

# Gender Pay Report 2019

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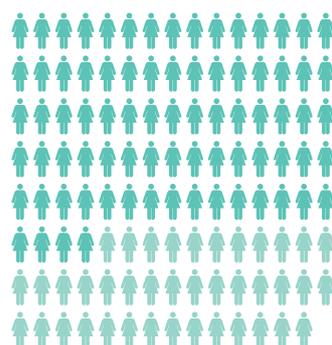
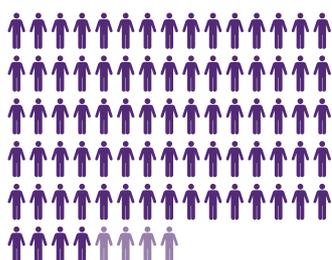
At Skipton Building Society we are committed to creating a positive performance environment where our colleagues and leaders can thrive. We are committed to our ethos of 'Building a Better Society' and recognise that diversity and inclusion is integral to that. Attracting and retaining diverse colleagues helps us to perform better as an organisation and find new and innovative ways to adapt to external changes.

An inclusive culture helps people to reach their potential and will drive improvements in performance and innovation for Skipton as a progressive organisation that is best placed for the challenges of the future.

As we set out in 2018, the shape of our organisation is a key driver of our gender pay gap as the following graphics of our population illustrate:

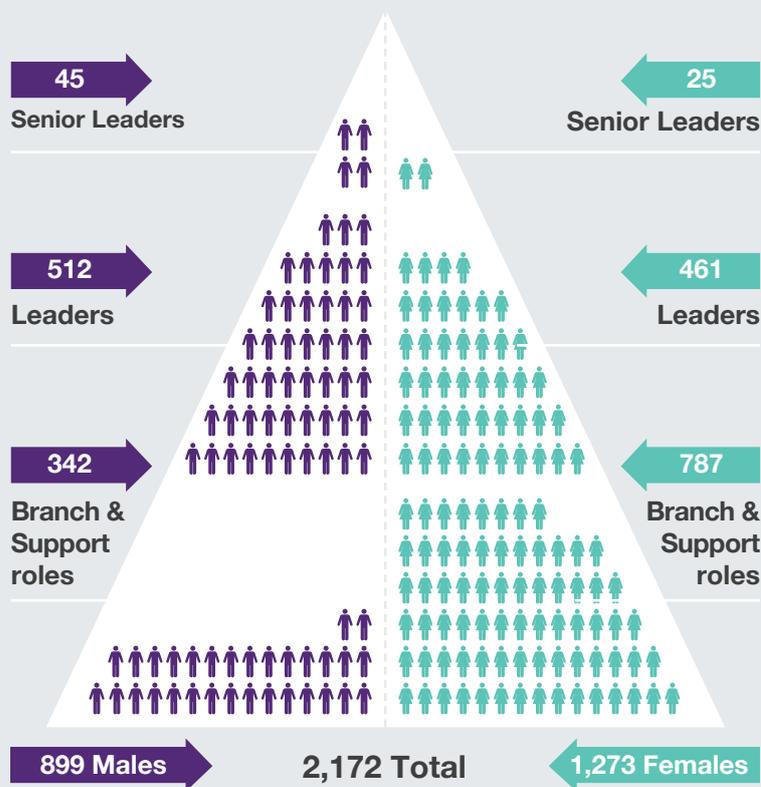
## Society profile 2019

The distribution of men and women in higher and lower earning roles drives our pay gap:



Male - Total workforce  
**41.4%**  
4.7% Work Part Time

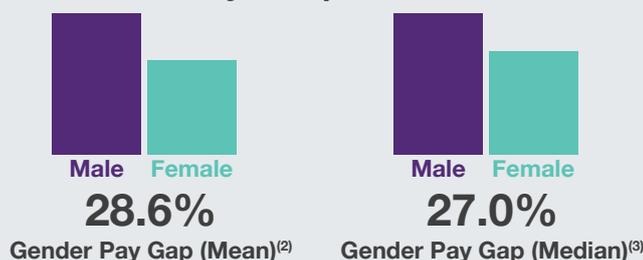
Female - Total workforce  
**58.6%**  
34.6% Work Part Time



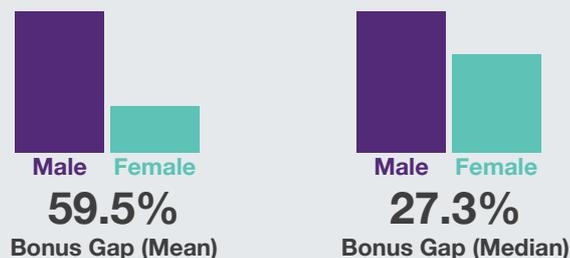
## Gender Pay Gap – 2019 Results

The mandatory figures for 2019 are set out below:

