

HFL EDUCATION

FULL YEAR PAY GAP REPORT

APRIL 2022



INTRODUCTION

UK Gender Pay Gap reporting for organisations is now well into its fifth year. During that time, a valuable and often uncomfortable light has been shone on internal and external factors that lead to differences in earnings across our society.

The gradual recovery from the COVID-19 pandemic has impacted many communities and industries across the UK, and has exacerbated inequity across the working age population. Areas such as access to childcare, social carer support, and other infrastructure within communities have impacted or reduced the ability of some workers to obtain and perform paid work. In particular female workers, those with disabilities, caring responsibilities and individuals identifying as BAME have reported disproportionate challenges.

Part of our strategic CSR objectives are to continue our Equality, Diversity and Inclusivity agenda - to become an anti-racist organisation and a fully inclusive employer. HFL Education is committed to voluntarily publishing our ethnicity and disability pay gap data, over and above our statutory gender pay gap reporting obligations. We remain cognisant of how, in smaller organisations like ours, small changes in the profile of our population can result in dramatic differences in any pay gap. It doesn't always make comfortable reading but we will not hide from it, and it continues to reinforce our need to prioritise this work.

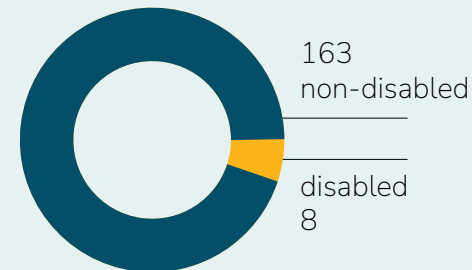
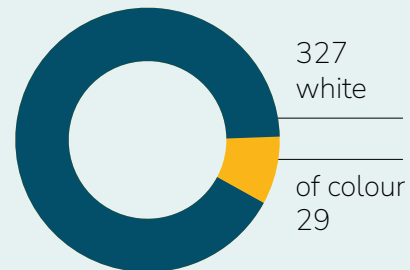
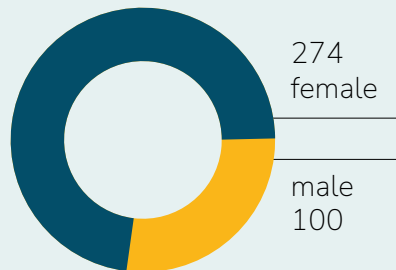
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Full Year Pay Gap Commentary – Monday 4th April 2022 snapshot date

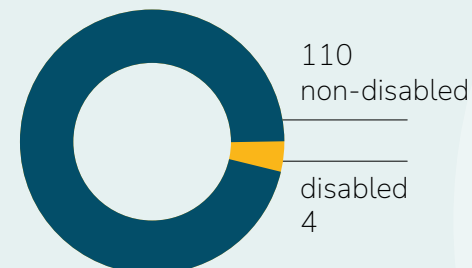
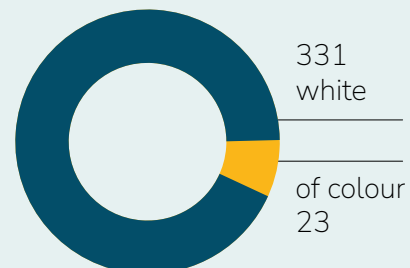
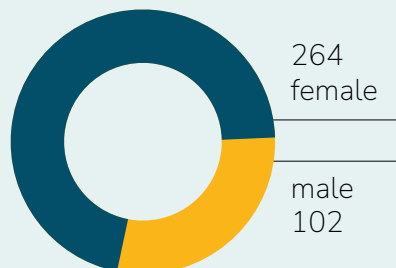
Using a snapshot date of Monday 4th April 2022, 374 “relevant” colleagues were recorded which is an increase of eight relevant colleagues from our snapshot date in 2021. HFL Education continues to have a predominantly female workforce, with women occupying many senior roles. Of the 374 colleagues, 274 were female colleagues and 100 male colleagues.

327 identify as white and 29 identify as colleagues of colour. The number of known disabled colleagues is eight with 163 known non-disabled colleagues. The median data figure is used in all of our comparisons, as this is a more representative measure.

