

## Gender Pay Gap Reporting

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(Gender Pay Gap Information) Regulations 2017.



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### INTRODUCTION

Gender Pay Reporting (Gender Pay Gap Reporting) under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, brings into effect the legal requirement for all employers who employ 250 or more colleagues to report publicly on the differences in the aggregate pay and bonuses of males and females from the 5th April 2017.

Gender Pay Reporting requires Arco to make calculations based on colleague's gender using our existing HR and payroll records from April 2017. The process involves carrying out several sets of predetermined calculations; it does not involve publishing individual colleague's data.

The purpose of Gender Pay Reporting is to increase transparency, which in turn the Government hopes will encourage organisations to act on any male-female divide.

The Gender Pay Reporting shows the differences in the average pay between males and females. If a workplace has a particularly high gender pay gap, this can indicate there may several issues to deal with and the individual calculations are intended to help identify what these issues may be.

Gender Pay Gap Reporting is not the same as equal pay, equal pay is the difference between males and female who carry out the same job, similar job or work of equal value. It is unlawful to pay people unequally because they are a male or female.

### WHO IS INCLUDED?

For the purposes of Gender Pay Reporting, the definition of who should be included is defined in The Equality Act 2010. This is known as an 'extended' definition and includes: Employees with a contract of employment.

### THE REPORT

Using pay data from the 5th April 2017 pay period we have reported on:

- The difference in the mean pay of males and females
- The difference in the median pay of males and females
- The difference in the mean bonus pay of males and females
- The difference in the median bonus pay of males and females
- The proportion of males and females who received bonus pay
- The proportion of males and females in each of four quartiles pay bands

## Report Details 2017

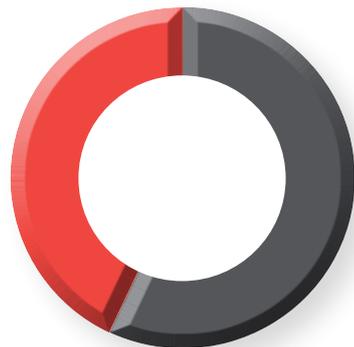
The data is based on April 5th 2017's HR and pay data and the results are detailed below.

### ARCO LIMITED HAS A WORKFORCE OF 1,449 COLLEAGUES.

Arco colleague's % by gender



Female  
42.4%



Male  
57.6%

### MEAN & MEDIAN GENDER PAY GAP

#### GENDER PAY GAP

MEAN

24.4%

MEDIAN

11.5%

Arco gender pay gap for 2017 was 24.4%, this is higher than the national average at 18.1% for 2016.

Our median gender pay gap is 11.51% which is also slightly up compared to the Office for National Statistics median of 9.4% for all employees.

There are several factors to consider when trying to explain why we have a gender pay gap.

Our planned progressive strategy now includes positive action to improve our recruitment and selection process and will incorporate and identify measures to support more diversity into senior positions. We will improve succession planning processes, better identification and development of talent and offer more opportunities for personal development.

**MEAN & MEDIAN GENDER PAY GAP**

**GENDER PAY GAP**

**MEAN**

**37.0%**

**MEDIAN**

**5.8%**

The factors driving the bonus pay gap are linked to the imbalanced gender composition across more senior roles. Variable performance pay and bonus structures for the most senior colleagues differ from those of the wider workforce, thereby further widening the gap. As the proportion of female colleagues increases in our more senior roles, this gap will reduce.



**THE PROPORTION IN EACH OF THE FOUR QUARTILE PAY BANDS**

As Arco has a total colleague population made up of 42.4% females and 57.6% males, the gender pay gap is unlikely to be a result of the gender diversity across the organisation. We need to look more closely to understand what the other drivers are.

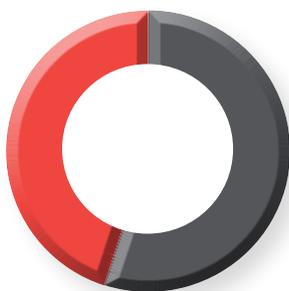
This is supported by the four quartile images that show the mean and median pay gaps for each of these four quartiles.

The gap between males and females pay is less evident at the lower three quartiles, it is only the upper quartile where a real gender pay gap becomes more apparent.

The chart below shows that there are proportionally more male colleagues than female colleagues in the higher pay quartiles. This is confirmed as 85.5% of the Senior Management positions are held by males and this significantly increases the average hourly rate for males, when using the required calculations, compared to females.

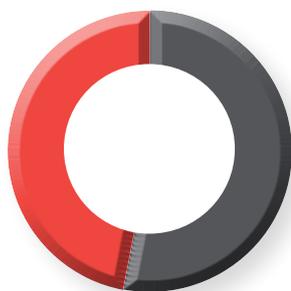
A significant imbalanced gender composition across the more senior roles and substantial differential variable performance pay structures for the most senior employees, which differ from those of the wider workforce, assist significantly in widening the gap. As the proportion of female colleague's increases in more senior roles, this gap will reduce.

**LOWER**



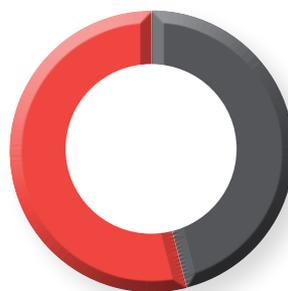
**Female 44.2%**  
**Male 55.8%**

**LOWER MIDDLE**



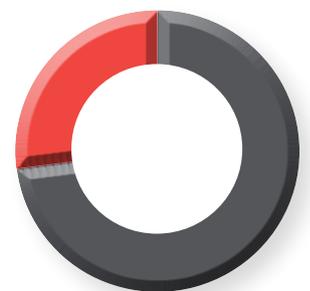
**Female 52.76%**  
**Male 47.24%**

**UPPER MIDDLE**



**Female 46.56%**  
**Male 53.44%**

**UPPER**



**Female 26.52%**  
**Male 73.48%**

## OUR PLANNED APPROACH TO IMPROVE OUR GENDER PAY GAP

Arco have taken several steps already to address the diversity of our workforce and as part of our continued efforts, were currently in the process of:

- Conducting a full review of our recruitment processes to ensure we promote a fair selection process.
- Committed to ensuring that Arco has a extensive and fit for purpose reward and recognition program to encourage and maintain our gender diversity.

Arco is committed to equality across all aspects of our diverse business and will continue to learn and improve using the gender pay report data as a permanent measure.

We want to improve the balance of our workforce and this means that we have to both support the females who work for us moving into more senior positions and attract more females to join us.

We have begun this journey and have invested in a new Human Resource Director during 2017 to put specific strategies in place to achieve our ambition and talent attraction.



David Evison  
Interim Managing Director