



Gender Pay Gap Report 2023

March 2024

Balfour Beatty

Front cover image:
Sarah Bubak, Digital Delivery Coordinator



Littlebrook substation, Kent

Foreword

As we take stock in our annual Gender Pay Gap Report, we reflect both on our achievements and the areas we need to continue to focus on. The UK construction and infrastructure industry is a significant employer, with recent figures showing c.2.2 million workers, roughly 7% of the nation's total workforce of 32 million people¹. However, the gender disparity within our industry remains an area for improvement, with women making up only 14%² of the workforce. Whilst we have seen progress across Balfour Beatty, where women make up 21% of our UK workforce, it is clear that we have a way to go as an industry and as a business.

Our UK gender pay gap data mirrors the national picture, showing gradual reductions in the gap over the years, with some fluctuations. In 2023, our mean gender pay gap was 17% and our median gap was 23%, marking a decrease on both measures of 1.6% since 2022. Both our median and mean pay gaps have decreased by approximately 7% since our first report in 2018 when our median pay gap was 30% and our mean pay gap 24%. We are seeing consistent, gradual progress towards closing our gender pay gap.

Balfour Beatty's gender pay gap stems from several factors, including the under-representation of women in senior and higher-paying roles, a challenge that pervades across our industry. Our pay gap analysis shows that our strategy to attract more women into Balfour Beatty via early career routes initially increases our pay gap by 1-2% as female talent is concentrated at these junior levels. However, our view remains that bringing more women into our industry is the right thing to do in the medium to long term. Our aim is to encourage women to stay and progress through our organisation, ultimately reducing the pay gap as they advance into higher-paying positions.

Our strategy is not to address the gender pay gap in isolation but instead to attract more women into the business at every level; support each individual to thrive; and foster a culture that values each individual's unique contributions.

We take great pride in our inclusive culture, offering a range of approaches to support our workforce, including flexible working arrangements and an emphasis on inclusion-based values and behaviours. To ensure we reflect best practice, we refreshed our Value Everyone UK Diversity & Inclusion (D&I) Strategy in 2023³, reinforcing our commitment to change driven by targeted action. We have also defined clear targets (set out in our Strategy³) and use an informed, data-driven approach which looks at data points including voluntary attrition and the genders and backgrounds, in aggregate, of those we are hiring and promoting. I am also pleased to report that we received Clear Assured⁴ Bronze Accreditation in 2023 – the recognised global inclusion standard in recognition of our D&I progress. We are now working towards Silver level.

Our ambition is to foster a workforce that mirrors the diversity of the communities we serve and to provide a supportive working environment for all. When we share our gender pay gap data, our aim is to dig deeper than the surface statistics, reflecting our commitment to fostering inclusivity, fairness and equality within our company and the wider industry.

Leo Quinn

Group Chief Executive
Balfour Beatty



¹Office for National Statistics

²GoConstruct

³<https://www.balfourbeatty.com/about-us/how-we-operate/diversity-and-inclusion/value-everyone/>

⁴<https://theclearcompany.co.uk/clear-assured/#:~:text=The%20Global%20Inclusion%20Standard%20%E2%80%93%20What%20is%20Clear,demands%20of%20employment%20practice%20across%20the%20employee%20lifecycle.>

The Gender Pay Gap Regulations

In line with the UK Government's Gender Pay Regulations introduced in April 2017, employers in the UK with more than 250 employees must report their gender pay gap.

Balfour Beatty is supportive of the Government's efforts to raise awareness on this issue. We are committed to closely examining our data and using the annual insights it provides to help us become a truly inclusive business. We take transparency around our gender pay gap very seriously, as we see it as a crucial part of maintaining our progress.

The data used to calculate the gender pay gap is taken from the payroll closest to the week that includes the snapshot date (5 April 2023) for monthly payroll and for weekly paid colleagues. Due to the makeup of our workforce, changes in this composition year-on-year, and how we pay many of our employees, actual pay may fluctuate, which can affect the calculations.

HS2 Curzon Street Station, Birmingham



The Gender Pay Gap and Equal Pay

It is important to clarify the difference between equal pay and the gender pay gap.

The principle of equal pay is mandated by the Equality Act 2010. It ensures that men and women in comparable positions receive the same pay for doing the same work. Balfour Beatty values and upholds this principle and is committed to the belief that individuals should be compensated competitively and equitably based on their role and skills. At Balfour Beatty, we do not discriminate on any grounds, whether related to gender, race, sexuality or religious beliefs. We are confident that we pay our employees fairly for the roles they perform. We always aim to hire the best person for the job, regardless of gender, and our robust controls ensure that all pay and reward decisions are based on fairness and consistency.

