



## 2018 Gender Pay Report

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# 2018 Gender Pay Gap Report

Employers with 250 or more employees are now legally required to publish, on an annual basis, certain information relating to their gender pay gap. This statement sets out the relevant information for Darchem Engineering Limited, for the snap shot date of 5<sup>th</sup> April 2018. This information has been calculated in accordance with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. This involves carrying out calculations that show the difference between the average earnings of men and women.

The gender pay gap is a snapshot of the difference between the average hourly pay between men and women expressed as a percentage irrespective of their roles or level in the organisation. The gender pay gap is different from equal pay; equal pay is concerned with pay differences between men and women who carry out the same jobs, similar jobs or work of equal value.

Nationally, the gender pay gap has persisted for many years and the size of the gap varies between the private, public and voluntary sectors, by different types of businesses/services and by other factors. The Government has introduced these new reporting requirements to try and improve the rate of progress in closing this pay gap. There are many factors which contribute to, or cause, a gender pay gap, and these will vary between different employers. Some relate to wider society, such as the type of career choices men and women have typically tended to make, and some may be specific to the particular organisation. We have set out in this statement the main factors we consider are contributing to our gender pay gap.

Darchem Engineering’s pay arrangements aim to fairly reward staff contribution and performance, taking into account economic/financial considerations, organisational and individual performance and the pay rates of similar roles in the wider economy.

At the 5<sup>th</sup> April 2018 the workforce consisted of 765 employees, with 666 (87.1%) being male and 99 (12.9%) female full pay relevant employees. The workforce is made up of employees across 2 UK locations and includes a small number of corporate executives who work globally for our Parent Company.

## Gender Pay Gap



Our gender pay gap is substantially below the UK pay gap of 17.9%. Both the Median and Mean gap have reduced in 2018 compared to 2017. The Median has reduced from 14.5% to 11.6%. The Mean gap has reduced from 9.8% to 9.4%.