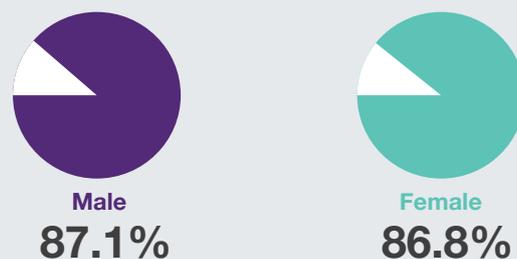
### Pay Comparison<sup>(1)</sup>



### Bonus Comparison



### Bonuses Received



Quartile Pay Bands	Male	Female
Upper Quartile	61.7%	38.3%
Upper Middle	44.9%	55.1%
Lower Middle	28.9%	71.1%
Lower Quartile	30.0%	70.0%

#### Notes

1. Non-Executive Directors are not included in the calculations. Data is at 05/04/19.
2. The mean Gender Pay Gap is the difference between the average pay rate for males and females expressed as a percentage of the male average pay figure.
3. The median hourly rate is the middle figure when the hourly rates of all relevant colleagues are ranked in order and the median Gender Pay Gap is the difference between the median rate for males and females expressed as a percentage of the male figure.

## Overview – The Three-Year Trend

This is the third year we have reported our gender pay figures. The table below shows the trend in our gender pay and bonus gaps between 2017 and 2019, with the colour indicating positive movement (green) and adverse trends (red).

	2017	2018	2019	Var
Mean Gender Pay Gap	29.8%	31.0%	<b>28.6%</b>	- 1.2%
Median Gender Pay Gap	26.4%	26.8%	<b>27.0%</b>	0.6%
Mean Bonus Gap	66.2%	63.9%	<b>59.5%</b>	- 6.7%
Median Bonus Gap	31.7%	29.0%	<b>27.3%</b>	- 4.4%

The Gender Pay Gap is the difference between the average hourly pay earned by men and women across an organisation, irrespective of the level of their role. In addition to basic salary, the hourly rate of pay includes specific allowances, monthly bonuses (paid in April) and additional shift payments.

The existence of a Gender Pay Gap does not mean that people are being paid unfairly for the job they do because it is heavily influenced by factors such as the proportion of males versus females in senior roles. It is very different from equal pay which considers pay differences for individuals in similar or equivalent roles.

Because of our objective approach to setting and reviewing pay, based on established job evaluation methods and the detailed analysis we have done, we are comfortable that we are paying men and women fairly for the roles they do.

The reasons for our pay gap in 2019 are the same as those reported in prior years:

- As stated earlier, we have a much higher percentage of males in senior managerial roles and therefore at higher income levels. 61.7% of those in the Upper earnings quartile are male compared with only 30.0% in the Lower quartile;
- More males than females receive payments such as shift, call out and car allowances;
- Roles attracting monthly bonus payments (e.g. Financial Advisers) are held by a significantly larger proportion of males than females.

The Gender Pay Gap results over the past three years shows a small improvement in the Mean Pay Gap results, and in both the mean and median bonus gap results. However, the Median pay gap result has shown little actual movement over the last three years, moving from 26.4% in 2017 to 27.0% in 2019.

The shape of the organisation, as previous reports have explained, remains one of the key drivers of our pay gap.

	Lower Quartile	Lower Middle	Upper Middle	Upper Quartile
FEMALE	70.0%	71.1%	55.1%	38.3%
MALE	30.0%	28.9%	44.9%	61.7%
TOTAL	100.0%	100.0%	100.0%	100.0%

The number of women in quartiles 1-3 is higher than men, most notably in the lower two quartiles, where the rate is 7 women for every 3 men.

The percentage of women in the top quartile has seen little change over the past three years sticking at 38%, but this is tempered by a strong performance for women in the third quartile, with a 55% female population.

## Our Bonus Gap

The Gender Bonus Gap compares the average actual bonus paid to males and females in the twelve months to 5th April 2019, and unlike the Gender Pay Gap, does not take account of working hours or length of service in the year which means that part time bonuses are being compared with full time bonus payments.

As our bonuses are paid as a percentage of salary and the percentage increases with seniority, this means that the bonus gap like the pay gap is influenced by the fact that we have more males than females at senior levels. The gap is widened further because 91.3% of our part time population (who receive bonuses based on a part time salary) are female. 72% of our part year population who receive a pro rata bonus payment (reflecting the number of days worked in the performance year) were also female.

Added to this, as we have already outlined, we have a much higher proportion of males than females in roles attracting monthly bonus payments which, on average, over the year, are higher than the payments from annual schemes.

Our bonus gap improved significantly between 2017 and 2019 due to the increased bonuses paid to our wider population and a change in our policy for certain part year participants. However, we acknowledge that the gap is still high and we are keen to reduce it even further.

### Part-time Workforce



Male - Part-time workforce

**8.7%**



Female - Part-time workforce

**91.3%**

### Part-year Workforce



Male - Part-year workforce

**28.0%**



Female - Part-year workforce

**72.0%**

## What we are doing to address the GPG

In 2018, we launched a number of on-going initiatives which have evolved into a formal strategy in 2020, aligning a range of activities and priorities, and focusing on actions that will work towards creating a more gender balanced organisation.