While equal pay means that men and women in comparable positions receive the same pay for doing the same work, the gender pay gap measures the difference in the average hourly pay of men and women across all roles regardless of the nature of their work. This is influenced by a range of factors, including the demographics of a company's workforce.

Balfour Beatty Group Employment Limited Gender Pay Data

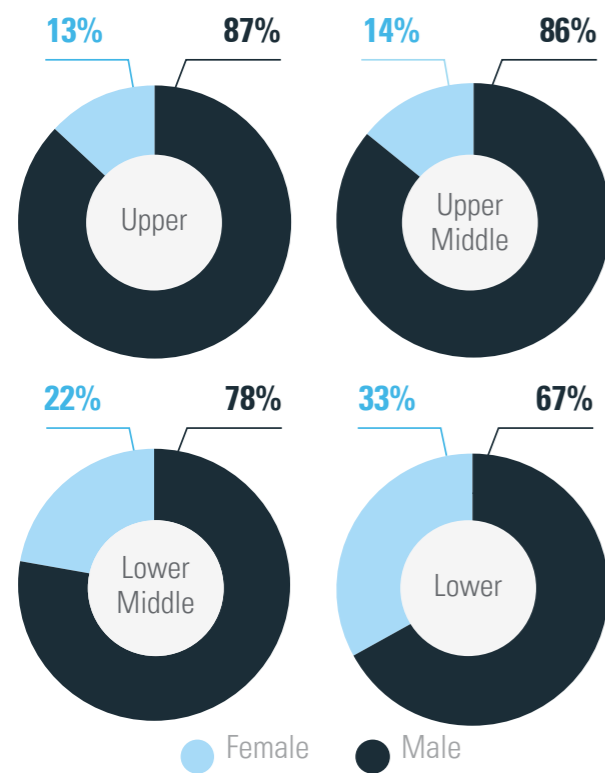
Mean and median gender pay gap

Mean
17%
Median
23%

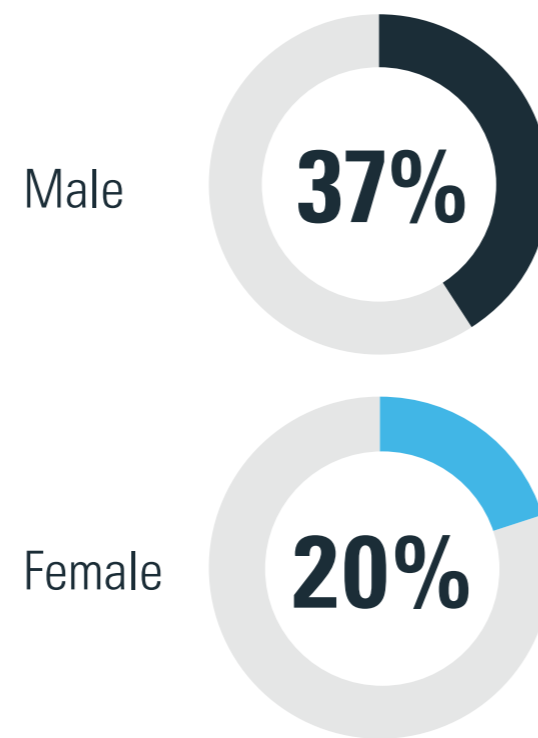
Mean and median gender bonus gap

Mean
-1%*
Median
-8%*

Proportion of men and women in each quartile of the organisation's pay structure



Proportion of employees receiving a bonus payment



*The minus signifies that the gap here is in favour of women

Defining the terminology

Median pay gap

The median pay gap is the disparity in salaries between the middle-ranking woman and the middle-ranking man in an organisation. To determine the median pay gap, all the men and women working at a company are organised into two 'lines' in order of salary, the median pay gap is the difference in salary between the woman in the middle of her line and the man in the middle of his.

Mean pay gap

The mean pay gap, on the other hand, is determined by comparing the total amount spent on wages for women and men in a company. The calculation is performed by dividing the total calculated wage bill for each gender by the number of employees in that gender category within the organisation.

Gender Identity

The data in this report categorises employees as either male or female as per the rules set by the UK Government. We know that not everyone defines themselves in this way and we are committed to supporting our non-binary colleagues. With the guidance of our LGBTQ+ Affinity Network, our aim is to create a workplace where everyone feels comfortable being themselves, no matter their sexual orientation or gender identity.



Operational Control Hub, Hereford

Understanding our Gender Pay Gap

The construction sector as a whole continues to grapple with one of the most significant and persistent gender pay gaps among all industries, alongside the financial and insurance and education sectors⁵. This gender pay gap is influenced by a variety of factors, including the underrepresentation of women in higher-paying roles within the industry and the relatively low numbers of women in the sector as a whole. There are notably fewer women in senior operational positions throughout the sector, including within Balfour Beatty.

