

Gender Pay Gap Report 2017



Promoting equality at
Newcastle Building Society

Our 2017 Gender Pay Gap Report



At Newcastle Building Society we aim to be a great place to work, where people can realise their potential. We're a member owned business, committed to a culture encompassing fairness, equality, inclusivity and opportunity.

We welcome the discipline that Gender Pay Gap reporting affords, and the opportunity to recognise and work towards reducing disparity across the UK.

Although our gender pay gap is well below the average for financial services organisations in the UK, we recognise that we can improve this. Understanding the multiple factors that drive disparity is an important first step in taking action to address it.

To date we've undertaken a variety of actions including: a programme to evaluate job roles against our pay and grading structures; the implementation of robust salary scales; and we've implemented changes to maximise representative and balanced gender splits for career entry points and for our financial adviser training programme.

These are just a few examples of our approach across a range of measures to explore and understand our organisational picture and the influences that contribute to our gender pay gap. (More detail can be found on page 4.)

We are committed to addressing and improving our gender pay gap and we will work hard to make the changes required to secure this.

Andrew Haigh
Chief Executive



Our 2017 Reporting

The Government requires any organisation that employs more than 250 people to publish their gender pay gap and gender bonus gap figures.

Newcastle Building Society Group comprises: Newcastle Building Society, Newcastle Financial Advisers Ltd, Newcastle Strategic Solutions, and Newcastle Systems Management.

Although we are required only to report on Newcastle Building Society and Newcastle Strategic Solutions, in the spirit of transparency and wider understanding our Group report reflects the combined picture across all our entities.

We also provide separate reports for Newcastle Building Society and for its subsidiary, Newcastle Strategic Solutions, both of which meet the Government's large employer reporting requirement.

We've aimed to be as clear as possible in our Reports. For each of the three data sets we provide a commentary that looks at the picture that sits behind the figures, and outlines the factors contributing to this state of play. Our summary outlines the steps we've taken and what we plan to do to improve further.

The Gender Pay Gap Report for Newcastle Building Society Group, which includes data for Newcastle Building Society and Newcastle Strategic Solutions is published on our website Governance page ([link details](#)) and also on the Newcastle Strategic Solutions website.

Our response to understanding and addressing our gender pay gap.

Although we are confident that our pay and reward structures support fairness in pay for similar roles of equal value to the organisation, we recognise there is a representation issue with more men in senior roles within the business.

We are part way through a three year programme focusing on reward and incorporating an extensive review and evaluation programme.

Already completed:

- A robust evaluation of job roles and implementation of a pay and grading structure that will ensure all colleagues regardless of gender are paid fairly in line with their role and level of individual contribution.
- An extensive salary benchmarking exercise involving redesigned salary scales.
- Raised the minimum starting salary of all colleagues, in line with National Living Wage Foundation rates to make pay more gender balanced.
- Encouraging representative and balanced gender splits for all recruitment activity across our business.

Ongoing:

- Realignment of all our benefits to the new grading structure.
- Setting performance management expectations that reflect our defined behaviours which incorporate the promotion of a culture of fairness, inclusivity, team working and collaboration.
- Recruitment:
 - Person selection is objectively aligned to our behaviours.
 - Internal recruitment training to raise awareness of unconscious bias.
 - Gender neutral recruitment advertising software introduced.

Planned implementations:

- Developing a diversity and inclusion programme, and working to create career paths, in alignment with gender neutral processes and procedures.
- Reviewing our recruitment practices and working with agency partners to generate balanced short lists.
- Delivering an updated development programme for line managers in handling flexible working requests, irrespective of gender.

I can confirm that the information in this report is a true and accurate representation of the current situation at Newcastle Building Society Group, Newcastle Building Society and Newcastle Strategic Solutions, as well as our planned commitment to tackle any disparity.

Andrew Haigh

Chief Executive
January 2018

Newcastle Building Society Group

Gender Pay Gap Report 2017

Salary and Bonus Information

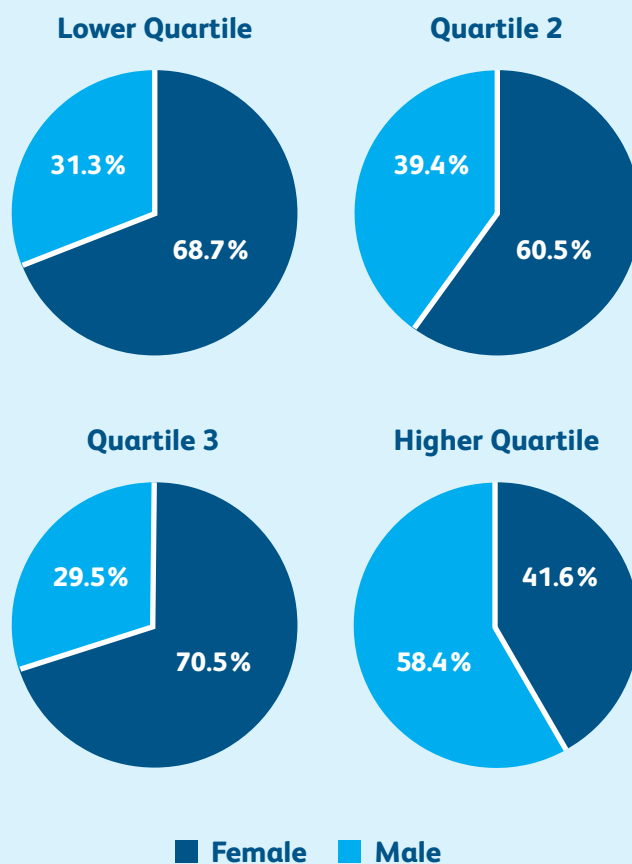
The below table shows our mean and median gender gap, based on a snapshot date of 5 April 2017.