### Fair Reward

As our culture evolves and changes, we must continue to reward and provide our colleagues with the things that they value most. With this in mind, we have, during the course of 2019, reviewed our approach to reward and have listened to our colleagues' views about what is important to them. We have done this through specific focus groups/listening sessions and feedback from our Sounding Board.

From these discussions a number of key themes emerged as being important to our colleagues:

- **Equality of Opportunity** both in terms of equal choice and having a level playing field for progression;
- **Rewarding contribution** – rewarding people for the responsibilities they undertake and their contribution to the Society's success;
- **Fair Level of Reward for all** – through commitment to the living wage and the provision of an appropriate reward package at all levels;
- **Competitive pay** – linked to market rates, which enables us to attract and retain valued colleagues.

The themes have been developed into **Fair Reward principles** and will underpin our reward strategy going forward. In 2019, we focussed in particular on improving Fair Reward for All and Diversity and Inclusion.

Although we have, for a number of years, aligned our salary ranges to the living wage, which benefits our entry level colleagues (the majority of whom are female), becoming a 'Living Wage Employer' in 2019 cemented our on-going commitment to a fair level of reward for all.

Our desire to prioritise inclusive practices also prompted a review of our family policies which are explained below.

### Return to Work Experience

As part of our research, we received invaluable feedback about the journey and experience to parenthood from colleagues who had recently experienced a period of family leave from the Society.

In particular, we heard that both enhanced payments and the flexibility and duration of leave, were important for colleagues in balancing home and work lives, and promoting improved gender equality in work. We also heard that parents wanted to share caring and parenting responsibilities more equally from the outset of starting a family, and be a greater support to each other and to any new addition, in unforeseen circumstances.

With this in mind, we launched enhancements to our family policies and improved our arrangements on maternity and paternity pay in 2019.

## A Stronger Focus on Data

It is clear that changes to the pay gap results are not going to happen quickly, and the focus on a comprehensive analysis of data through the employee life cycle is critical to the identification of practical and constructive actions.

This will drive the development of effective interventions. We have a stronger focus on data, examining the employment pipeline, especially for roles in the top quartile to ensure that new entrant statistics into the organisation are reflective of our broader ambitions.

This will include examining exit and promotion data, with a particular focus on a comparison of exit rates between men and women, and the promotion rates, especially focusing on the transitions between each quartile.

## A New Diversity and Inclusion Strategy

We have introduced a new Diversity and Inclusion Strategy, which includes a range of interventions that will focus on improving results across a range of areas.

We will engage in a range of actions to move us towards a more diverse mix, at all levels and functions. We recognise that SBS is not a homogenous entity, and different aspects of the business (e.g. the Financial Advisor population, and Senior Leadership community) will need different interventions based on the data and intelligence. We have adapted our approach based on what we are seeing, what our ambition in that area is, and learnt from our and other's experience to adopt the most effective methodology to deliver results.

Key early changes include advertising more senior roles on a flexible basis, including part-time working, and an examination of progression rates through the recruitment pipeline.

We have also signed up to the Women In Finance Charter, which supports the development of improved outcomes for women across the sector.

As a significant number of our part time colleagues are women, we will examine their opportunities to access training and development, and their progression rates to ensure that no assumptions are being made about career aspirations, and there is equality of outcome.

## Diversity Networks

We have introduced a range of colleague networks to support the engagement and promotion of their membership and colleagues from across the organisation. These networks include a gender network, a parent network and a menopause network, all designed to support colleagues to thrive at work. This has included a focus on events promoting and educating the Society on diversity and inclusion, and maintaining its profile and focus including celebrating International Women's Day and National Inclusion Week.

## A Holistic Approach

We will use a broad holistic approach to delivering improvements in this area, which will include a focus on developing the D&I competence and capability of leaders and colleagues to create the right blend of attitude, skills and knowledge in this area. We will do this by developing and delivering a bespoke programme of blended learning.

We will develop our leaders and colleagues to manage and maintain D&I standards and practices, and develop effective interventions based on improved insight from a D&I data strategy.



“At Skipton Building Society we pride ourselves on a progressive and effective journey for both our colleagues and our customers, and we have been developing our capability in Diversity and Inclusion in a range of ways over the past months and years. Addressing the Gender Pay Gap is part of that journey of continuous improvement and we have now introduced a comprehensive Diversity and Inclusion Strategy which will support us in both understanding and overcoming some of the underlying issues that contribute to the Gender Pay Gap and develop effective interventions that will improve outcomes.”

**Lisa Davis**  
Chief People Officer



“At Skipton Building Society we are committed to creating a positive environment where our colleagues and leaders can thrive. Ensuring this will drive improvements in performance and innovation for Skipton as a progressive organisation that is best placed for the challenges of the future.

If you would like to learn more about our commitments to the Women in Finance Charter go to [www.womeninfinance.org.uk](http://www.womeninfinance.org.uk).”

The mandatory calculations in this report have been externally reviewed and validated. I confirm the data in this report to be accurate.

**David Cutter**  
Group Chief Executive

4 March 2020

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