

Gender Pay Report 2021

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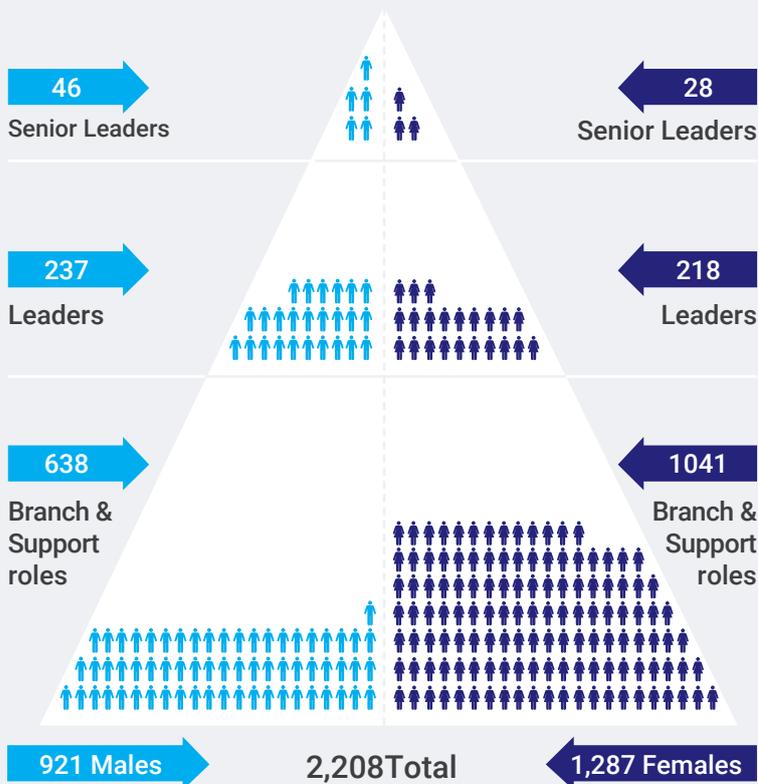
Gender Pay Report 2021

At Skipton Building Society we remain passionate about our focus on diversity and inclusion, embedding strong inclusive principles and creating a positive performance environment. Our inclusive and inspirational leaders support and challenge to drive high performance, fostering an agile environment of innovation and engagement.

In our 2021 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.

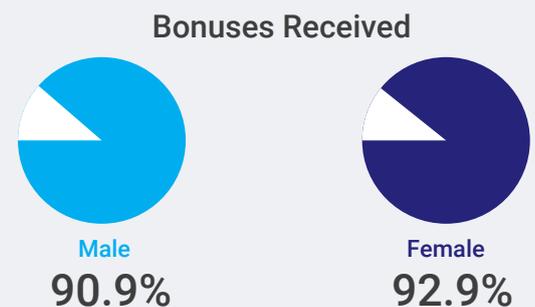
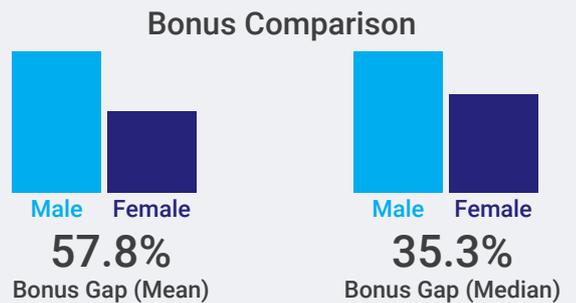
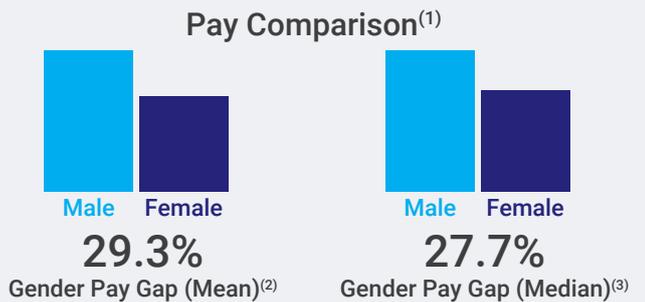
The distribution of men and women in higher and lower earning roles drives our pay gap:



Key:
 = 10 Males = 10 Females

Gender Pay Gap – 2021 Results

The mandatory figures for 2021 are set out below:



Quartile Pay Bands	Male	Female
Lower Quartile	29.3%	70.7%
Lower Middle	31.3%	68.7%
Upper Middle	43.7%	56.3%
Upper Quartile	62.5%	37.5%

Notes
 1. Non-Executive Directors are not included in the calculations. Data is at 05/04/21.
 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 now since we started reporting in 2017. Looking back over a three-year period enables us to monitor our progress and can highlight any positive (light blue) or adverse (darker blue) 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 2019 to 2021 and has provided us with some interesting insights.

In 2021 the Executive chose to voluntarily withdraw from receiving any bonus, however the Society were still able to make bonus payments to eligible colleagues in March 2021, relating to the 2020 performance year. On average these payments were lower than in previous years.

