



# UK GENDER PAY GAP REPORT

2019: Snapshot Date 5th April 2019

# ABOUT THE BRITISH BUSINESS BANK

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The British Business Bank is a government-owned economic development bank. Our mission is to help drive economic growth by making finance markets work better for smaller businesses - wherever they are in the UK and wherever they are on their business journey - enabling them to prosper and grow.

We are the Government's centre of expertise on small business finance and our objectives are to increase the supply of finance to smaller businesses where markets don't work well; to help to create a more diverse finance market for smaller businesses, with greater choice of options and provider; to help to identify and reduce imbalances in access to finance for smaller businesses across the UK; to encourage and enable SMEs to seek the finance best suited to their needs; and to manage taxpayers' money efficiently within a robust risk management framework.

# FOREWORD

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“A balanced workforce is good for business – it is good for customers, for profitability and workplace culture, and is increasingly attractive for investors.”

We recruit and employ the best talent: we know that talent is unrelated to gender, ethnicity, sexual orientation, social background or any other form of diversity.

Established in 2014, the British Business Bank welcomes the legislation introduced by the UK Government on gender pay gap reporting, requiring employers with more than 250 employees to publish their gender pay gap figures on an annual basis.

As a signatory of HM Treasury's Women in Finance Charter, we are already working to improve gender diversity across the business, creating an inclusive work environment based on fairness, respect and merit. We are aiming for a 50:50 gender balance on the Bank's senior management team (Band 3 and above) with 10% tolerance by October 2021, and we will report annually on progress to deliver this target. More broadly, we are committed to building a more diverse, balanced and fair financial services sector.

As part of our People Programme, which includes our diversity and inclusion strategy to improve all aspects of diversity, we are aiming to improve our gender balance across all Bands as soon as we responsibly can. Reporting our gender pay gap will provide clear data to show where we are now and enable us to track our progress in closing the gap.

The gender pay gap in the Bank reflects the fact that a third (33%) of the most senior and highly paid roles in the organisation are occupied by women. This also underpins the Bank's bonus pay gap.

It has been well-reported that diversity in the financial services sector could be better, with the lack of women in senior roles identified as one of the key reasons. The Bank recognises this challenge and aims to address it through recruitment and internal career progression. The Bank is well below the mean gender pay gap for financial services.

The ethos of creating a work place where people feel comfortable in their own skin is entirely in keeping with our corporate values and vision. Not only is it the right thing to do, a more diverse workforce is better for business.

A balanced workforce is good for business-it is good for customers, for profitability and workplace culture, and is increasingly attractive for investors.

