

# Promoting equality at Newcastle Building Society





# Our 2020 Gender Pay Gap Report



**Due to Covid-19 the Government has paused the requirement for compulsory gender pay gap reporting for 2020 until October 2021. We have continued our focus on reducing our gender pay gap and are reporting our progress for this year at the normal time.**

The gender pay gap measures the difference in the average pay between men and women. It is affected by the type of jobs that men and women are doing. In our last report I referenced our confidence that our reward processes drive equal pay decisions, regardless of gender. I also outlined the need for us to build a greater presence of females at senior levels as one of the measures that will help erode our pay and bonus gender disparity.

Our Group Executive leadership level gender ratios have improved. We have seen positive progress driving more female representation in senior roles across our Group, and we continue our investment in developing female potential.

As signatory to the Women in Finance Charter we made a public commitment to move towards 40% female senior management representation by January 2023. This is part of a commitment to build a more balanced and fair industry and to see gender balance at all levels across financial services firms.

Our Group gender pay and bonus figures show a positive movement in reducing the gender pay gap across all metrics when compared with the previous year.

We continue to implement and develop a comprehensive programme of activity designed to close our gender pay gap. Gender pay continues to present a complex picture but we can see the positive impact our actions to date are having across our Group.

A handwritten signature in black ink, appearing to read 'A. Haigh'.

**Andrew Haigh**  
Chief Executive

# Addressing our Gender Pay Gap



## Our last 12 months

- ✓ Performance related pay is driving a significant impact on pay equity across our business. Pay is managed towards an industry recognised benchmark, in line with individual contribution.
- ✓ We have continued to enhance our approach to performance assessment, ensuring calibration at all levels of the organisation and driving robust and consistent pay outcomes that mitigate against unconscious bias.
- ✓ We have made a public commitment through the Women in Finance Charter to move towards 40% female senior management representation by January 2023
- ✓ Our Women in Leadership focus groups have been exploring female experiences within our Society, including barriers and opportunities in relation to career progression, supporting an insight led approach to our next stage of action planning.
- ✓ We have enhanced our recruitment practices to develop more inclusive attraction strategies, and worked closely with agencies and hiring managers to ensure diversity of shortlists and panels. This has included partnerships with inclusive practice agencies such as The Good Board for senior level appointments.
- ✓ Talent identification is approached using a robust set of assessment tools to support us in identifying leadership potential. These tools offer an objective methodology and bring a bias free validation to our approach.
- ✓ We partnered with an external specialist whose focus is supporting women in senior leadership. This partner will be co-creating the Women's Network to be established in 2021.

## Actions for 2021

- ✓ A partnership with Business In The Community who specialise in responsible business, inclusion and within that a key focus on gender. We will work with them to review our strategic priorities and practices in relation to gender inclusion.
- ✓ We will publish our first Women in Finance metrics and have already made good progress. Executive pay will be linked to achievement of our published target and wider impact on diversity and inclusion objectives
- ✓ The insight provided by our colleague community through Women in Leadership focus groups has resulted in some key initiatives including a Parent and Carer Network and a Women's Network.
- ✓ We are launching a new partnership with "Be a Trustee" to support females in the business attain their first governance position as a Trustee of a charity.
- ✓ We are working on a next generation operating model, which will consider more hybrid and dynamic working practices, opening up more inclusive opportunities.

# Newcastle Building Society Group

## Gender Pay Gap Report 2020

### Salary and Bonus Information

The below table shows our Group mean and median gender gap, based on a snapshot date of 5 April 2020.