According to Go Construct, women constitute just 14% of the construction workforce in the UK, with a significant proportion engaged in lower-paid roles such as administrative, support roles and entry-level positions including apprenticeships. While there is still a considerable distance to cover, Balfour Beatty's own figures surpass this industry average, standing at 21% and showing an upward trajectory.

As in previous years, we believe our gender pay gap is largely due to the greater representation of men in the higher paid, senior roles. There are more men than women in our UK organisation across all four of our pay quartiles although we are making progress to rebalance this.

Our analysis reveals that our strategy of attracting more women to early career roles within our organisation, ensuring a strong pipeline of talented women entering the business, may initially result in a minor increase in the pay gap, estimated at 1-2%. Nonetheless, this means increased women representation in the industry, and it is important to recognise that this is a short-term challenge. Our strategy is designed to support these women through the company, and with time, it will have a positive impact on reducing our pay gap as women advance within the organisation and move into higher-paying positions. In the last (rolling) 12-month period women have made up 24% (23.64%) of our new starters and our promotion rate for women has been around 3.5% higher than the equivalent all employee promotion rate.

Diversity and Inclusion at Balfour Beatty

At Balfour Beatty, our Diversity & Inclusion strategy focusses on enhancing diversity and inclusion across the business. We firmly believe that our approach will naturally lead to a gradual reduction in the gender pay gap over time, and importantly, that this reduction will be more sustainable than taking an isolated focus on closing the gender pay gap.

Diversity and inclusion have long been priorities at Balfour Beatty, and we endeavour to listen to our employees, guided by our five employee-led 'Affinity Networks' to identify tangible actions and initiatives that we believe will create positive change. In 2023, we updated our [Value Everyone UK Diversity & Inclusion Strategy](#) and the supporting [Value Everyone UK Diversity & Inclusion Action Plan](#), which sets out how we will deliver our UK Diversity & Inclusion Strategy and our diversity targets. This section provides examples of these ongoing actions.

- ▶ We continue to ensure we have inclusive policies which provide meaningful support to our employees. This includes an entitlement for all our colleagues, regardless of when they join us, to 28 weeks full pay maternity/adoption leave, four weeks full pay paternity/partners leave and up to 28 weeks paid shared parental leave. We also provide paid time off to attend fertility treatment appointments and extra leave if an employee's child needs neo-natal care.

- ▶ Our supportive policies also include our 'Smart Working' approach which supports our workforce in balancing work and their personal lives. Covering all the career stages, this considers arrangements and flexibility to meet employee needs such as staggered start and finish times, and where roles allow, the opportunity to work remotely 40% of the time.
- ▶ Balfour Beatty's UK business has set clear 2030 targets to improve diversity and inclusion against a 2021 baseline, which we are making good progress on. These targets are underpinned by more granular internal targets and action plans. Our targets include:
 - 50% increase on female representation
 - 60% increase on minority ethnic and black representation
- ▶ We also monitor our status versus the voluntary FTSE Women Leaders goals:
 - 40% of roles on FTSE 350 Boards to be held by women. In March 2024, at the publication of this report, the Balfour Beatty Board is 36% female. From May 2024, following changes we have already communicated to our Non-executive Director population, our Board will be 44% female (Board of 9, 4 females).
 - 40% of women in leadership teams (defined as Executive Team and direct reports) by end of 2025. Our figure currently stands at 30%.

- ▶ ‘Growing our own’ is at the heart of our approach at Balfour Beatty and is particularly relevant to our strategy of bringing in increasing numbers of women at entry level and retaining them within the business to create a talent pipeline. We have a strong focus on retention of existing employees as well as the attraction of new skills, at all levels in the organisation. This includes:
 - A broad focus on development for all employees supported by our Balfour Beatty Academy. This is available to all employees and offers a wide range of skills and professional qualifications that are transferable across the business and the industry. For more detail, refer to our ‘Personal development’ section to the right.
 - A specific focus on career development and enabling internal mobility. We highlight opportunities on our internal careers website and showcase how careers can be developed within Balfour Beatty to support retention. We have shared case studies of how employees have moved and progressed to inspire others.
 - Senior talent remains a strong focus – with succession plans to help build a diverse pipeline of talent for Executive Committee and Board-level positions.
 - We continue to develop strategic leadership experience through our Future Leaders Programme which is focused on developing leadership skills amongst senior people. We also invest further down the pipeline through our Aspiring Leaders Programmes, which target middle managers with the potential and motivation to become senior leaders. Both of these focus on building a range of skills including performance, emotional intelligence, and dealing with complex challenges, and are an important way of enabling progression and internal mobility for employees. Ensuring diversity of representation is always a consideration on these key programmes.

