5%	70.4%	1.7%
2017/18	21.1%	21%	70.3%	-28.8%
2018/19	16.9%	14.4%	79.3%	32.4%

The pay gap between men and women narrowed year on year in terms of both the mean and the median. The mean pay gap improved by just over 4% and the median by more than 6% and, as we employ more women in each of the pay quartiles than was the case last year, we are pleased to have changed the profile of our workforce. However, a lower percentage of our female workforce received a bonus last year, and so we shall review our data to understand this dynamic further.

Joseph Ash Ltd

Year	Mean Hourly Pay	Median Hourly Pay	Mean Bonus Gap	Median Bonus Gap
2016/17	15%	1.5%	84.8%	47.5%
2017/18	11.7%	-2.9%	83.5%	41.8%
2018/19	5.4%	-16.9%	89.4%	58.8%

The mean and median pay gaps have reduced by 6% and 14% respectively and we benchmark well with the ONS figures. We have increased the proportion of women employed in all but one of the four quartiles and most notably, we have increased the proportion of women in our upper quartile from 2 to 14% in the last year. However, the proportion of women who receive a bonus has remained broadly the same and the mean and median bonus gaps have increased slightly, so we need to look into that in particular.

Having reviewed these statistics for the UK-based Group subsidiaries we recognise that we employ materially more men than women overall (88%/12%), and we employ more men than women at all levels in our organisation. However, we shall examine further the employee groups where men and women are more evenly represented for any differences in pay that are particularly driving our gender pay gap. This is because our data shows that if we exclude a range of managerial and professional roles from the analysis, the gender pay gap reduces to around 8%.

Therefore, we shall:

- focus particularly on those occupations where women are better represented,
- revisit the pay quartiles to establish which roles are/are not attracting female candidates,
- evaluate whether there is equal opportunity in relation to promotional moves, and
- review how pay is set on the commencement of employment and as careers progress.

D W Muir

Group Chief Executive

April 2020