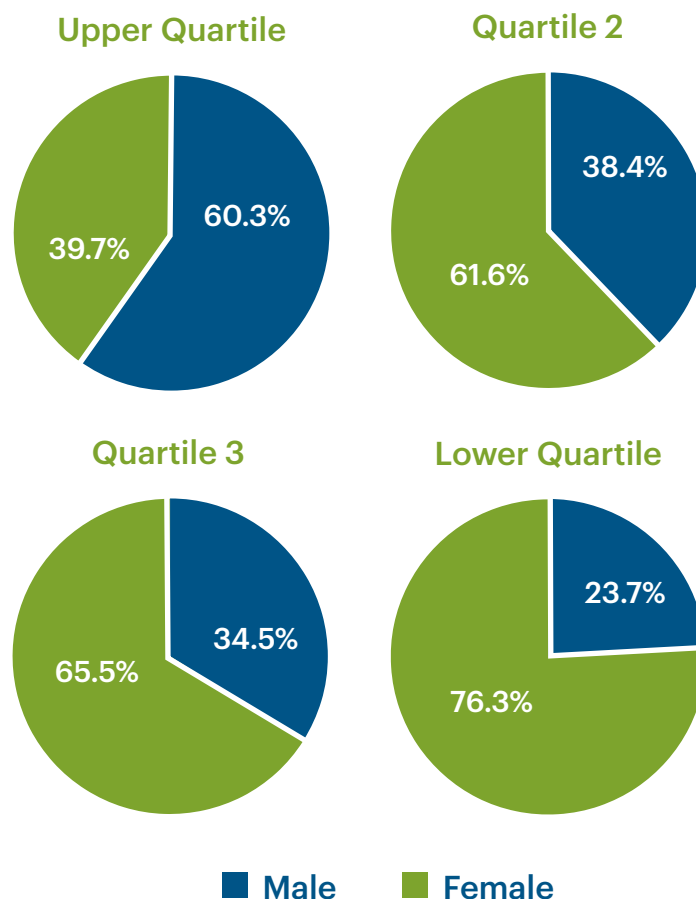
	MEAN	MEDIAN
Hourly Rate of Pay	22.6%	23.3%
Bonus Amount	54.1%	21.0%

2019 Figures	MEAN	MEDIAN
Hourly Rate of Pay	26.4%	23.5%
Bonus Amount	54.7%	21.0%

Within the Group 92% of males were eligible for a bonus based on performance and 93% of women.

### Salary Quartiles

The below charts show the percentage of male and female colleagues in each quartile of the organisation. The quartiles are determined by hourly rate of pay and each includes around 315 people.



# Newcastle Building Society Group

## Gender Pay Gap Report 2020 (continued)

### Commentary

#### Note on UK gender pay gap averages

The most recent report from the ONS on gender pay gaps, which calculates the difference between men and women's average hourly earnings across all jobs in the UK, shows that the median pay gap stood at 15.5% in the year ending April 2020, a drop of 1.9% compared to the previous year and a mean gender pay gap stood at 14.6%.

The ONS data for the financial services sector as a whole across the same period was 33.2% median and a 29.5% mean gender pay gap (a drop of 0.5% and 3.2% respectively from the year before).

**Newcastle Building Society Group mean gender pay gap is 22.6%; our Group median gender pay gap is 23.3%.**

All our Group gender pay metrics show an improving picture, which can be attributed to the ongoing impact of the numerous measures we have implemented, including the cumulative impact of our performance related pay structure and a number of senior female appointments.

Our mean gender pay gap has reduced to 22.6% (from 26.4%).

Our median gender pay has reduced to 23.3% (from 23.5%).

When compared with the financial sector average, our Group gender pay gap across both mean and median measures is lower (the figures are 29.5% and 33.2% respectively for the financial services sector).

However both pay gap metrics are still higher than the national averages of 14.6% mean and 15.5% median.

The pay gap doesn't mean we pay female colleagues less than male colleagues for the same role.

#### What is driving our Group gender pay gap?

Women represent nearly two thirds (60.8%) of our Group workforce. They are over represented in part time, lower paid roles, and under represented at more senior levels. This drives our gender pay gap.

Over the past 12 months we have seen a positive increase in senior female representation: external recruitment into senior roles has resulted in more female appointments, and growing our internal female talent has resulted in more female candidates being promoted into senior positions. This has assisted a positive shift in our metrics. We have seen a marginal decrease in the proportion of female colleagues working part time versus our previous snapshot. However, it's important to note that being able to offer a range of roles on a part time basis supports our wider inclusion aims.

Our Group Executive team on the snapshot date of 5 April was made up of 5 men and 2 women.

