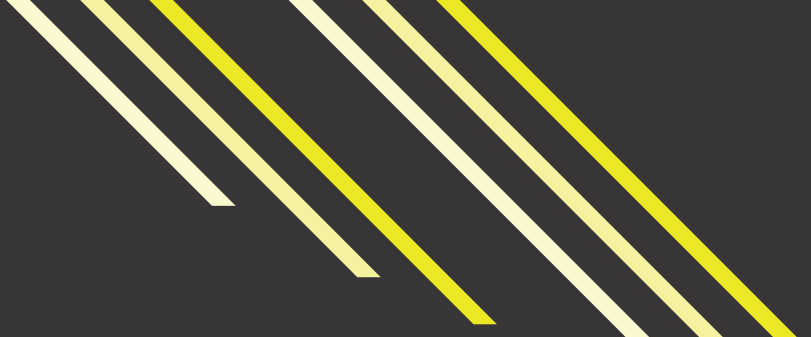




L&Q

Fair pay
report
2018

**'We draw strength from
our differences and
work collaboratively'**

Inclusion - one of our
five core values

At L&Q we are proud to be leading the way with our approach to ensuring all staff are paid fairly for the job they do.

We are taking innovative steps around gender and black, asian and minority ethnic (BAME) inequality when considering pay and reward, recruitment, progression, training and development. We know that being able to attract, develop and retain talented women and people from diverse backgrounds is vital for our business. Organisations with diverse senior management teams perform better.

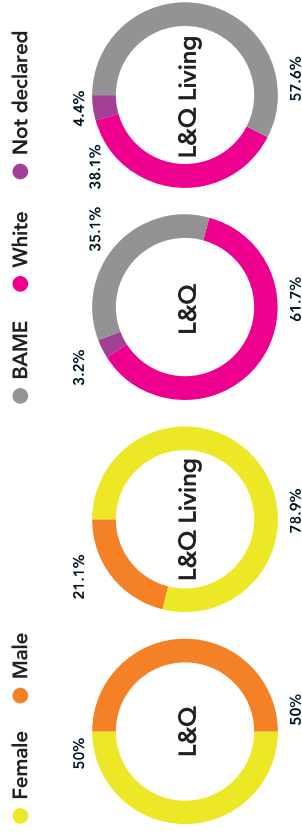
This year along with reporting our gender pay gap, we are delighted to be one of the first organisations within our sector to publicly report our BAME pay and bonus gaps. We believe by doing this we can be even more influential in tackling the gender and BAME imbalance when considering not only pay and reward, but also positions held at the top levels within our organisation. This is key in our drive to become a fully diverse and inclusive organisation.

We are required to report on the gender pay gap for each company within the group, with more than 250 employees – this means we report on L&Q Housing Trust and L&Q Living separately.

There is currently no legal requirement or guidance for reporting on the BAME pay gap so we have used the gender pay gap reporting requirements as far as possible.

We remain open about how far we have come and where we still have room for improvement. Here, we present our gender and BAME pay gap for the year 2017/2018.

Our people



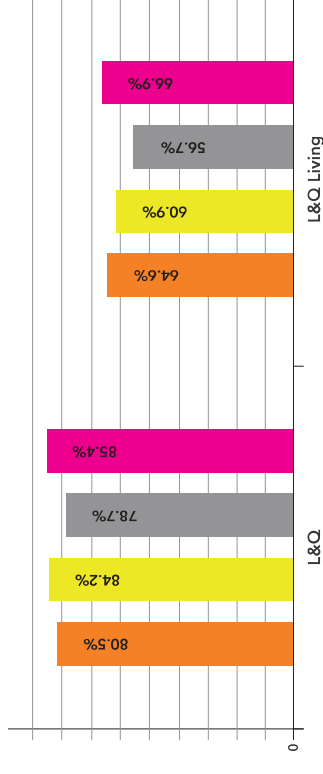
Median gender pay gap



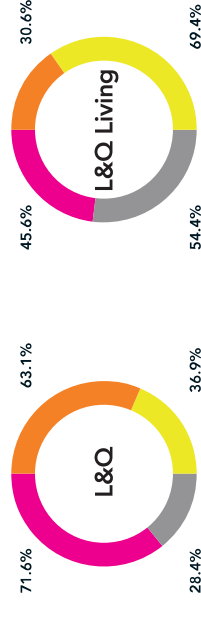
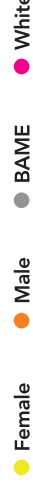
Median BAME pay gap



Bonus payments - staff who received a bonus



Pay bands - our top earners



The pay gap is the difference between the male and female mean or median earnings, divided by the male mean or median earnings. A median pay gap of 7.6% shows that the difference between male and female median pay is 7.6% of male earnings. A minus figure would show that female median earnings were higher.