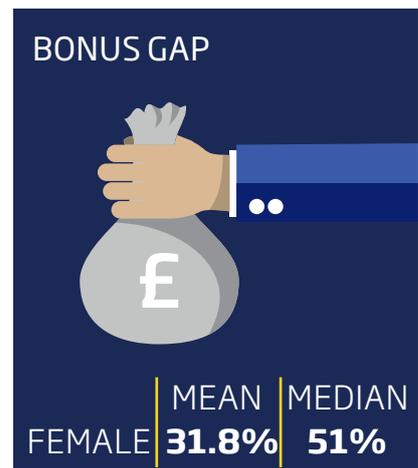
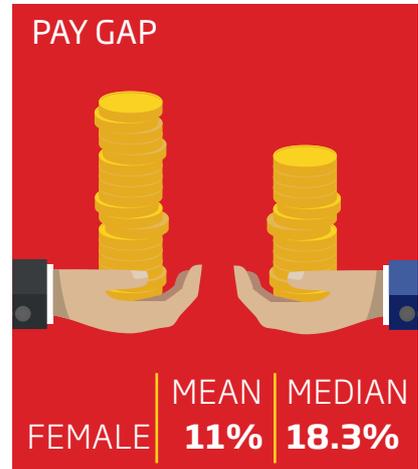
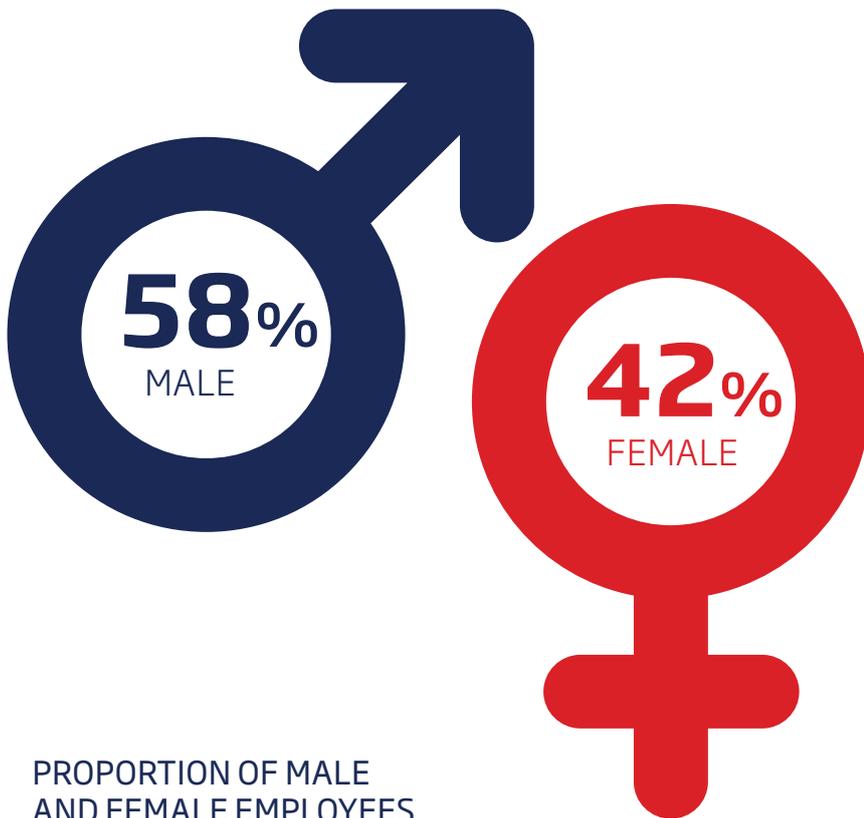


KEITH MORGAN,  
CHIEF EXECUTIVE

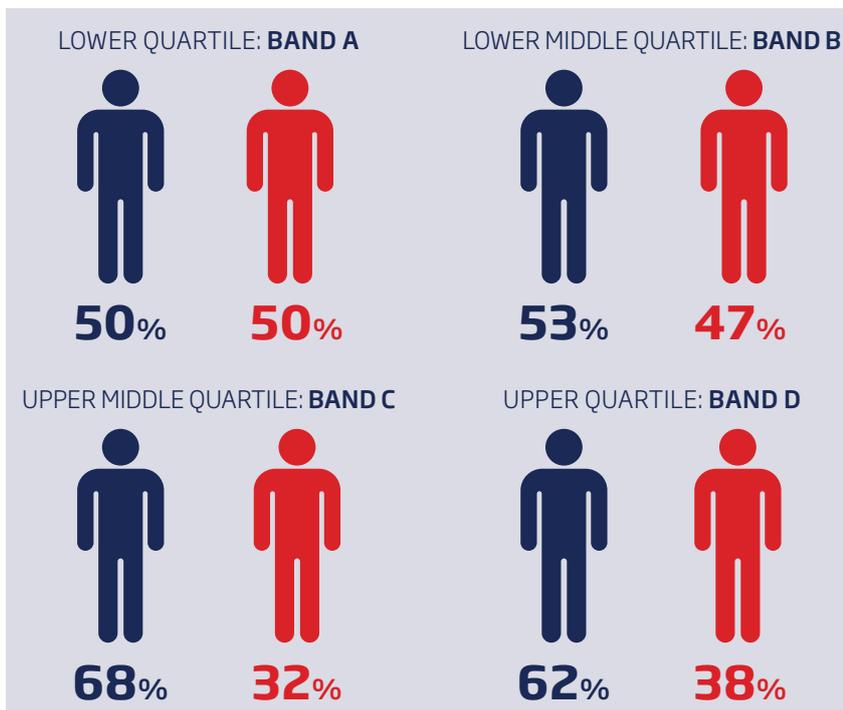
# OUR GENDER PAY GAP AT A GLANCE

## PROPORTION OF MALE AND FEMALE EMPLOYEES

Based upon 311 employees at our snapshot date 5 April 2019



## PROPORTION OF MALE AND FEMALE EMPLOYEES IN EACH QUARTILE BAND



“Like many other financial services businesses, our gap reflects our challenge to attract men and women in equal numbers.”

