



2022 Gender Pay Gap Report

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Employers with 250 or more employees are 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 snapshot date of 5th April 2022. 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.

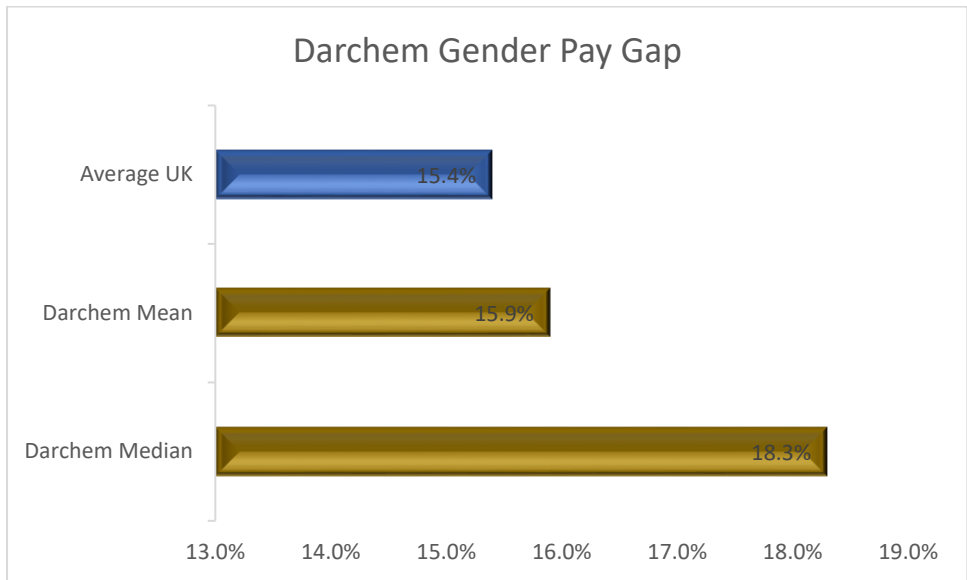
At 5th April 2022, the workforce consisted of 722 relevant employees, with 653 (90.4%) male employees and 69 (9.5%) female employees. Of this 722 relevant employees, 699 employees are considered full pay, relevant employees at the snapshot date of 5th April 2022, split between 636 (90.9%) male employees and 63 (9.1%) female employees.

The workforce is made up of employees across 2 UK locations and includes a small number of operatives based at one of our customer sites, also based in the UK.

Gender Pay Gap

The six measures to report are:

1. percentage of men and women in each hourly pay quarter	As illustrated in the graphs below.
2. mean (average) gender pay gap using hourly pay	15.9%
3. median gender pay gap using hourly pay	18.4%
4. percentage of men and women receiving bonus pay	Men -14% Female – 20%
5. mean (average) gender pay gap for bonus pay	38.12% Higher for males
6. median gender pay gap for bonus pay	65.4% Higher for females



Our mean gender pay gap is slightly above the UK pay gap for all employees of 15.4% (*Office for National Statistics, report dated 28th October 2021*). This is primarily driven by a larger proportion of males working in specialist roles (such as on a National Infrastructure Project) and working in senior leadership positions.

Gender Bonus Gap

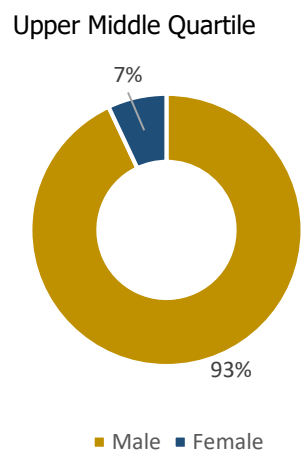
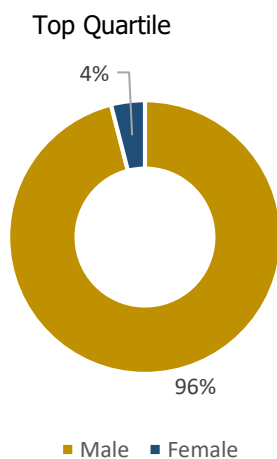
Mean	Median
38.12%	65.4%

The proportion of males receiving a bonus in the relevant bonus period is 14.9% and the proportion of females receiving a bonus is 20.6% (earned in the 12 months preceding 5th April 2022)

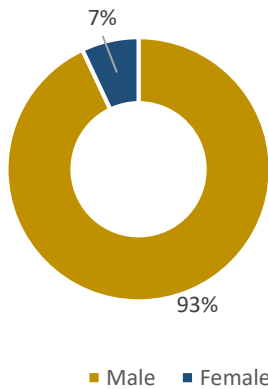
Whilst the Mean Gender Pay Gap is 38.12% greater for men the median is higher for females due to the large variance of bonus values amongst male employees

Pay Quartiles

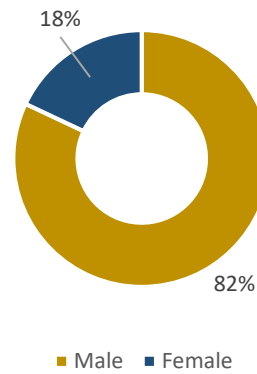
Quartiles represent the distribution of men and women in four equal groups from lowest to highest pay. The proportion of men and women falling into each quartile is shown below:



Lower Middle Quartile



Lower Quartile



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 Gap Report is however influenced primarily by the distribution and make up of its workforce, which is 90.9% male and 9.1% female (full pay, relevant employees). This is reflective of the gender mix in engineering and technical positions within the UK, particularly in the industries which 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 agreement, with more men than women either being willing or 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 currently, which also contributes towards the pay gap.
- 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 pay gap.
- The number of part time opportunities at the Company are filled mainly by women.

Addressing the Gap

The actions we have taken include, for example:

We encourage females to join our apprenticeship programme and encourage development through to Engineering and Management positions.

We encourage applications from females for engineering roles through our work with local schools and colleges.

60.25% of the workforce falls under a pay grading structure which is collectively agreed with trade unions.

This means men and women are paid the same hourly rate for the same or equivalent level job.

Ensuring market analysis is conducted for each role when recruiting.

We value our employees and the contribution they make, providing internal development opportunities through relevant upskilling programmes. Many employees have been 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 for our employees.

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: _____



Andy Scott – Head of HR

Signature: _____



Alan Dunbar - President