The median pay gap is 7.6% at L&Q and 1.7% at L&Q Living. These figures are an improvement from our 2017 figures, which were 9.5% and 10.3% respectively. We recognise there is more work to be done and through our diversity and inclusion strategy and action plan we will continue to undertake work to reduce this gap.

For comparison, the latest UK-wide figures are available from the Office for National Statistics. In 2017, the median national gender pay gap was 18.4%, and in 2018 provisional figures show it is 17.9%.

Mean versus median?

- Mean earnings are the average - they are calculated by adding up all hourly earnings and dividing them by the number of staff.
- Median earnings come from ranking all earnings from lowest to highest and identifying the number in the middle.

Statisticians tend to prefer median values to mean ones, but we present both here.

Gender pay gap *		L&Q	L&Q Living
Mean		15.9%	7.6%
Median		7.6%	1.7%

* The pay gap figures are based on the hourly earnings for all staff paid in April 2018

Staff distribution by pay quartile	L&Q		L&Q Living	
	Female	Male	Female	Male
Lower quartile	51.9%	48.1%	84.7%	15.3%
Lower mid quartile	55.0%	45.0%	79.2%	20.8%
Upper mid quartile	53.7%	46.3%	75.0%	25.0%
Upper quartile	36.9%	63.1%	69.4%	30.6%

To obtain these figures, all staff within each entity are ranked from lowest to highest earnings, and then divided into four equal segments.

They show the number of men and women in each segment. For example, within L&Q, 51.9% of staff in the lowest earning quartile are women.

Gender bonus pay gap		L&Q	L&Q Living
Mean		-2.2%	2.87%
Median		7.9%	0%

These figures are calculated in the same way as the pay gap figures, but they relate to bonuses received between April 2017 and March 2018. Only staff who received a bonus are included in the calculations. The negative figure for the mean bonus pay gap for L&Q means that women were paid higher bonuses than men on average.

Percentage of staff receiving a bonus		L&Q	L&Q Living
Men		80.5%	64.6%
Women		84.2%	60.9%

This shows the percentage of staff who were employed in April 2018 and who received any bonus payment between April 2017 and March 2018. L&Q pay a corporate bonus to all staff during each financial year to those who were employed in the previous year. Therefore the majority of staff not receiving any bonus, did not receive one because they had not been employed for long enough to be eligible

04 Our BAME pay gap

Our BAME pay gap

04

The pay gap is the difference between the mean or median earnings of employees from a white background and from a BAME background, divided by the mean or median earnings of employees from a white background. A median pay gap of 3.1% shows that the difference between the median pay of employees from a white and BAME background is 3.1% of the earnings of those from a white background.

A minus figure would show that median earnings of BAME employees were higher.

The median pay gap is 3.1% at L&Q and 0% at L&Q Living. Through our diversity and inclusion strategy and action plan we will continue to undertake work to reduce this gap further at L&Q.

BAME pay gap *	L&Q	L&Q Living
Mean	10.4%	5.8%
Median	3.1%	0%

* The pay gap figures are based on the hourly earnings for all staff paid in April 2018

Staff distribution by pay quartile	L&Q		L&Q Living	
	BAME	White	BAME	White
Lower quartile	38.1%	61.9%	34.8%	65.2%
Lower mid quartile	37.3%	62.7%	72.1%	27.9%
Upper mid quartile	40.1%	59.9%	75.0%	25.0%
Upper quartile	24.4%	71.6%	54.4%	45.6%

BAME bonus pay gap	L&Q	L&Q Living
Mean	-4.7%	29.3%
Median	3.8%	0%

Percentage of staff receiving a bonus	L&Q	L&Q Living
White	85.4%	66.9%
BAME	78.7%	56.7%

As with gender pay figures, the difference between mean and median pay gaps is due to relative underrepresentation of BAME staff in the highest paid roles, though this is less prevalent than when looking at gender pay.

Since becoming a united organisation following L&Q's merger with East Thames in December, we established a shared set of core values. Our commitment to equality and diversity in all forms is reflected by the fact that one of the values adopted is inclusion – drawing strength from our differences and working collaboratively.

A new Head of Diversity and Inclusion has refreshed our diversity and inclusion strategy and associated action plan and is driving work in this area. Our Governance and Remuneration Committee and our diversity and inclusion staff networks – including Inspire, our gender network and Kaleidoscope, our BAME equality network – continue to work collaboratively to make progressive steps towards establishing L&Q as a

leader within the housing sector in creating a truly diverse and inclusive organisation where staff are paid fairly for the job they do.