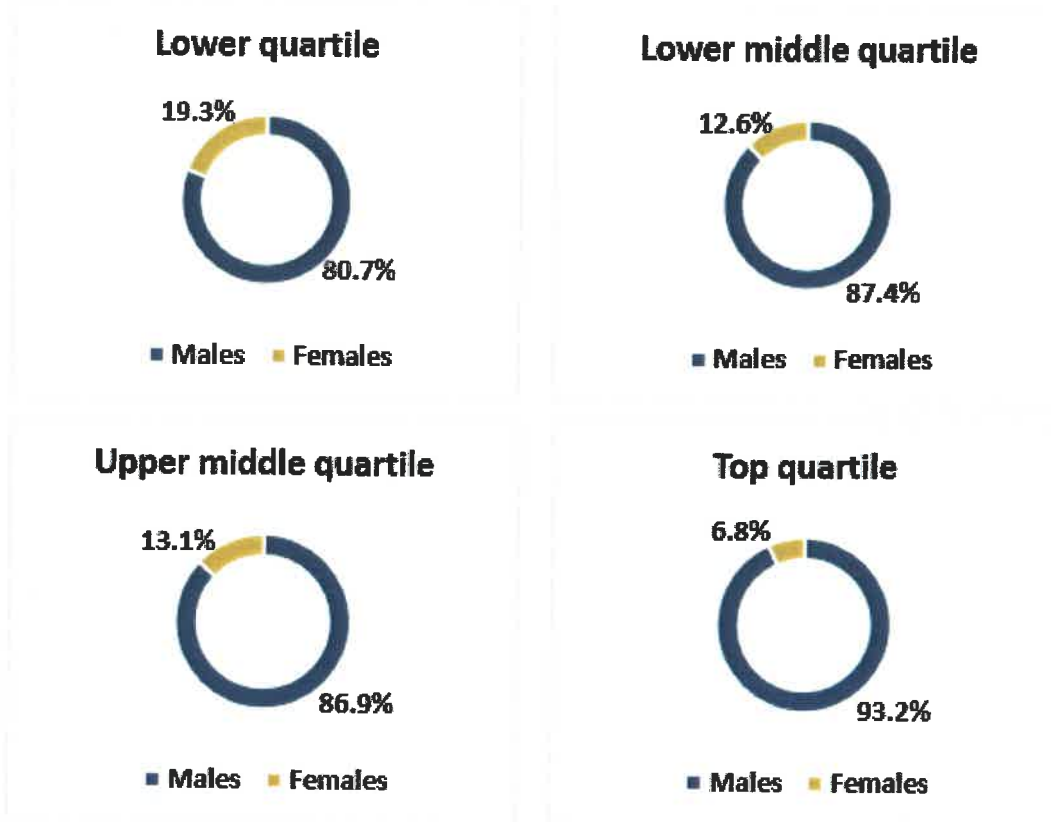
## Gender Bonus Gap

Mean	Median
-368.9% (Female Higher)	0%

The proportion of males receiving a bonus is 16.1% and the proportion of females receiving a bonus is 9.1% (earned in 12 months preceding 5<sup>th</sup> April 2018).

## Pay Quartiles

Quartiles represent the distribution of men and women in four equal groups from lowest to highest pay. The proportion of men and women falling into each quartile is shown below:



## Our Gender Pay Gap Results

Our analysis of our gender pay gap shows that it is largely driven by the fact that there are more men in higher paid roles within the business.

The Gender Pay Report is however influenced primarily by the distribution and make up of its workforce which is 12.9% female and 87.1% male. This is reflective of the gender mix in engineering and technical positions within the UK, particularly in the industries the company operates covering Aerospace, Nuclear (construction/new build), Oil & Gas, Naval/Marine, Defence and Automotive/ Off-highway. Technical skills cover for example, engineering, welding and specialist metal fabrications.

When looking at our pay gap it is also driven primarily by the following factors:

- The Company operates salary sacrifice arrangements with more women than men taking up benefits via salary sacrifice arrangements for childcare vouchers which creates an artificially lower rate of pay for those who opt to use salary sacrifice compared to those who do not. As a result salary sacrifice deductions have impacted the gender pay gap results.
- The company operates across a range of industries with employees undertaking work at customer locations in the UK where employees are paid in accordance with applicable National Union Agreements e.g. UK construction sites. The national agreements typically provide for higher rates of pay than those set under the local union agreement with more men than women being qualified to undertake the work involved.

- Employees who are required to install products worldwide receive an uplift on the day rate when carrying out such work, which generally attracts a higher premium rate and additional pay allowances/ enhancements for working away from their normal place of work. More men than women are qualified to undertake this work, which also contributes towards the median pay difference.
- Shift workers receive an uplift on the day rate of between 20% and 33% depending on which shift they work. A higher percentage of men receive a shift allowance compared to women which is primarily due to the type of role they undertake, which also contributes towards the median hourly pay difference.
- The number of part time opportunities are filled mainly by women.
- More men than women received a bonus which was affected by bonus payments being due under National Union Agreements at customer locations. The mean bonus however was higher for women than men and there was no difference in the median bonus.

## Addressing the Gap

The actions we have taken include, for example:

<p>We encourage females to join our apprenticeship programme and encourage development through to Engineering and Management positions.</p>	<p>We encourage applications from females in engineering roles through our work with schools and local colleges.</p>
<p>67% of the workforce falls under a pay grading structure which is collectively agreed with the trade unions. This means men and women are paid the same hourly rate for the same or equivalent level job.</p>	<p>33% of the workforce fall under a global pay structure (pay ranges) which apply equally to men and women. Pay ranges are based on market rates for the role.</p>
<p>We value our employees and the contribution they make, providing internal development opportunities through an National Vocational Qualification (NVQ) programme - employees are rewarded with an increase in pay and receive a one-off bonus payment for their achievement in line with the grading structure. We also regularly sponsor higher education qualifications.</p>	

We are confident that men and women are paid equally for doing equivalent jobs, however the actions we will continue to take include, for example:

- We will review pay and/or bonus procedures and practices to ensure they are applied fairly and equitably
- monitoring the outcomes of management decisions in relation to pay and/or bonus to ensure no gender, or other, bias is occurring

We are committed to reducing/closing our pay gaps, as reported above.

Signature:   
(Stuart Wray – Finance Director)