HFL Education Workforce 2022



HFL Education Workforce 2021



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GENDER PAY GAP

The Gender Pay Gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of men's average hourly earnings (excluding overtime). It is a measure across all jobs in the organisation, not of the difference in pay between men and women for doing the same job – not to be confused therefore, with equal pay. The six different measures each tell us something different:

- **median gender pay gap** – the difference between the median hourly rate of pay of male and female colleagues
- **mean gender pay gap** – the difference between the mean hourly rate of pay of male and female colleagues
- **median bonus gap** – the difference between the median bonus pay paid to male and female colleagues
- **mean bonus gap** – the difference between the mean bonus pay paid to male and female relevant colleagues
- **bonus proportions** – the proportions of male and female colleagues who were paid bonus pay during the relevant period
- **quartile pay bands** – the proportions of male and female colleagues in four equal pay bands.

For comparative results, HFL Education focus on the median figure, which ignores extremes and is therefore considered the most representative measure. However, analysing all of these measures provide additional insight on underlying causes of pay gaps and different foci can highlight issues that another may mask.

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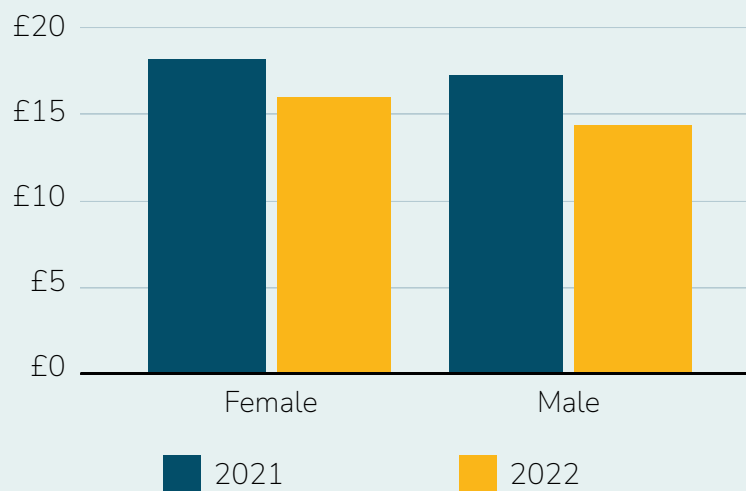
Hourly Earnings Gender Pay Gap

Our median pay gap in 2022 remains in favour of women at -8.92%, a gap that has widened from -3.71% in 2021.

This reflects an increase in female colleagues within higher remunerated positions, with 77% of female colleagues paid within the upper hourly-pay quartile, compared to 23% of male colleagues.

Nationally, the provisional 2022 gender pay gap reported by the ONS looks to be widening; the median pay gap for full-time workers grew from 7.7% in 2021 to 8.3% in 2022.

Hourly Earnings Gender Pay Gap - 2021/22



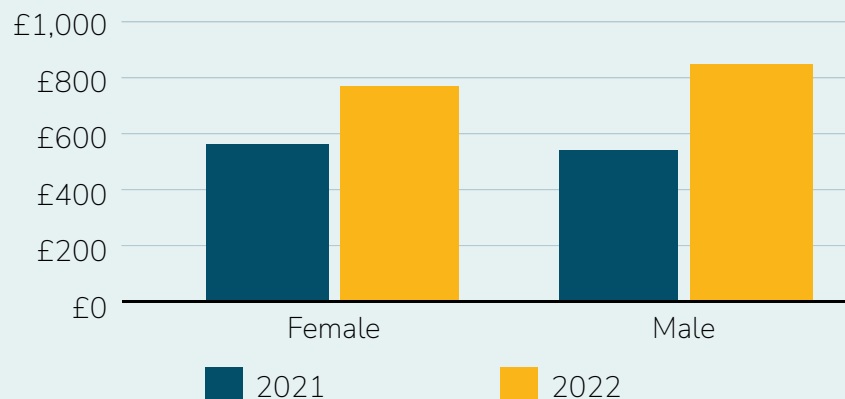
Bonus Gender Pay Gap

Our median bonus gender pay gap in 2022 favours men at 9.17%. This is a notable change in position from 2021, when our median position favoured women at -2.99%.

93% of male relevant colleagues and 88% of female relevant colleagues were paid a bonus, which influenced this gap. Our population of part-time and term-time workers are predominantly female and, as annual bonuses are pro-rated in line with working hours, this influences the median result - especially on top of an increase of female colleagues from 2021 to 2022.

In addition to this, we have three colleagues who received a specific individual performance-related bonus, which has resulted in a higher bonus for these individuals. Two of these individuals are men and one is female, contributing to the overall position. It's important to note that the eligibility of the bonus applies to the whole of the HFL Education population, so these rules are applied equally between genders & ethnicities.

