

Gender Pay Report 2020

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At Skipton Building Society we remain passionate about our focus of diversity and inclusion, embedding strong inclusive principles and creating a positive performance environment. Strong values led leadership has helped us create a culture where all colleagues continue to feel valued, thrive and achieve their potential.

In our 2020 report we discuss further the actions we have taken and plan to take to ensure that diversity and inclusion is at the heart of everything we do taking a holistic approach to improve the systems and processes that contribute to effective diversity and inclusion.

The following graphics provide details of our colleague population. As in previous years, the structural differences in the distribution of males and females across the Society continues to have a big impact on our gender pay gap.

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

Society profile 2020



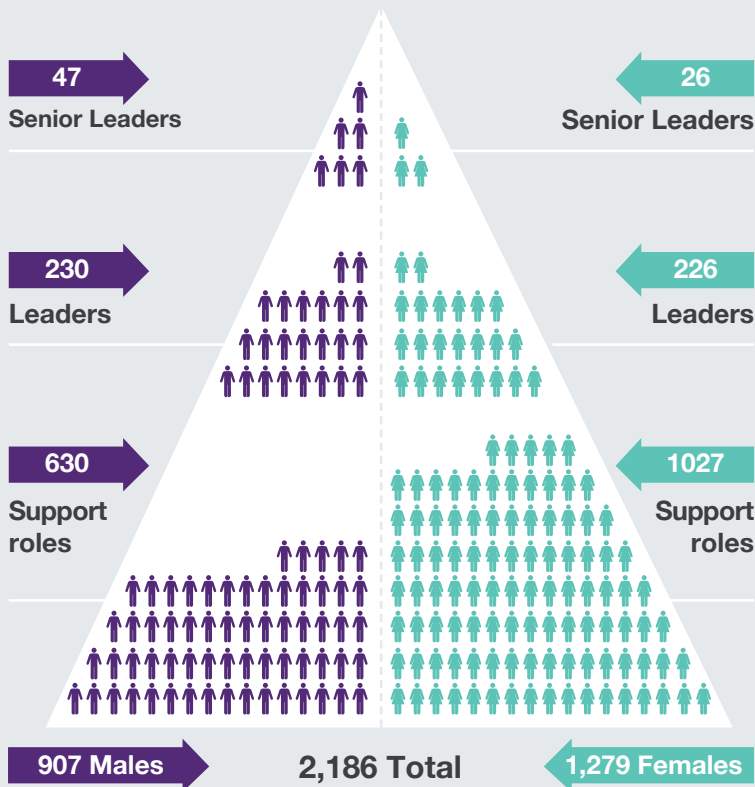
Male - Total workforce
41.5%

4.6% Work Part Time



Female - Total workforce
58.5%

34.6% Work Part Time



Gender Pay Gap – 2020 Results

The mandatory figures for 2020 are set out below:

Pay Comparison⁽¹⁾



Gender Pay Gap (Mean)⁽²⁾

Gender Pay Gap (Median)⁽³⁾

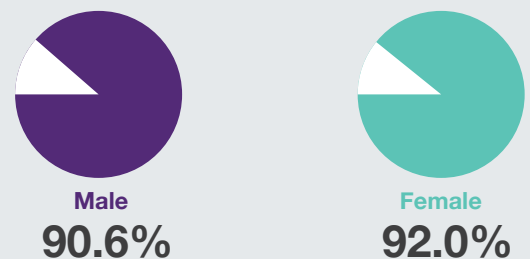
Bonus Comparison



Bonus Gap (Mean)

Bonus Gap (Median)

Bonuses Received



Quartile Pay Bands	Male	Female
Upper Quartile	60.9%	39.1%
Upper Middle	43.4%	56.6%
Lower Middle	31.5%	68.5%
Lower Quartile	30.2%	69.8%

Notes

1. Non-Executive Directors are not included in the calculations. Data is at 05/04/20.
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

At Skipton, we have been tracking our gender pay and bonus gaps since we started reporting in 2017. Looking back over a three-year period enables us to monitor our progress and can highlight any positive (green) or adverse (red) trends that signal successes we can build on or identify areas needing more focus.

The following table shows both our gender pay and gender bonus gaps over the period 2018 to 2020 and has provided us with some interesting insights.

	2018	2019	2020	Current vs Previous Year
Mean Gender Pay Gap	31.0%	28.6%	30.0%	1.4%
Median Gender Pay Gap	26.8%	27.0%	28.1%	1.1%
Mean Bonus Gap	63.9%	59.5%	57.9%	- 1.6%
Median Bonus Gap	29.0%	27.3%	29.9%	2.6%
% Males Receiving Bonus	88.6%	87.2%	90.6%	3.4%
% Females Receiving Bonus	89.2%	87.0%	92.0%	5.0%

The Gender Pay Gap is the difference between the average pay of men and women irrespective of the level of their role in the organisation so is very much impacted by the type of roles that males and females perform in Skipton.

The existence of a Gender Pay Gap does not mean that our colleagues are being paid unfairly for the job they do because it is heavily influenced by the proportion of males and females we have in our senior roles.

Operating within our Fair Reward principles with an objective approach to both sizing our roles and setting fair levels of pay accordingly we are confident that we are paying both men and women fairly for the roles they perform.

However, we do have a gender pay gap and the reasons for that gap remain the same as we have reported in previous years:

- Our senior leader population continues to have more males in these managerial roles than females – colleagues in these roles do have higher income levels. As can be seen in the table below we have 60.9% of males in our upper earnings quartile compared to 39.1% females.
- More males than females receive payment such as shift, call out, car allowances and monthly bonus payments which are all included in the average pay calculation.