On the snapshot date we had 44 furloughed colleagues, of which three quarters were female. It is relevant to note that the Group protected the pay of furloughed colleagues up to 100% of salary.

[All colleagues who were furloughed were able to return to their roles as the year progressed. Having seen a much more stable operating environment and a strong recovery in the housing market since the early days of the pandemic, we decided that it would be appropriate to return the Job Retention Scheme funds we had claimed, in full, to the Government, to the sum of around £600,000.]

**Our Group mean bonus gap is 54.1%, our Group median bonus gap is 21% The 2019 bonus position was 54.7% (mean) and 21% (median).**

In 2020 the first payment was made following the introduction of an Executive Bonus Scheme.

Reward for financial advisers in our Newcastle Financial Advisers subsidiary is bonus weighted. The bonus is linked to the quality of service.

The corporate bonus based on performance was paid at a rate of between 5% and 10%.

#### What is driving our Group gender bonus gap?

In the 2020 gender pay snapshot, 21% of colleagues across the Group work part time, of which 94% are female. It is important to note that part time contracts are not converted to full time equivalents in the reporting rules for bonus.

The mean bonus pay gap reflects a number of factors:

- the first payment in 2020 following the introduction of an Executive Bonus Scheme. The Executive team is predominantly male (5 men: 2 women), with three males on the Executive Team also holding Board roles, reflecting higher salaries and reward.
- larger Financial Adviser bonus payments compared to Corporate Bonus. The gender mix of Financial Advisers stands at 22 male versus 5 female eligible colleagues (of the 5 female colleagues, 3 are part time).
- the higher proportion of women working part time across the Group, at lower salaries, not converted to full time bonus equivalents as part of the Gender Gap Reporting. Whereas pay figures are calculated using the hourly rate of pay, and therefore reflect Full Time Equivalent figures, bonus figures are calculated on the basis of actual payments made.

# Newcastle Building Society

## Gender Pay Gap Report 2020 (continued)

### Salary and Bonus Information

The below table shows our mean and median gender gap, based on a snapshot date of 5 April 2020.

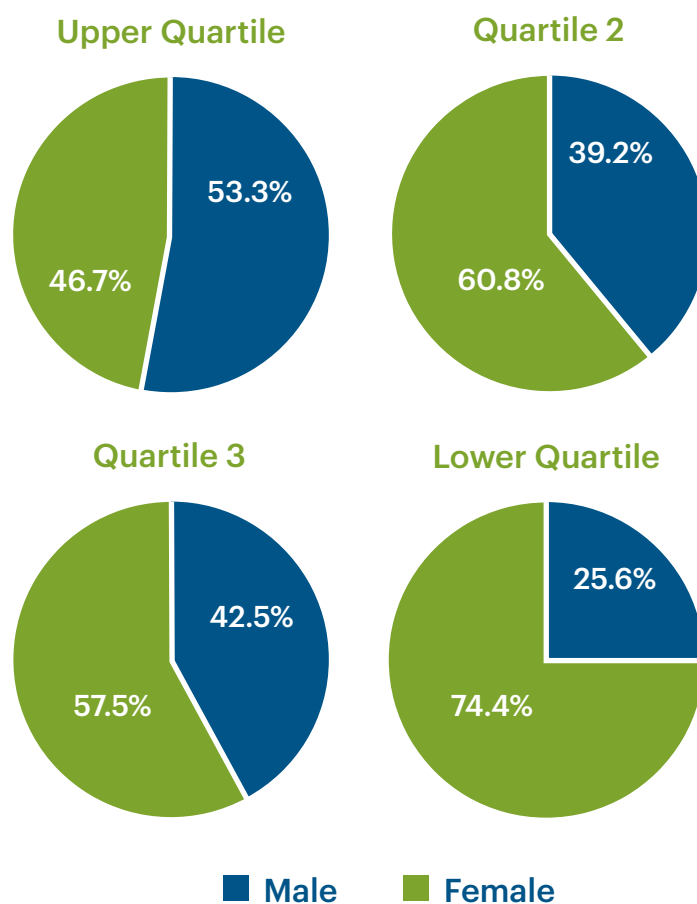
	MEAN	MEDIAN
Hourly Rate of Pay	25.6%	12.0%
Bonus Amount	45.8%	10.2%

2019 Figures	MEAN	MEDIAN
Hourly Rate of Pay	31.2%	14.1%
Bonus Amount	34.9%	18.6%

Within Newcastle Building Society 89% of males were eligible for a bonus based on performance and 93% of women.