Bonus Gender Pay Gap - 2021/22



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ETHNICITY PAY GAP

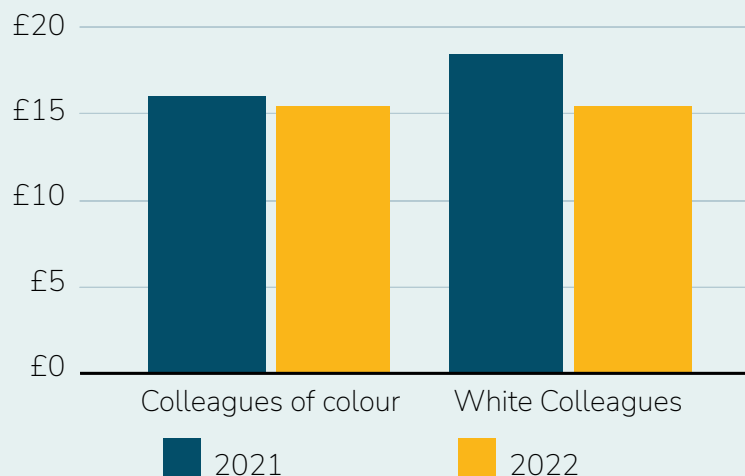
Hourly Earnings Ethnicity Pay Gap

Our 2022 data shows a 0.07% gap in favour of white colleagues, which is a significant closing of the gap from 2021, when the median ethnicity pay gap was 13.79% in favour of white colleagues.

We attribute this to firstly to an increase in the amount of relevant colleagues of colour included in the data in 2022, up 2% from 2021.

Secondly, the pay gap between colleagues of colour & white colleagues in the upper pay quartile has reduced in 2022 due to a higher representation of non-white colleagues in senior posts. In 2021, the gap was 14.97% in favour of white colleagues; in 2022 this has narrowed to 7.87%.

Hourly Earnings Ethnicity Pay Gap - 2021/22



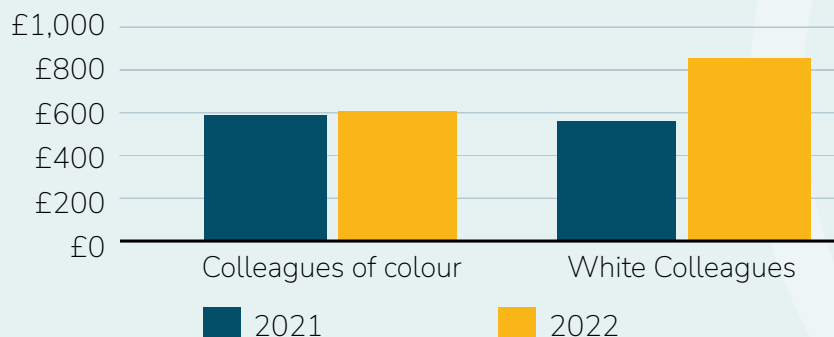
Bonus Ethnicity Pay Gap

During the year ending 4th April 2022, 86% of colleagues of colour and 91% of white colleagues received a bonus. The median bonus ethnicity gap favoured white colleagues by 28.46%.

This gap has widened significantly from the 2021 data recorded, which showed a median bonus ethnicity gap of -5.26% in favour of colleagues of colour. The three colleagues mentioned earlier who all received a higher performance bonus are all white colleagues, and in the upper pay quartile, which will have had an impact on the gap.

We also note the pay gap in the lower pay quartile is in favour of colleagues of colour by -12.70%, compared to the pay gap in the upper quartile, which was in favour of white colleagues by 1.34% in 2021. As the performance bonus paid is on a percentage of salaries, it's a reasonable conclusion that with an increased amount of colleagues of colour within the lower pay quartile, that the bonus gap in favour of white colleagues will have widened.

Bonus Ethnicity Pay Gap - 2021/22



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DISABILITY PAY GAP

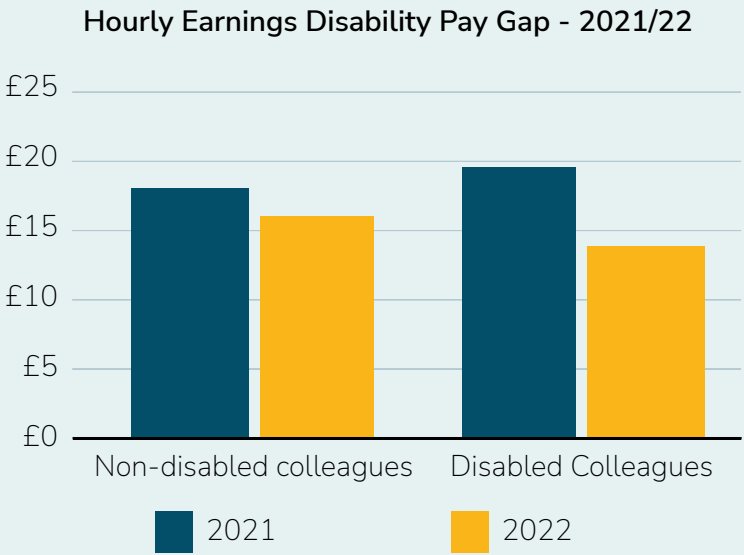
As at Monday 4th April 2022, we had eight known disabled colleagues and 163 known non-disabled colleagues. This is an increase from 2021, thanks to greater levels of voluntary reporting by individuals, when we recorded 110 known non-disabled and four known disabled colleagues.