As a result, the median bonus for males and females both reduced in 2021 but in real terms the difference between these two medians got smaller, closing the gap between the medians for males and females.

However, the fall in median bonus for males in 2021 was more significant than the fall in the gender median bonus gap which resulted in the median bonus gap % increasing over earlier years.

	2019	2020	2021	Current vs Previous Year
Mean Gender Pay Gap	28.7%	30.0%	29.3%	-0.7%
Median Gender Pay Gap	27.2%	28.1%	27.7%	-0.4%
Mean Bonus Gap	59.5%	57.9%	57.8%	-0.1%
Median Bonus Gap	27.4%	29.9%	35.3%	5.4%
% Males Receiving Bonus	87.2%	90.6%	90.9%	0.3%
% Females Receiving Bonus	87.0%	92.0%	92.9%	0.9%

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 62.5 % of males in our upper earnings quartile compared to 37.5% 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 trend, 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 2021 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 who are also in receipt of a part-year bonus. These two factors contribute 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 shows only a very slight positive movement. The bonus paid in 2021, for the 2020 performance year, reflects the challenging year faced due to the pandemic, the overall trend remains positive.

The reporting period for these results was April 2020 – April 2021.

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, and this continues to be a challenge in 2021. Work will continue as we aim to understand the cause of these ratios.

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%

2021	Lower Quartile	Lower Middle	Upper Middle	Upper Quartile
FEMALE	70.7%	68.7%	56.3%	37.5%
MALE	29.3%	31.3%	43.7%	62.5%
TOTAL	100.0%	100.0%	100.0%	100.0%

Our Approach in 2022

The twelve months to April 2021 were uniquely challenging with limited levels of recruitment through most of this period, and a fairly static workforce, unsurprisingly resulting in little movement in the Gender Pay Gap. This period also saw a decrease in the number of women in the upper pay quartile, whilst there was a net increase in female colleagues, this was focused primarily in the lower pay quartiles. Women remain over-represented in these lower quartiles, coupled with the under-representation in the top quartile, resulting in the gender pay gap we have.

However, we understand that change will require a concerted and focused effort over time, and we have maintained our momentum in this area, as well as introducing some new interventions to reduce the gap.

We continue to maintain or focus on an effective attraction strategy. We have done this by:

- Strengthening our data collection at all stages in the employment and attraction pipeline.
- We have examined our job descriptions and adverts for 'gendered' language.
- We have maintained a balanced shortlist for senior leadership roles.
- Developing diverse succession plans for senior leadership roles.

This will increase the number of female applicants for senior roles. This will be measured quarterly through our updated Diversity data monitoring system.

We have explored positive action programmes for internal candidates. We have agreed an internal pilot project 'Elevating Women into Leadership' which will be launched later in the year.

Data has shown that numbers of internal female candidates is high, but these are not matched with success into roles at the same rate. This programme aims to level the playing field so internal candidates can be more competitive for these roles.

We have invested in an inclusive coaching programme to improve our coaching practices to become more mindful of the needs of under-represented groups and the particular barriers they may face.

We recognise that the needs of under-represented groups in coaching may have specific nuances which are overlooked by generic practices. This programme is designed to upskill coaches to become skilled at identifying and overcoming such limiting factors.

Colleague diversity networks continue to develop and activity levels have been healthy. The Gender network has met monthly with regular speakers acting as both role models and discussing themes, including celebrating International Women's Day. The LGBT network has re-branded as the Pride Alliance and increased both its membership and its activity, celebrating Pride month in June. The Parent's network has held panel discussion sessions supporting parenting through Covid. Other colleague led communities developing networks includes carers and a neurodiversity network.

We have developed an internal maturity model for diversity and inclusion which helps to focus our activity and ensure we have the right blend of diversity and inclusion themed projects and events running at any one time, all the time raising the understanding and narrative that will ensure positive outcomes in the future.



Since taking the helm as Chief People Officer for the Society recently, I can confirm that reducing the gender pay gap is a key area of focus for us.

The introduction of the new 'Elevating Women in Leadership' programme will support the rates of women transitioning into leadership roles and help level the playing field. However, this will not be a short-term fix, but is only achievable through concerted and consistent long-term effort.

The range of interventions we have already introduced, such as blind CVs and balanced shortlists, along with the focus on the understanding of gender-related inequality internally within the Society has supported us to address the employment outcomes for women. It is only by being really clear on the structural differences that contribute to the Gender Pay Gap that we can begin addressing its impact.

Our ultimate aim is parity, and although change has been slow, we will continue to build on the momentum we have in this area.

Justine Shaw
Chief People Officer



"Diversity and inclusion remain a core part of the Society's ethos, and I've been really pleased with the emergence of new communities of practice and thought leadership on issues from neurodiversity to managing challenging caring responsibilities. At Skipton Building Society we continue to build on an inclusive platform that allows colleagues to be their authentic selves and thrive at work.

We will maintain our continued investment in gender focused programmes to ensure we shift the dial on numbers of women in leadership and in those areas the business where women are under-represented. It is only by maintaining this broad range of activity that we can ensure we have equality of opportunity and outcomes for women."

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 2022

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