The gender and BAME pay gap for pay and bonuses exists because higher paid roles across the group have either more men than women or more people from a white background than BAME in relation to the organisation as a whole. We recognise that we must continue take action to reduce the gap that exists.

The diversity and inclusion action plan will, therefore, look to see how this imbalance can be addressed. We will ensure that all employees at L&Q and are given opportunities for career progression and are paid fairly for the work they do.



Pay and reward

L&Q pays everyone fairly for the role they do. The pay gaps exist because we have more men and white people in higher paid roles (and more women and BAME people in lower paid roles) relative to the organisation as a whole.

However, being transparent about pay, including our pay bands and our pay progression policy, is important as we address the gender pay gap in a fair and accountable way. We are undertaking a review of pay across the organisation, which will include our market benchmarking and job evaluation process, and also an equal pay audit. Once this review is complete, we will publish our pay bands to ensure greater transparency around pay. We have also adopted a clear pay progression policy, the ABC scheme, which sets out how staff pay can increase on the basis of high performance.

Recruitment

We have focussed heavily on this area of work, to address the diversity imbalance in senior roles.

We have set aspirational targets of 50% female and 30% BAME appointments into our Senior Leadership Group, to reflect the makeup of our diverse workforce.

To help us achieve these targets, we have adopted a policy of ensuring at least one female and one BAME candidate is shortlisted for every senior role, providing they meet the minimum criteria for the role. We have written to our recruitment partners emphasising our requirement for diverse talent, and will be bringing repeat business to those agencies which can satisfy our requirement for high quality, diverse candidates.

To monitor our progress, our Executive Group will scrutinise our recruitment into senior roles every quarter, and publish the results. A comparison between December 2017 and June 2018, demonstrates an increase in the gender mix in senior roles from 18% to 24%.

All our job adverts, including senior roles, now include a commitment that the role can be performed by candidates requesting a flexible working pattern. Whilst this benefits a range of potential applicants, we know that this will have significant impact on women with caring responsibilities.

Particularly for senior roles, we use advertising channels that are likely to attract more female and BAME applicants, such as signing up to the Top Employer Charter at workingmums.com.

Progression

The above measures positively impact our ability to appoint diverse talent to senior roles, from both internal and external candidates. There are also a number of other measures we are taking to specifically improve progression opportunities.

We are developing a succession and talent management strategy, with the requirement to nurture diverse talent at its heart, so that all staff can succeed and progress if they have the right skills and values. This will feature a mentoring scheme to support all staff to build their careers here at L&Q, with support from our staff network groups Inspire, Spectrum and Kaleidoscope to ensure under-represented groups have fair access.

Along with Optivo and BME Landlords, we set up a leadership development programme, Leadership 2025, exclusively for senior leaders from BAME backgrounds. Run in partnership with Altair and Roffey Park, this nine month programme aims to support and empower BAME individuals to become sector leaders of the future. Two of members of L&Q staff join the forthcoming cohort.

We remain committed to the Future of London pledge (which ensures a diverse mix of speakers at both internal and external events involving

L&Q), to give opportunities to participate in events to traditionally under-represented groups.

Training and development

All our staff receive diversity and inclusion training upon joining L&Q, including an introductory session on unconscious bias. We are weaving reminders about unconscious bias into our training for recruiters and people managers, to ensure our recruiters are using the tools available to make the process as fair as possible.

Within the L&Q Academy, we have set up a staff upskilling programme providing professional qualifications in Health and Social Care and Housing Maintenance. The Academy explicitly seeks gender-balanced cohorts to address under-representation of either women or men in different parts of our organisation.

Our gender equality network: Inspire

Our gender equality network, Inspire, is at the heart of our work to tackle the gender pay gap. The aims of the network revolve around professional development, awareness of gender related issues, and networking. Throughout the year, Inspire hosts events showcasing members of the organisation at Pechakucha evenings, as well

Our BAME equality network: Kaleidoscope

as bringing in external experts to talk about topics such as male mental health or domestic violence.

To aid professional development, the network sponsors various external programmes and organisations such as the New London Architecture Inspiring Women programme and free membership for L&Q employees of the National Association of Women in Construction. Parallel to these events is a policy working group which convenes to discuss gender related employment matters, including the gender pay gap, which presents recommendations to the Group Executive.

Inspire has two Executive level champions: Diane Hart, Group Director Commercial, and Tom Nicholls, Group Direct Human Resources.

Kaleidoscope has one Executive level champion: Fiona Fletcher-Smith, Group Director Development and Sales.





For more information

L&Q Group

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 @LQHomesMatter