### Salary Quartiles

The below charts show the percentage of male and female colleagues in each quartile of the organisation. The quartiles are determined by hourly rate of pay and each includes around 147 people.





# Newcastle Building Society

## Gender Pay Gap Report 2020 (continued)

### Commentary

Newcastle Building Society figures show positive movement across all metrics other than for the mean bonus pay gap.

**Newcastle Building Society's mean gender pay gap is 25.6%; our median gender pay gap is 12.0%.**

Our mean gender pay gap has improved to 25.6% (from 31.2% in 2019).

Our median gender pay gap is 12.0% compared with 14.1% in 2019.

#### What's driving our Newcastle Building Society pay gap?

We know that we have an over representation of women in lower paid part time roles in our Society. Increasing the number of men in lower paid or part time roles, and increasing the proportion of women in senior roles would reduce this gap.

**Newcastle Building Society's mean bonus gap is 45.8%; our median bonus gap is 10.2%**

Our mean bonus gap of 45.8% shows a worsening position, compared with 2019 when the mean bonus gap was 34.9.2%.

Our median bonus pay gap of 10.2% shows an improving position, compared with 2019 when the median bonus gap was 18.6%.

#### What's driving our Newcastle Building Society bonus gap?

In the 2020 gender pay snapshot, 28% of colleagues across the Society work part time, of which 96% are female. It is important to note that part time contracts are not converted to full time equivalents in the reporting rules for bonus.

The worsening position is partly driven by the new Executive Bonus Scheme and the Newcastle Financial Adviser bonus structure (see Group notes).

# Newcastle Strategic Solutions Limited

## Gender Pay Gap Report 2020

### Salary and Bonus Information

The below table shows our mean and median gender gap, based on a snapshot date of 5 April 2020.

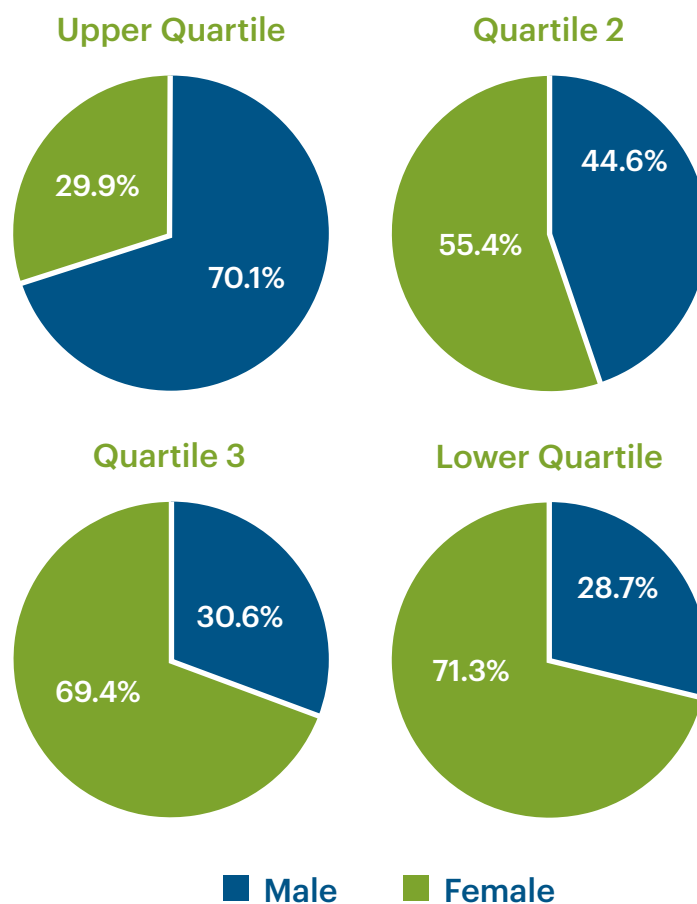
	MEAN	MEDIAN
Hourly Rate of Pay	18.5%	21.2%
Bonus Amount	32.6%	28.2%

2019 Figures	MEAN	MEDIAN
Hourly Rate of Pay	16.1%	1.9%
Bonus Amount	26.3%	2.0%

Within Newcastle Strategic Solutions Ltd, 93% of men and 93% of women were eligible for a bonus.