Hourly Earnings Disability Pay Gap

The 2022 data shows a pay gap in favour of non-disabled colleagues of 11.99%; this gap has notably changed from 2021, which was -6.54% in favour of disabled colleagues.

This could be due to a widening of the gap for disabled colleagues in the lower pay quartile – the gap in this quartile is -13.45% in favour of disabled colleagues in 2022, compared to -4.56% in favour of disabled colleagues in 2021.

The upper pay quartile is also still in favour of non-disabled colleagues in 2022, with a gap of 11.41%, compared to 16.39% in favour of non-disabled colleagues in 2021.



This is an increase from 2021, thanks to greater levels of voluntary reporting by individuals

TRANSPARENCY, UNDERSTANDING AND INCLUSIVITY

We continue to strive for thorough understanding of reasons behind our gender, ethnicity and disability pay gaps and to support equality of opportunity to all within HFL Education irrespective of individual background. While we have greater reliability on our workforce ethnicity data, we need to go further to encourage our colleagues to anonymously declare their own disability status, so that we can achieve a fuller picture.

The data in this report provides a good understanding of the details of pay differentials across groups, and where we see widening gaps in elements of reward such as bonuses, this requires us to investigate correlations and identify strategies to support a narrowing of differentials, including through greater career development enablement and opportunities for all.

Our continuing commitment to Equality, Diversity and Inclusion will help ensure we monitor results of our anti-racism work and that we are constantly and consistently working towards eradicating bias in all aspects of our culture.

Our recruitment practices incorporate anonymised applications to reduce the risk of bias in the selection process, and we promote our EDI agenda and initiatives within our recruitment advertising to help attract a diverse pool of talent for opportunities. For recruitment into any HFL Education post, where we have two or more candidates of equal merit, candidates with protected characteristics will be given advantage over candidates without such characteristics. Where we observe imbalances in the diversity of specific teams or functions, we will explore potential causation with the managers of those areas in order to understand and, where possible, remove any barriers to entry and progression.

We place high expectations on all third-party partner organisations we work with, to demonstrate their credentials in attracting and supporting the sourcing and appointment of candidates from a diverse range of backgrounds and operating in an ethical stance in line with our Modern Slavery statement.

We advertise all opportunities internally to support personal and professional development, including through the use of secondments, flexible working, our family-friendly policy framework and hybrid working stance, and through our professional sponsorship and training funding opportunities.

We commit to:

- Continuing to collect, analyse, report on and internally publish all three pay gap measures on a termly basis (i.e. trimesters) with a full year snapshot published externally.
- Reviewing the ethnicity pay gap position alongside available wider national data, exploring potential causes and examining all relevant drivers upon HFL Education.
- Ensuring that we are providing equality of approach to salary and benefits for all people undertaking similar roles.
- Carrying out benchmarking exercises and reviewing our methodology to defining and monitoring salary bandings.
- Working harder with colleagues to ensure transparency and understanding on how pay is determined and why differences may exist.
- Completing our accreditation as a Real Living Wage Employer during 2022-23.

CONCLUSIONS FROM OUR CHIEF EXECUTIVE OFFICER

The publication of this full report, including all three pay gap measures, reflects our commitment to transparency and then to act to closing gaps where they exist. I am proud of the progress that we have made, whilst recognising that there is further work to be done. Our commitment to Equality, Diversity and Inclusion, with the focus over the past two years on anti-racism, has resulted in a greater diversity of applicants for open job positions, and a notable increase in the diversity of our colleagues. We are committed to supporting their growth in the organisation, and so to reducing the volatility we see in some measures due to the very small number of colleagues concerned.

I would like to recognise the support shown across the organisation to this important work. By setting the example internally, we are in a better position to advise schools, academies and educational settings how they too can progress.

I confirm the data reported above is accurate.



Andrew de Csilléry

Chief Executive Officer, HFL Education



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