

Appendix 2

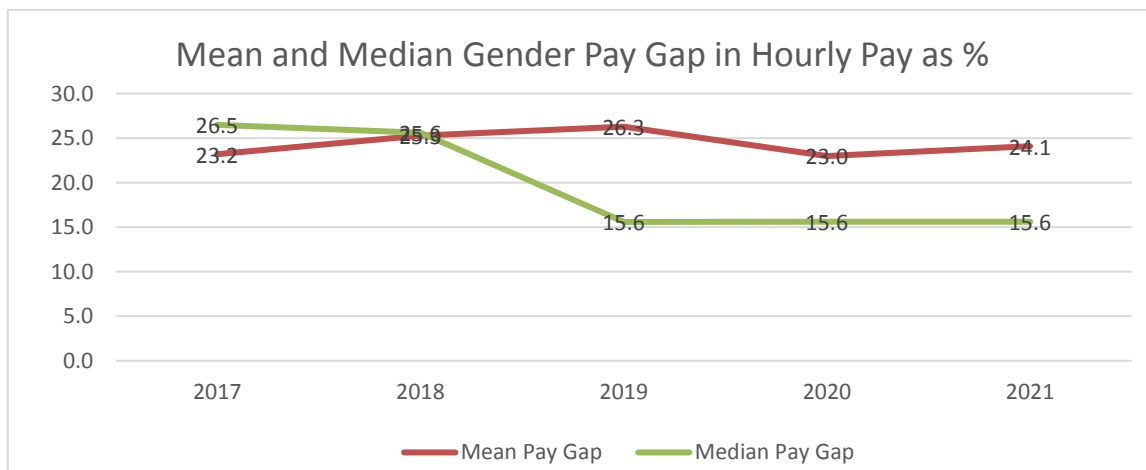
Annual Gender Pay Gap Report 2021-2022

1. Introduction

- 1.1 Hanover (Scotland) publicly reported its first gender pay gap figures in January 2018. This report presents the figures for our fifth Annual Gender Pay Gap Report.
- 1.2 The data and calculations were approved by Donna Henderson, Director of Strategic Finance, the named person for reporting.
- 1.3 Employers are required to publish six calculations as noted below. Points 3, 4 & 5 in **blue font** are not applicable to Hanover, as bonuses are part of our pay policy.
1. Mean gender pay gap in hourly pay
 2. Median gender pay gap in hourly pay
 3. Mean bonus gender pay gap
 4. Median bonus gender pay gap
 5. Proportion of males and females receiving a bonus payment
 6. Proportion of males and females in each pay quartile
- 1.4 The gender pay gap is the difference between the average (mean or median) earnings of men and women across a workforce.
- 1.5 For clarity, “Mean” is the average hourly rate of pay, calculated by adding the hourly pay rate for all employees then dividing by the number of employees. “Median” is the middle hourly pay rate, when pay rates are ordered from lowest to highest.

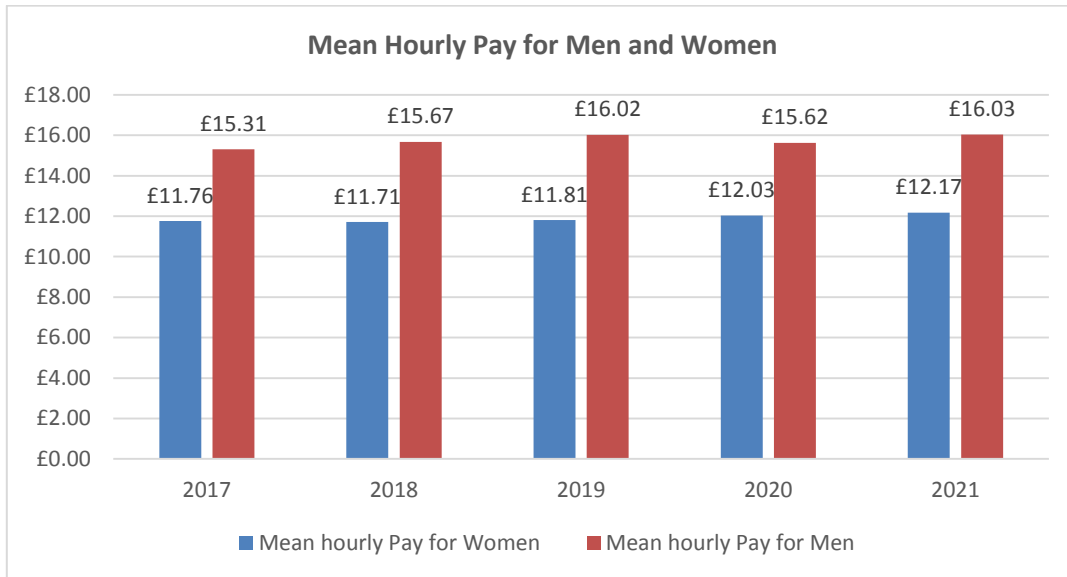
2. Mean and Medium Gender Pay Gap in Hourly Pay (reporting points 1 and 2)