Personal development

We encourage everyone to take personal control of their career, choose where they want to go, or what they want to learn, and we support them along the way.

70-20-10

This is our approach to development. 70% on the job, 20% learning from colleagues, and 10% formal training courses and learning events.

Ongoing development

We support our people to keep growing and developing their careers. Their learning and development needs are a key part of their performance review, and we make sure everyone has the right development programmes to choose from.

Getting qualified

We support our people to gain membership of a relevant professional institution. We also have training schemes with bodies like the CICES CIOB, ICE, IET, IMechE and RICS – and are always adding to the list.

Balfour Beatty Academy

The Balfour Beatty Academy is our dedicated online space open to everyone to engage with formal and informal learning resources, tools and development opportunities.

Learning to lead

When someone reaches a point where they are ready to go from a manager to a leader, we support them to do so. We have programmes in everything from emotional intelligence to inclusive leadership.

Taking the step up

We are serious about internal progression, and always look to appoint from within. Many of our leaders today joined us straight from school, so the pathways are clear. And we make sure people can take them.

- We have maintained our investment in early careers (an important channel for helping us to improve our diversity over time) – recruiting around 400 new entrants in 2023, with an even bigger increase planned for 2024. Whilst increasing numbers, we keep a very keen eye on the quality our development programme. We were delighted to rank 9th in Rate my Apprenticeship (voted for by our own apprentices) and also made the Top 100 in the Apprenticeship Employers for the first time.
- We are proud to be Gold accredited members of The 5% Club – an employer led organisation committed to ‘earn and learn’ opportunities for employees. Currently 7.4% of our UK workforce comprises apprentices, graduates and sponsored students in ‘earn and learn’ positions.
- ▶ In 2023, we began the roll out of our ‘Right to Respect’ programme across Balfour Beatty in the UK. Developed to raise awareness through conversations on banter and challenging inappropriate behaviour, this approach is driving positive behaviours across our business and the wider construction and infrastructure industry with the support of our customers and supply chain partners. It is supporting the Company to create a working environment that is built on respect, through action to help develop a shared understanding of where the boundaries are, and how to challenge unacceptable behaviour when we see it. We engaged over 3,000 employees in 2023, and the roll out will continue through 2024.
- ▶ Our approach to diversity and inclusion is supported by our five employee-led UK Affinity Networks. These networks, focusing on LGBTQ+, Multi-cultural, Ability, Gender and Neurodiversity, are instrumental in helping us hear the voices of our employees and building an inclusive culture. Engagement grows each day, with at least 10% of our workforce being part of or an ally to a Network or another group (for example, groups on menopause and domestic abuse).
- ▶ Although there is currently no statutory requirement for UK employers to calculate or report their ethnicity pay gap, we have developed our approach to calculating our ethnicity pay gap, broadly mirroring UK Government published guidelines for voluntary reporting. This work has allowed us to establish a baseline and monitor trends, which in turn informs the development of our Value Everyone UK Diversity & Inclusion Action Plan.

Conclusion

Balfour Beatty is committed to fostering a diverse and inclusive workplace, and we remain focused on increasing representation of women in our workforce. While we have made progress in reducing our gender pay gap, we acknowledge that there is still significant work ahead and our commitment is to make sustainable changes that endure. This is a challenge which extends across the construction and infrastructure industry.

Nonetheless, Balfour Beatty remains resolute in our mission to establish a supportive and empowering work environment where every colleague can flourish. The journey towards achieving this will require time and dedication, but we hold a strong belief that our unwavering focus on diversity and inclusion will ultimately result in a more inclusive, diverse workplace and a reduced gender pay gap.



Esmee O'Neill, Quantity Surveyor



About Balfour Beatty

Balfour Beatty is a leading international infrastructure group with over 26,000 employees – 12,000 of them in the UK – driving the delivery of powerful new solutions, shaping thinking, creating skylines and inspiring a new generation of talent to be the change-makers of tomorrow. We finance, develop, build, maintain and operate the increasingly complex and critical infrastructure that supports national economies and deliver projects at the heart of local communities.

Over the last 115 years we have created iconic buildings and infrastructure all over the world. Currently, we are working to deliver Hinkley Point C, the first UK nuclear power station in a generation; constructing the world-class arts and cultural facility, the Lyric Theatre, in Hong Kong; and designing, building, financing, operating and maintaining the Automated People Mover superstructure at the fifth busiest airport in the world, Los Angeles International Airport.

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