	MEAN	MEDIAN
Hourly Rate of Pay	23.7%	19.7%
Bonus Amount	59.8%	16.4%

Within the Group, 85% of male colleagues were eligible to be paid a bonus in relation to 2016 performance whereas this figure was 88% for female colleagues.

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 240 people.



Newcastle Building Society Group

Gender Pay Gap Report 2017 (continued)

Commentary

Our mean gender pay gap is 23.7%.

We're pleased this figure is significantly under the average of 35.1% for financial services organisations (source: ONS'17). But it's above the national average of 17.4% (source: ONS'17).

What's causing our Group gender pay gap?

Our data shows us that overall we have more men than women in senior roles which command a higher salary, including our Chief Executive.

Our Newcastle Systems Management Ltd subsidiary, the Information Technology arm of our business, is included in these Group figures. The IT sector is an area that is traditionally male dominated and this trend is also represented within our organisation. Additionally, due to demand for these specialist skills, the sector commands higher level salaries. With 84% of Newcastle Systems Management being male, we see a concentration of men earning higher than average salaries in this part of our organisation.

Our Group mean bonus gap is 59.8%

We run two bonus schemes across our Group. Rewards for our financial advisers in our Newcastle Financial Advisers subsidiary, are bonus weighted, linked to quality of service.

The rest of our Group are part of a corporate bonus scheme. All colleagues are entitled to a bonus, provided they have more than three months' service and meet qualifying performance eligibility criteria. Everyone who is applicable to receive the corporate bonus receives exactly the same bonus percentage regardless of role level – whether you're the Chief Executive or an entry level recruit. In 2017 this rate was 3%.

What's causing our Group mean bonus gap?

Contributing to our Group bonus gap is the predominance of male financial advisers receiving bonus weighted rewards. Our ratio of female to male financial advisers is one to eight.

An additional contributory factor is the high proportion of males in higher paying IT roles and more senior roles. The bonus gap is calculated on the basis of actual bonus paid, which means the figures don't factor part time working. 94% of our part time colleagues are female. If the mean bonus was paid on a full time equivalent basis, it would reduce to 16%.

What do the quartiles tell us?

There is a predominance of women in all but the Higher Quartile which reflects the highest rates of pay and reward. Women have a higher representation in the bottom three quartiles, reflecting the situations outlined above.

Newcastle Building Society

Gender Pay Gap Report 2017

Salary and Bonus Information

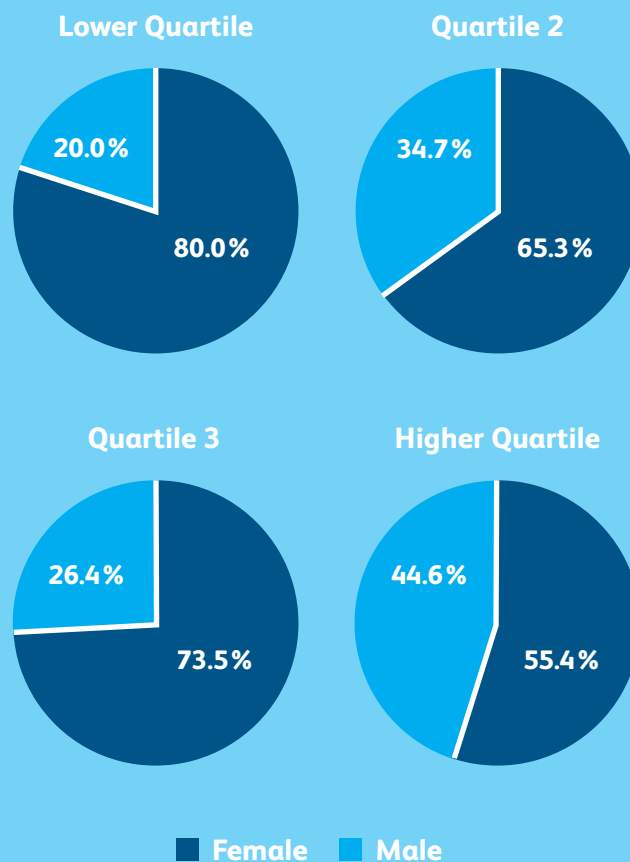
The below table shows our mean and median gender gap, based on a snapshot date of 5 April 2017.

