

Gender Pay Gap

Report 2018



Introduction

At Baxi Heating our mission is to create lifetime customer loyalty and our ambition is to lead the market in smart heating solutions. We believe that our success is dependent upon our ability to attract, retain and motivate people from as diverse a pool as possible, reflecting the markets in which we operate.

Six years ago we introduced our company values as part of a culture change programme. Our values underpin all our activities and form the basis of an inclusive culture that supports diversity.

The programme to embed our values has included positive action to address the under representation of women at all levels in the business. It will take some time for these actions to translate into our gender pay gap figures, indeed some actions may have an adverse impact in the short term as we address the balance in our pipeline of talent at lower levels. However we can demonstrate progress over the past few years, particularly at our senior leadership level. We fully expect our pay gap to close progressively over the coming years.

Calculating our pay gap

The gender pay gap shows the difference between average earnings of men and women. This is different to equal pay, which deals with the pay differences of men and women who carry out the same jobs or work of equal value.

The gender pay gap is designed to reflect the opportunities for women to progress to senior roles in the organisation and the UK average median gender pay gap is just over 18%.

Mean pay gap

The individual hourly pay rates for all men are added together and divided by the number of male workers to get the mean hourly rate for men.

The individual hourly pay rates for all women are added together and divided by the number of female workers to get the mean hourly rate for women.

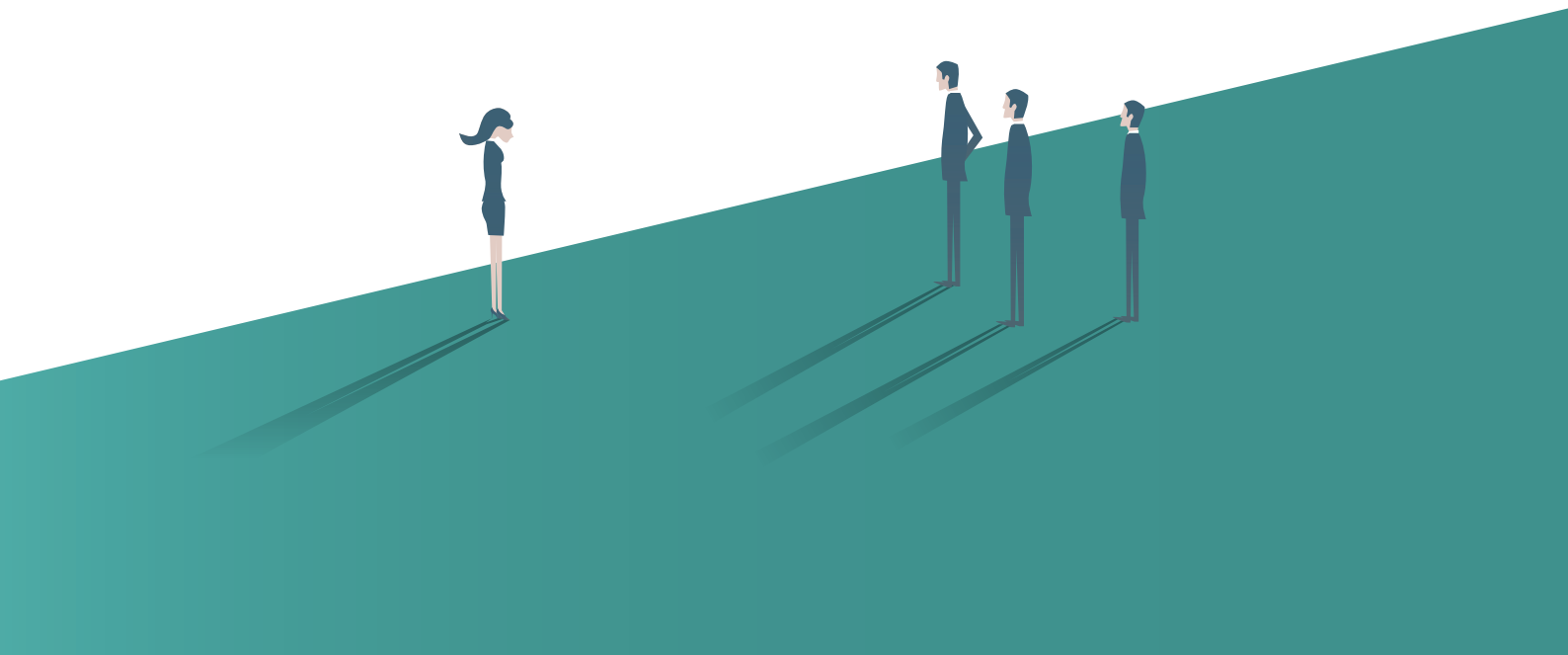
The difference between these two rates is the mean hourly pay gap.

Median pay gap

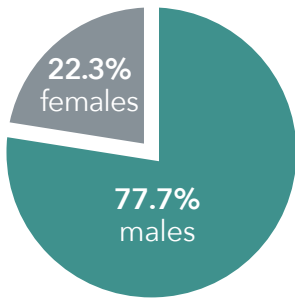
The individual hourly pay rates for all men are ranked in order and the rate in the middle of this list is the median hourly pay rate for men.

The individual hourly pay rates for all women are ranked in order and the rate in the middle of this list is the median hourly pay rate for women.