- 2.1 Points 1 and 2, the mean and median pay gap, the mean gender pay gap in hourly pay for 2021 is 24.1% and the median gender pay gap in hourly pay is 15.6%.
- 2.2 The graph 1, below shows the mean and median gender pay gaps in hourly pay over the last five years.

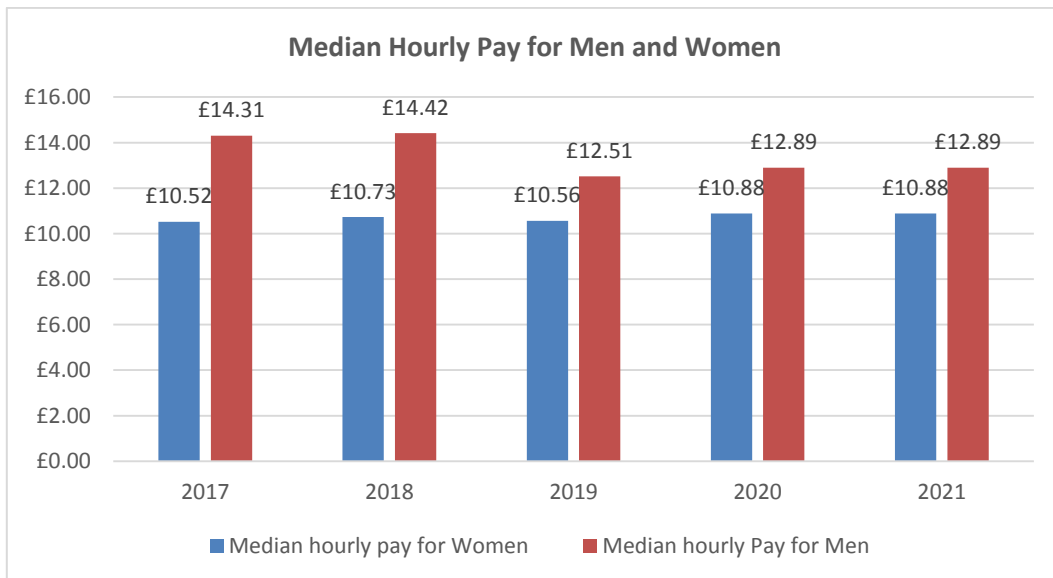


Graph 1: Mean and medium pay gaps in hourly pay over the past five years

- 2.3 Over the past five years there has been a slight increase in the mean gender pay gap in hourly pay of 0.9%.
- 2.4 The median pay gap dropped from 25.6% in 2018 to 15.6% in 2019 and has remained at that rate since then.
- 2.5 Graphs 2 and 3, below, show what the mean and median hourly pay rates for men and women over the past five years.