### Salary Quartiles

The below charts show the percentage of male and female colleagues in each quartile of the organisation. The quartiles are determined by hourly rate of pay and each includes around 170 people.





# Newcastle Strategic Solutions Limited

## Gender Pay Gap Report 2020 (continued)

Newcastle Strategic Solutions is our technology and service subsidiary.

### Commentary

**Newcastle Strategic Solutions' mean gender pay gap is 18.5%; our median gender pay gap is 21.2%.**

Our mean gender pay gap has worsened to 18.5%, from 16.1% in 2019.

Our median gender pay gap has worsened to 21.2%, from 1.9% in 2019.

#### **What's driving our Newcastle Strategic Solutions' pay gap?**

Strategic internal changes saw the Group information technology arm become part of the Solutions subsidiary in 2020.

The IT sector continues to attract higher average salaries and to attract more men into these roles.

Our Solutions' call centre attracts a high proportion of women in to lower salary scale and part time roles.

These factors have all contributed to Solutions' gender pay gap.

These pay and bonus gap metrics are significantly below those in Financial Services but higher than the UK as a whole.

**Newcastle Strategic Solutions' mean bonus gap is 32.6%; our mean bonus gap is 28.2%**

Our mean bonus gap of 32.2% shows a worsening position, compared with 2019 when the mean bonus gap was 26.3%.

Our median bonus pay gap of 28.2% shows an improving position, compared with 2019 when the median bonus gap was 2.0%.

#### **What's driving our Newcastle Strategic Solutions bonus gap?**

In the 2020 gender pay snapshot, 15% of Solutions colleagues work part time, of which 91% are female. It is important to note that part time contracts are not converted to full time equivalents in the reporting rules for bonus.

The factors that drive Newcastle Strategic Solutions' gender pay gap also contribute to its gender bonus gap. We have more women in lower grade roles and fewer women in our higher grade roles.

However a number of key appointments and promotions have been predominantly female at a senior level including; Chief Information Officer, Acting Operations Director, Head of IT Services, Head of Digital and Heads of Client Services.

# Gender Pay Gap Report – Appendix

## Information to be reported and calculations

The Gender Pay reporting legislation requires organisations of more than 250 colleagues to report on 6 key measures of their pay; these are:

- the difference in mean pay between male and female employees;
- the difference in median pay between male and female employees;
- the difference in mean bonus pay between male and female employees;
- the difference in median bonus pay between male and female employees;
- the proportions of male and female employees who were paid bonus pay; and
- the proportions of male and female employees in each quartile of their pay distribution.

## Definitions

The mean is determined by adding up all of the figures in a range and dividing them by how many numbers there are in the range. The median is determined by arranging all figures within a range in order from largest to smallest and choosing the middle value. For gender pay reporting purposes, pay is calculated at the snapshot date of 5th April. Calculations are made on the basis of hourly rate of pay and after any salary sacrifice.

Whereas pay figures are calculated using the hourly rate of pay, and therefore reflect Full Time Equivalent figures, Bonus figures are calculated on the basis of actual payments made. Where colleagues work part-time, their part-time bonus will be reflected. The salary quartiles are determined by arranging all hourly rates of pay in order from largest to smallest, then dividing this list into four equal sized sections.

## Pay Calculations

The mean and median pay gap is derived from the following formula:

$$(A-B) \div A \times 100$$

A is the mean/median hourly rate of pay of all applicable male employees.

B is the mean/median hourly rate of pay of all applicable female employees.

The result is expressed as a percentage.