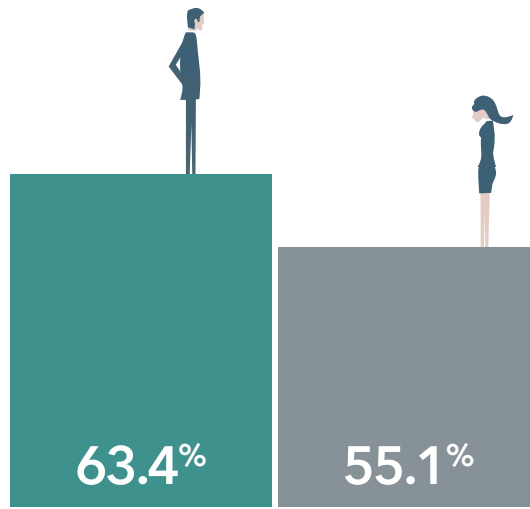
The difference between these two rates is the median hourly pay gap.



Our pay gap



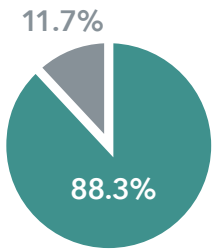
% male/female employees



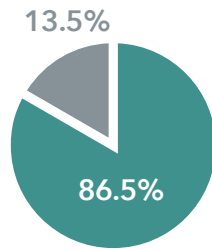
% males/females receiving a bonus payment

Mean gender pay gap	21.5%
Median gender pay gap	34.3%
Mean bonus pay gap	50.1%
Median bonus pay gap	73.6%

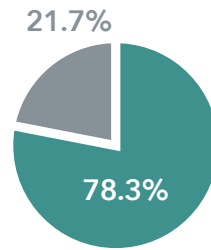
● Male ● Female



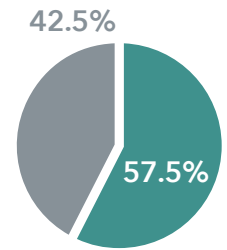
Upper quartile



Upper middle quartile



Lower middle quartile



Lower quartile

Analysis of our pay gap

There are 1400 employees in our Baxi Heating UK business. This number includes 20 colleagues who work for our parent company based in the Netherlands. Our business activities cover manufacturing & assembly, sales & distribution and aftersales service and support throughout the UK. 22% of our total UK workforce is female.

Our median gender pay gap is 34.3%. This reflects the fact that there are a higher proportion of women in our contact centre and assembly operations, whereas we have a higher proportion of men in sales and engineering roles, resulting in a higher hourly rate for men at the median point. Men are also more likely to undertake shift work which increases the hourly rate of pay. The other driver of our gender pay gap is that fewer women occupy middle and senior management roles in the business. We continue to make progress in this area, however lower staff turnover at these levels means that it will take some time for this progress to be reflected in our pay gap. In June 2017 we acquired a business with exclusively male leadership and this has had an adverse impact on our reported figures.

Our median bonus pay gap is 73.6%, which is down from 79% reported in 2017. The payments in 2018 covered our main schemes in sales, service engineers and senior managers; with a low proportion of females in each of these areas.

Closing our pay gap

Baxi Heating is committed to taking action to close our gender pay gap. In 2018 we set up a Gender Pay Gap Working Party to review our gender pay gap data, debate the underlying issues and develop a five-point action plan to close our gap. The resulting action plan was fully endorsed by the UK Executive team.

Communication and Education

We want to ensure a common understanding of the gender pay gap, what it stands for and why we need to change it by identifying and evaluating the business benefits, and creating key messages to use in internal communications. We offer training in diversity for all line managers so that they can understand unconscious bias and challenge how this might impact the workforce. Glass ceiling workshops and e-learning modules on diversity are available to all employees, and completion is mandatory for managers. The aim is to ensure support for the five point plan across the whole business.

Employer brand

Baxi Heating operates in a market seen as traditionally male and less attractive to female candidates so we are developing an employer brand and employee value proposition that uses gender neutral language to promote flexible working and development opportunities for all. The aim is to increase the number of direct applications, as well as a higher proportion of female applicants, whilst maintaining our ambition to appoint the best person into the role regardless of gender, ethnic minority, disability, sexual orientation, etc.

Recruitment

Female applicants for roles are not evenly balanced across all quartiles so we have applied gender neutral language in recruitment copy, implemented an interviewer diversity policy, applied a female inclusion shortlist policy and targeted sales opportunities for female talent. The aim is to secure a higher proportion of female applicants from external and internal sources, particularly for roles above the lower quartile. We continue to actively source candidates from outside our industry, where appropriate, to extend the range of available candidates.

Role Models

We are encouraging our female colleagues to aspire to be the best that they can be by sharing with them case studies of women at all levels in the organisation who have progressed in their careers. We anticipate that this will engage our female colleagues and further raise their awareness of the wide range of opportunities available to them in our company.

Support

We recognise that female talent requires tailored support and encouragement to develop in an environment where the majority of colleagues are male. Our wide ranging suite of development activities allows the individual to build on their strengths using a fully blended learning approach. Our coaching provision for female returners positively impacted on our maternity return rate and we achieved 100% in 2018. The overall aim of our various support programmes is to improve progression rates for female talent.

In addition to the five point plan, we are committed to devising and implementing a UK-wide grading structure to ensure that all colleagues are paid fairly and appropriately for their roles and performance. We also introduced a profit related bonus in 2018 so that everyone in the business has an element of pay related to business performance and can share in our success. This scheme is expected to have a positive impact in closing our bonus pay gap from 2019.

Declaration

I confirm that the information and data reported is accurate as of the snapshot date 5 April 2018.



Sarah Bailey
Human Resources Director