Graph 2: Mean hourly pay for men and women over the past five years

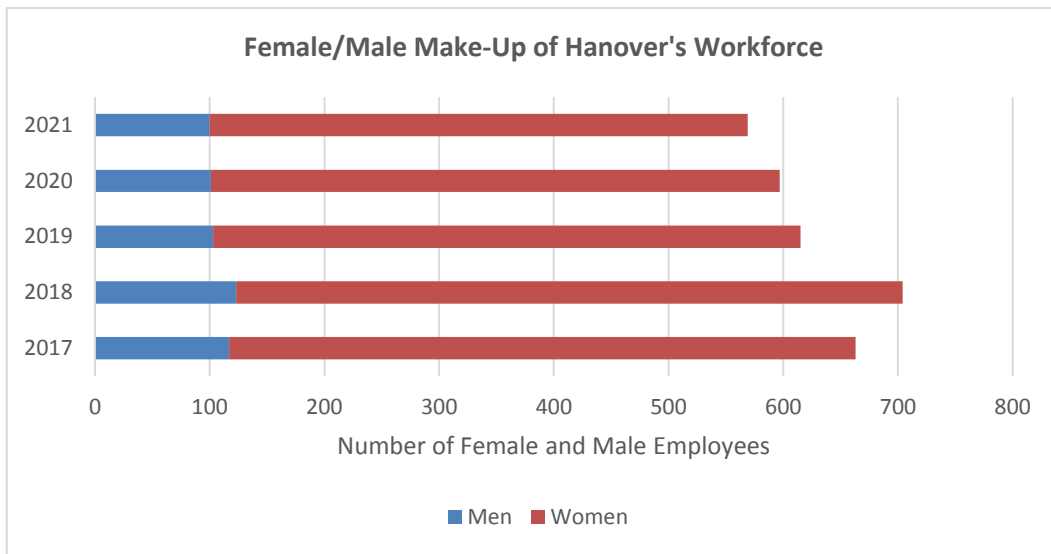


Graph 3: Median hourly pay for men and women over the past five years

3. Proportion of Males and Females in Each Pay Quartile (reporting point 6)

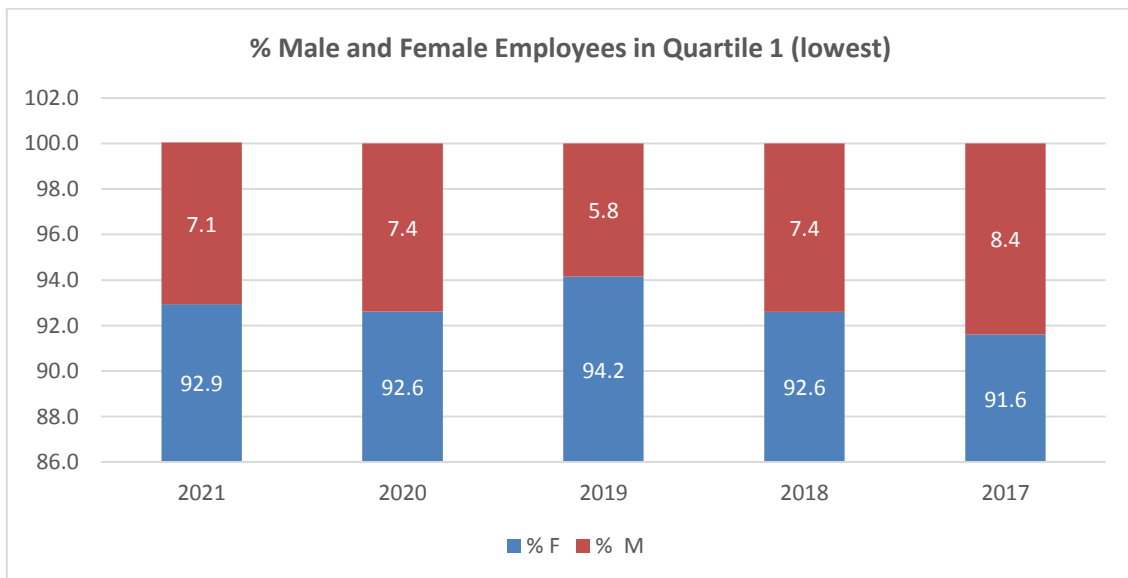
- 3.1 The majority of the workforce in Hanover is female. For the reporting date in 2021 there were 546 women and 117 men.
- 3.2 Whilst the ratio of women to men over the past five years has stayed within a percentage range from 17-21%, there are proportionately fewer women than there were five years ago,

compared to the number of men. The graph, below, shows headcount of men and women over the past five years.