## WHAT IS OUR PAY GAP?

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### EMPLOYEE PROFILE

In the UK we had 311 employees on the snapshot date of 5 April 2019, of whom 58% were men and 42% were women.

### PAY GAP

Our analysis shows that the gap between men and women's earnings is 11% (mean) or 18.3% (median), based on hourly rates of pay at the snapshot date.

Our pay gap is below the provisional 2019 ONS mean gender pay gap for all employees, and well below the mean for financial services. We believe that our pay gap reflects the fact that there are more men than women across our business with 58% male employees overall. Crucially there are more men in the leadership grades - two thirds (66%) of Bands 1-4 are male, which have higher pay.

The Bank's pay gap is not an equal pay issue: men and women are paid equally for doing equivalent jobs across the firm. We make sure that our policies and practices are fair. This includes actively reviewing individual decisions around our annual salary and promotion process.

### BONUS GAP

The mean gender bonus gap is 31.8% and the median gender bonus gap is 51%. The proportion of male employees receiving a bonus is 61% and female employees is 50%.

All our employees can share in the collective success of the organisation. The bonus gap is higher than the pay gap because the size of bonus employees receive increases by Band and we have more male employees in our senior bands with higher pay.

It is further impacted by part-time working. Regulations require that bonus calculations include actual bonuses received by part time employees rather than full-time equivalent amounts. Just over 7% of roles at the Bank are part time and 71% of these are undertaken by women.

### FINANCIAL SERVICES SECTOR

Like many other financial services businesses, our gap reflects our challenge to attract men and women in equal numbers, in particular into Senior Leadership Team positions. We want to address these differences, so we have developed a People Programme that will help rectify some of the imbalance.

“We have a long term commitment to diversity and inclusion, giving everybody the opportunity to be the best they can be.”

## HOW ARE WE ADDRESSING THE GAP?

### EQUAL PAY

Although our gap is clearly affected by the greater number of men in more senior positions, we want to make sure that there is no systemic pay issue and that our policies and practices are free from any gender bias.

Equal pay is not the same as the gender pay gap; the former is about making sure that men and women who perform the same job are paid equally, whereas the latter looks at the pay gap between all men and women regardless of the work they do.

### CHECKING FOR BIASES

It is our ongoing commitment to continuously monitor and safeguard the integrity and fairness of our policies, processes and structures to ensure equal opportunities for all:

- We test our annual pay progression and promotions for any differences between men and women.
- We test our bonus awards for any gender differences in the percentages of bonus pay outs relative to their bonus opportunities.
- We have an internal job evaluation system which considers the scope and the breadth of each role irrespective of the jobholder. This means that our internal Bands are not decided based on the person doing the job (in which case the system could be susceptible to biases) but based on the content of the job.

### PEOPLE POLICIES & PROGRAMME

We are committed to recruiting, developing and retaining individuals with the skills and experience required to enable the Bank to meet its strategic objectives. We do this through a range of people policies and programmes designed to support a diverse community where talent is recognised and nurtured, and colleagues feel empowered to be proactive in their own development. We continually review these policies and programmes with a view to further strengthening them where we can.

### ATTRACT

- We aim to ensure that employment practices are fair and there is no bias in recruitment processes across the organisation. We work closely with both hiring managers and external agencies to ensure they provide candidate pools that are gender-balanced. We make sure that shortlists for senior roles are diverse and support our diversity agenda.
- We recognise that we have a responsibility to promote and implement equality of opportunity and to manage diversity, in such a manner that people can maximise both their potential and their contribution. We have an Equality and Diversity Policy which should be adhered to during all stages of the recruitment and selection process.
- We monitor each stage of the recruitment process to ensure that individuals are offered jobs on merit and that no unlawful discrimination has influenced the decision.
- We actively promote opportunities by attending diverse recruitment events including women in finance and ex-armed forces.
- We post on LGBT and BAME job boards to maximise the reach of our job adverts.
- Our job advertising is gender neutral.

