

Gender Pay Gap Report 2021

As at 5th April 2021, for period April 2020 – April 2021

Introduction

Esken's Gender Agenda firmly sits within our People and ESG strategies, and by keeping the conversation alive in our business-as-usual activities allows us to continuously make improvements in this area.

A gender pay gap can be caused by a multitude of factors, such as having fewer women in senior or higher-earning roles, or more women working part-time. For this reason, a new section has now been added to the Group's Internal Remuneration Committee Pack which ensures that any potential pay gap observations are discussed and considered as a stand-alone agenda item. Over the past year we have introduced our Talent and Reward Pyramid which has clustered like-for-like roles in respect of seniority and professional skill set.

As part of our Diversity & Inclusion Strategy, we now require our external recruitment partners to sign-up to terms and conditions which explicitly require them to comply with all anti-discrimination legislation as regards the selection and treatment of candidates presented to us. They must commit to taking all possible steps to ensure a diverse applicant pool, with candidates from various backgrounds and identities, and to ensure the process does not discriminate or seek to exclude (directly or indirectly) any candidates from minority groups. We recognise that many of our roles, and the industries that we operate within, are 'traditionally male' so we are actively working to create gender-balanced shortlist which inevitable will result in a bettering of our gender pay gap.

Whilst we had started to make good progress against our previous years' plan to address gaps, it should be noted the global pandemic affected the aviation industry more than most and, due to economic factors outside of the business' control, we relied heavily on the Governments' Job Retention Scheme (Furlough) within our Aviation and Aviation Services businesses particularly for front-line roles. The affected employees received reduced pay and in some areas, unpaid leave was offered for periods of time including over the reference period of 5th April 2021. Employees who had previously been employed on full-time or part-time contracts reverted to zero-hours arrangements thus skewing our year-on-year progress.

Results

Our Workforce

	Esken	Aviation (LSA & CAX)	Stobart Aviation Services	Stobart Energy
Men in workforce	51%	68%	68%	79%
Women in workforce	49%	32%	32%	21%

There has been a negligible change in the gender split with the business apart from in Stobart Energy who have improved their traditionally male-dominated business' gender split by 8% due to a number of new employees joining the division at various levels from site-based roles right through to the leadership team.

Following a restructure of Stobart Aviation Services over the last year due to the impact of the Covid 19 pandemic and therefore the closure of operations, the business has seen a slight increase in male: female ratio. The primary drivers for this change have been due to the loss off passenger flights and associated activity. We have seen an increase in cargo activity which require more labour-intensive roles; our gender-neutral recruitment process sees far more male applicants for these types of roles and the cargo operation has been largely unaffected affected by the Pandemic and therefore untouched by the wider redundancy activity.

The MEAN pay gap

The mean gender pay gap is the difference in the average hourly pay for women compared to men, within our business.

The MEDIAN pay gap

The median represents the middle point of a population. In simple terms, if you separately lined up all the women in a company and all the men, the median pay gap is the difference between the hourly pay rate for the middle woman compared to that of the middle man.

	Esken	Aviation (LSA & CAX)	Stobart Aviation Services	Stobart Energy
Difference in MEAN hourly rate of pay	53.9%	18.7%	14.1%	12.0%
Difference in MEDIAN hourly rate of pay	42.8%	12.6%	13.2%	16.4%

The mean and median gap in hourly rates of pay has been widened further in Esken and Stobart Energy. Within Energy there was an increase in female employees appointed to the business, but a high proportion of these roles were in administration roles.

Population by Pay Quartiles

Quartile band	Esken		Aviation (LSA & CAX)		Stobart Aviation Services		Stobart Energy	
	Male	Female	Male	Female	Male	Female	Male	Female
Lower (1)	33.3%	66.7%	55.4%	44.6%	37.5%	62.5%	68.1%	31.9%
Lower Middle (2)	33.3%	66.7%	70.9%	29.1%	75.9%	24.1%	76.1%	23.9%
Middle Upper (3)	50.0%	50.0%	73.2%	26.8%	81.0%	19.0%	95.7%	4.3%
Upper (4)	90.9%	9.1%	74.5%	25.5%	75.9%	24.1%	76.1%	23.9%

In Esken there has been a 16% increase of females in lower paid roles this year compared to 2020 and this is particularly seen in the Lower quartile pay band however a 7% closure of the gap for Middle Upper pay bands. Most significantly we have seen a 20% widening of the gap in the Upper Pay band however it should be noted that this pay band is reserved for the Operating Board who are predominantly male.

There has been a 10% widening of the pay gap in Aviation for the Lower Middle earners principally driven by the utilisation of the furlough scheme and a reduction of contractual hours impacting commercial operations teams, namely security, surface access and cleaning. In contrast the fixed headcount teams such as facilities, fire service and air traffic control which have a higher proportion of males have not seen a reduction in hours however were subject to a pay freeze. It should be noted however that the Operations Managers and Heads of Operational Departments currently have females at the top of their pay scale due to their experience, qualifications, and accountabilities.

The most change is in Aviation Services where the Lower, Lower Middle and Middle Upper pay bands have all seen a large widening of their pay gap. This is due to a large number of redundancies which affected the Lower, Lower Middle and Middle Upper pay bands whereas the structure for the divisional leadership team remain unchanged therefore unaffected those in the upper pay band. The redundancies were based on a fair and gender-neutral scoring system, however the process has, by stealth, caused a further widening of this gap. Another contributing factor within the division was that the cargo operation, mostly male, was not affected by the furlough scheme, whereas the commercial operation which is a mix of male and female heavily relied on the government scheme, which impacted employee earnings.

The Bonus Gap

	Esken		Aviation (LSA & CAX)		Stobart Aviation Services		Stobart Energy	
Difference in MEAN Bonus Pay	0%		0%		0%		0%	
Difference in MEDIAN Bonus Pay	0%		0%		0%		0%	
	Male	Female	Male	Female	Male	Female	Male	Female
Proportion of employees receiving bonus pay	0%	0%	0%	0%	0%	0%	0%	0%

No bonuses were paid due to the economic climate and the government's furlough scheme still being utilised.

Taking Action

This has been the first year we have been able to provide the Internal Remuneration Committee clear pay analysis by 'grade' and we will further support this process by conducting a business-wide Equal Pay Audit in FY23 which will look at comparisons between male and female total reward packages rather than salary alone.

As we see commercial business increase post-pandemic, we will undoubtedly need to recruit which will provide a further opportunity to balance our male/female split. However, due to the nature of our Aviation Services business, (un)successful contract bids result in in-scope employees transferring in and out of the business by means of TUPE. This can result in gender-balanced teams suddenly transferring to a new contract provider and our good progress taking a step back.

As Aviation rebuilds its core teams to restart commercial operations, we have ensured that our roles have pay parity. New recruits join the team on a pay scale that guarantees that all employees are paid equitably for the role they do. The recovery recruitment campaign is targeting female candidates in our fire team and facilities engineering with the express aim to diversify the lower middle and middle quartile and attract females traditionally male roles.

Within the Energy business, and in line with our Talent & Recruitment Strategy, we will be actively working to attract more female apprentices into what are seen as more traditionally male roles.

We are committed to providing fair and equitable pay to all employees, regardless of gender and will continue to attract, develop and retain female talent into the business. This will be supported by keeping abreast of external social changes to ensure we are an employer of choice within the communities we operate within. We recognise that further developments in our agile ways of working, family friendly policies, supporting female-specific health issues, as well as providing the right culture for our female employees to thrive all contribute to achieving our aspirations in this area.