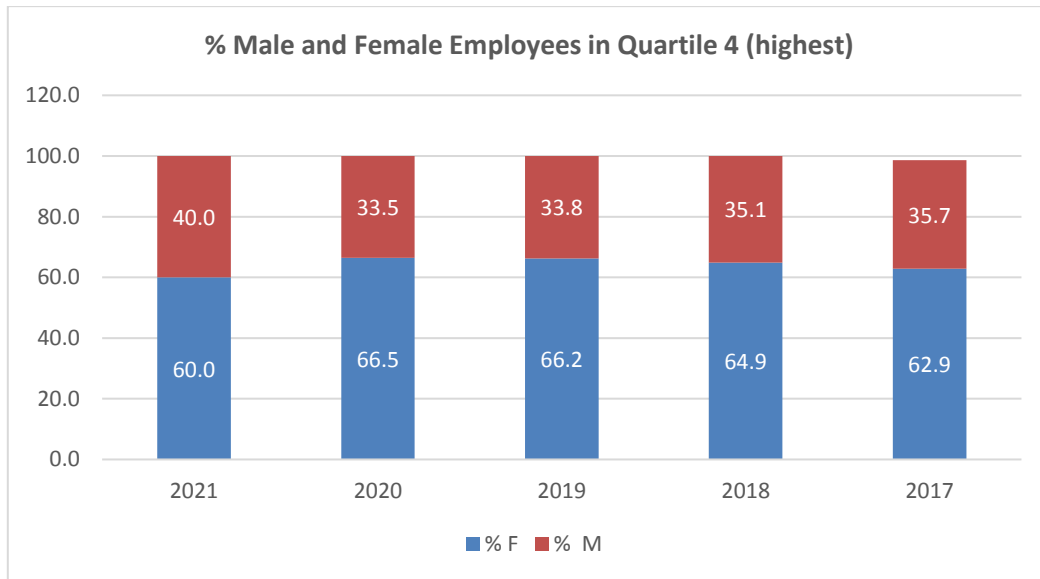


Graph 4: Number of male and female employees in Hanover

- 3.3 It is the distribution and quantity of male and female employees in Hanover that contributes to the hourly gender pay gap.
- 3.4 Reporting requirement 6 requires us to report the proportion of males and females in each quartile. This is done by taking the hourly rate of every staff member, putting it in order and dividing into four quarters, with quartile 1 having the lowest hourly rates, and quartile four the highest.



Graph 5: % Male and female employees in the lowest quartile



Graph 6: % Male and female employees in the highest quartile

3.5 The table below, shows the average hourly salary for female and male employees in each quartile in 2021:

Quartile	Female	Male
Quartile 1	£9.57	£9.51
Quartile 2	£10.71	£10.69
Quartile 3	£12.56	£11.49
Quartile 4	£17.85	£19.89

3.6 It is only in Quartile 4 that the average hourly pay of men is greater than the average hourly pay of women. However, this is the quartile that has the most men, 68 in 2021, compared to quartile 1 with 13.

4. Understanding the Gender Pay Gap Figure (Mean)

4.1 In order to establish the reason for the slight increase in the mean gender pay gap figure, analysis of the pay data was undertaken.

4.2 The reason for the slight decrease in the mean gender pay gap is due to the change in the distribution of men and women across the pay quartiles. In 2021, there was a reduction in quartiles 2 and 3 of males, from 24 to 18 in quartile 2 and 27 to 18 in quartile 3. The distribution of men in the 2021 data, with more men in quartile 4, is combined with fewer women in quartile 4 (and reduction of 45 women compared to 6 men).

5. Purpose of Gender Pay Gap Reporting

5.1 This legislation and required reporting was designed to encourage organisations to take positive steps towards understanding the reasons behind their gender pay gap and addressing any potential steps for improvement (where possible) in their own workplace.

5.2 It is well known that the inequality that women experience in the labour market is a significant and persistent barrier and that such inequality can damage both the prospects and health of women, as well as limiting the potential of economic prosperity. Following reporting of the first year's figures in 2017, the CIPD estimated that gender pay disparity cost the economy £8 billion per year.

6. Conclusion

- 6.1 Hanover is aware of, and sensitive to, the issues of gender parity, particularly as more than 80% of our workforce is female.
- 6.2 Due to the pandemic, Hanover has experienced a second year of disruption and challenging business circumstances. Hanover is currently finalising a new Corporate Strategy, and following on from that, will be developing a People Strategy that focuses on how we develop and engage our staff, as well as carrying out a review of our staff terms and conditions envelope. The data gathered as part of the gender pay gap review will feed into the work of the People Strategy.
- 6.3 This work will form part of the remit of our new People Committee once it is established.

6. Recommendations

- 6.1 The following recommendations are made that will be undertaken in the coming year:
 - **Include gender pay gap information** in the planned salary scale and pay review.
 - **Further analysis of pay data**, including analysis on any comparison with part-time and low pay.
 - **Analysis of the impact of health and social care salary increases** on the gender pay gap.
 - **Develop clear succession plans** which allow Hanover to measure internal promotional prospects of employees.
 - **Report on gender, age, roles and hours of groups** and identify whether there are areas of improvement required.
 - **Review our Flexible Working Policy** and practices to ensure they are fully inclusive and encourage all groups of employees into the workplace without barriers.
 - **Ensure that Hanover has transparent salary and grading structures** as part of the pay review.