## DEVELOP

- We have a long term commitment to diversity and inclusion, giving everybody the opportunity to be the best they can be.
- We recognise, support and nurture the talent of the women working at the Bank by coaching, mentoring and providing opportunities for the next step in their careers. We want our people to feel empowered and make the Bank a great place to work. In 2019, we held our first International Women's Day event with a focus on celebrating the female leaders in the Bank and their career progression experiences and learnings to support more women to progress into senior roles in the business.
- We provide training for employees at different levels of the organisation to ensure they have the right skills and leadership potential to step into business critical positions at the right time.
- This year we have launched a programme of targeted development activities, aimed at equipping line managers with the skills they need to manage and lead teams effectively in accordance with the Bank's standards and values.

## RETAIN

We recognise the importance of helping employees through flexible working arrangements that enable them to balance their working life with other priorities. Our Flexible Working Policy sets out the many flexible working opportunities offered by the Bank which can support working parents. These include job-sharing, part-time working, annualised hours, flexitime, term-time working, swapping hours, voluntarily-reduced working time, working from home, and compressed hours.

Employees can take advantage of a range of family friendly policies that help them balance the demands of work and parenthood, including maternity and paternity leave, adoption leave, and shared parental leave. We go beyond the minimum statutory requirements in a number of ways, including enhanced maternity, adoption and paternity pay provisions.

We are committed to encouraging equality and diversity among our workforce and eliminating all forms of unlawful, or otherwise unfair, discrimination.

“By signing the Women in Finance Charter, we are pledging to be one of the leading businesses in the financial services sector.”

## WOMEN IN FINANCE CHARTER

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In March 2018, the Bank signed up to HM Treasury's Women in Finance Charter which commits firms to supporting the progression of women into senior roles in the financial services sector by focusing on the executive pipeline and the mid-tier level. The Charter was established in 2016, following a government review in 2015 which found that women made up only 14% of Executive Committees in the financial services sector.

### OUR COMMITMENT TO THE CHARTER

By signing up to this Charter we are pledging to be one of the leading businesses in the financial services sector.

Over 200 firms have signed the Charter and over 650,000 employees in the UK are covered by its plan to tackle gender inequality in financial services.

The Charter asks financial services firms to commit to four industry actions to prepare their female talent for leadership positions. These are:

1. Having one member of our senior executive team who is responsible and accountable for gender diversity and inclusion;
2. Setting internal targets for gender diversity in our senior management;
3. Publishing progress annually against these targets in reports on our website;
4. Having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity.

WE REPORTED OUR PROGRESS AT SEPTEMBER 2019 AS PART OF OUR COMMITMENT TO THE CHARTER WHICH IS DETAILED BELOW:

Commitment in September 2018	Progress at September 2019
<p>That, by 2021, 50% of our Senior Leadership Team (Bands 1-3) would be female (within a 10% tolerance).</p>	<p>When we signed up to the Charter in September 2018, 33% of our Senior Leadership Team (Bands 1-3) were female.</p> <p>In September 2019, 40% of our Senior Leadership Team (Bands 1-3) were female. This has increased over the year as we've welcomed new people to the team.</p>
<p>That we would appoint one member of our Senior Leadership Team to be responsible and accountable for gender, diversity and inclusion.</p>	<p>Because we consider this a priority for the business, we have made this the responsibility of our Chief Executive Officer, Keith Morgan.</p>
<p>That we would set internal targets for gender diversity in our Senior Leadership Team.</p>	<p>Our aim is that by 2021 40% of Bands 2-4 will be female. We plan to achieve this through recruitment, development and internal promotion.</p> <p>We now aim to include a gender diverse shortlist and interviewer panel in all recruitment processes at Director and Managing Director level.</p>
<p>That we intended to link the pay of the senior executive team to delivery against our internal targets on gender diversity.</p>	<p>We now have a diversity objective included in the performance appraisal process for our senior executive team.</p>

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