The gender pay gap trends for both mean and median figures shows a slight negative movement, with the median pay gap steadily increasing across the past three years.

Our Bonus Gap

The Gender Bonus Gap compares the actual bonus paid to males and females in the twelve months to 5th April 2020 and, unlike the Gender Pay Gap, does not take account of working hours or length of service which means that part time or part year bonus payments are being compared with full time and full year bonus payments.

Skipton Building Society offers a range of flexible working contracts which are valued by our colleagues however a significant number of colleagues opting for a part-time contract are female and therefore more females than males receive bonus payments based on a part-time salary.

We also have more females than males joining us throughout the year in our support roles so we also have more females in receipt of a part-year bonus. These two factors have contributed to the size of Skipton's Gender Bonus Gap.

The Gap is further impacted by the fact that the Society also pays bonuses as a percentage of salary and the percentage typically increases with the seniority of role. The bonus gap is therefore influenced by the fact that we have more males than females in these senior roles which attract these larger bonus payments.

The mean bonus gap though shows a strong improvement, and although the median bonus gap has increased slightly from last year, the overall trend remains positive.

There has been a consistent increase in numbers of women receiving bonuses, up 5% from last year.

The reporting period for these results (April 2019 – April 2020) saw a significant amount of organisational redesign which has also had a slight negative impact on the results.

Distribution of Female Colleagues Across the Society

One of the significant contributors to the Gender Pay Gap is the proportion of women to men in the lowest two quartiles, but this year shows the early signs of a positive change in that ratio. The percentage of women in the top two quartiles has risen and begun to be matched with an increase in men in the lower two quartiles. This has not however contributed to a decrease in the Gender Pay Gap yet.

2019	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%

2020	Lower Quartile	Lower Middle	Upper Middle	Upper Quartile
FEMALE	69.8%	68.5%	56.6%	39.1%
MALE	30.2%	31.5%	43.4%	60.9%
TOTAL	100.0%	100.0%	100.0%	100.0%

What have we been doing in 2020 to address the GPG?

For Skipton improving our Gender Pay Gap will be one of the positive outcomes we expect from having Diversity and Inclusion embedded across all aspects of our business. Our focus in 2020 has been to continue to strengthen and build on the many activities we have introduced over recent years.

We have refreshed and revised our Diversity and Inclusion Strategy with objectives around (i) improving diversity (ii) creating an inclusive environment and customer journey and (iii) continuously improving practices. We have also developed a Diversity and Inclusion Maturity model which clearly identifies what good practice looks like and how the Society benchmarks to others. This model provides a direction of travel and aspiration for 2020-2023 in relation to diversity, recruitment and progression and inclusive colleague and customer journeys.

The analysis of recruitment data has supported us to develop interventions which will support an increase in numbers of women in senior roles. We understand of key importance is having attraction and selection methods that encourage the right number and quality of female applicants wanting to join the Society and have introduced several initiatives to help us in this area. We have begun using a gendered language tool to remove any implicit bias in our adverts and role profiles. All colleagues involved in the recruitment process are required to undertake unconscious bias training. We have operated a balanced shortlist model for senior roles, and this will be maintained. This supports the elimination of any of disproportionate impact for women through our recruitment process.

We continue to foster positive career progression for women by ensuring all internal talent development programmes have a strong mix of male and female candidates, which is currently being achieved at better than a 1:1 ratio. Monitoring and analysis of trends will continue, and to support this we have introduced a new diversity monitoring form and strengthened its use during the application phase to reduce any gaps in data. This has been coupled with a diversity monitoring campaign to reduce gaps in internal data.

Alongside this we have also promoted broader D&I interventions to develop stronger inclusive practices across the Society, including a range of training inputs, retaining a profile for the Gender Network and celebrating International Women's Day - essentially using a holistic approach to enable better outcomes. In 2020, we hosted two sessions on-line for the whole Society where a female colleague was invited to talk about her experiences of being a female in a sometimes male-dominated working environment. These well-attended sessions were highly impactful in raising awareness.

We have also conducted a deep dive into the data that underpins the GPG figures to understand if there is any disproportionate impact on female colleagues through our systems and processes. When looking at length of time in role and promotion rates our analysis shows some difference in tenure in a role before promotion between men and women in different quartiles, and this is an area which requires further analysis. Overall, women were more likely than men to be promoted, but that was mostly concentrated in the lower three quartiles. Through the reporting period we have begun to see marked increases in the proportion of women in the top two quartiles. Women were also more likely to have moved up through the quartiles and were closer on average to the quartile thresholds.

Our Approach - Priorities for 2021

We are currently developing a three-pronged approach:

Eligible > Aspire

The focus here is on improving levels of awareness of the Society as an employer of choice. We are currently examining opportunities to leverage sponsored content on external websites to drive awareness of opportunities amongst eligible female applicants to aspire to join the Society.

Aspiration > Application

We will broaden out the range of places we market our vacancies, which, alongside the stronger messaging will help drive an increase in female applicants. The focus will be on senior roles.

Application > Colleague

The data tells us that when we do manage to get female applicants for senior roles, this is matched with strong performance. There is no evidence that the recruitment process itself has a negative impact. There also appears to be a marked difference between internal and external candidates with the percentage of internal female candidates applying for senior roles higher (and increasing). We plan to explore these trends further to understand how these differences impact on shaping our demographic and addressing the gender imbalance in our senior leader population.



“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.”

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

David Cutter
Group Chief Executive

5 April 2021

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