	MEAN	MEDIAN
Hourly Rate of Pay	29.4%	16.9%
Bonus Amount	30.7%	10.1%

Within Newcastle Building Society, 86% of male colleagues were eligible to be paid a bonus in relation to 2016 performance whereas this figure was 94% for female colleagues.

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 120 people.



Newcastle Building Society

Gender Pay Gap Report 2017 (continued)

Commentary

Our Newcastle Building Society mean gender pay gap is 29.4%

We're pleased this figure is below the average of 35.1% for financial services organisations (source: ONS'17). But it's above the national average of 17.4% (source: ONS'17).

What's causing our Newcastle Building Society gender pay gap?

The structure of our Society is typical of a financial services organisation. It reveals a relatively high proportion of professional specialists and those at senior manager level in relation to entry level roles than might be seen in other organisations. As a result, higher paying professional roles have proportionally more impact on pay.

We see that women have a higher representation in entry level, lower paying roles.

Our Newcastle Building Society mean bonus gap is 30.7%

The corporate bonus scheme provides reward as a proportion of salary. The bonus rate is the same for the Chief Executive as for everyone else in the organisation. This rate was 3% in 2017.

What's causing our Newcastle Building Society mean bonus gap?

The bonus gap is calculated on the basis of actual bonus paid, which means the figures don't factor in the effect of part time working. 96% of our part time colleagues are female. If the mean bonus was paid on a full time equivalent basis, it would reduce to 14%.

What do the quartiles tell us?

The salary quartiles reveal a positive proportional representation of women in higher roles, but the pay and bonus gaps reflect a number of very senior appointments held by men.

At the time of the snapshot analysis, our Executive team comprised four men and two women.

Newcastle Strategic Solutions Limited

Gender Pay Gap Report 2017

Salary and Bonus Information

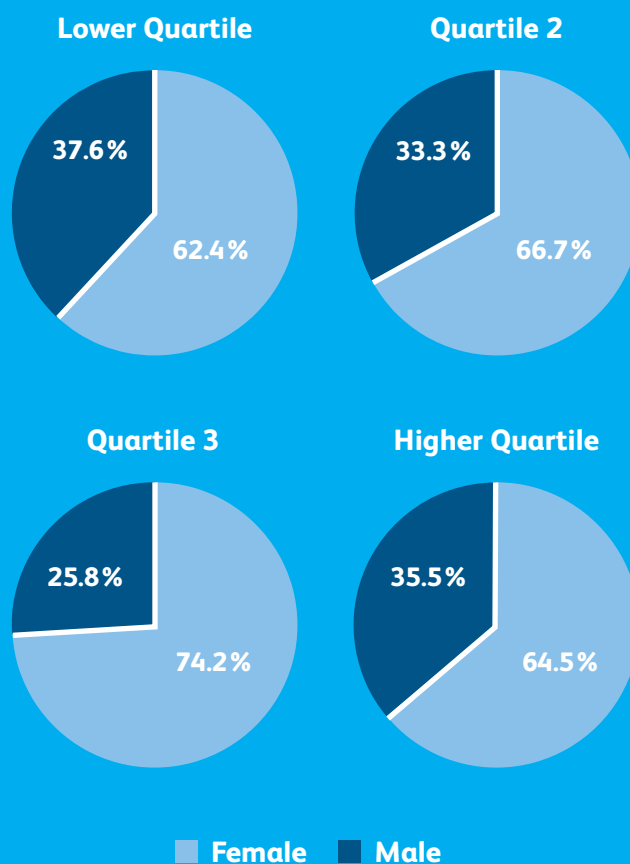
The below table shows our mean and median gender gap, based on a snapshot date of 5 April 2017.

	MEAN	MEDIAN
Hourly Rate of Pay	6.3%	0%
Bonus Amount	2.7%	12.3%

Within Newcastle Strategic Solutions Limited, 74% of male colleagues were eligible to be paid a bonus in relation to 2016 performance whereas this figure was 79% for female colleagues.

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 93 people.



Newcastle Strategic Solutions Limited

Gender Pay Gap Report 2017 (continued)

Commentary

Our Newcastle Strategic Solutions mean gender pay gap is 6.3%

Newcastle Strategic Solutions has a negligible gender pay gap. At 6.3% it is significantly lower than the UK average for the Financial Services industry which stands at 35.1% (ONS 2017) and that of the UK as a whole which is currently 17.4% (ONS 2017).

Our Newcastle Strategic Solutions mean bonus gap is 2.7%

If the mean bonus was paid on a full time equivalent basis, it would shift to an 11% differential in favour of women.

What do the quartiles tell us?

The data indicates that women in our Solutions business are well represented at all levels, and make up a higher proportion of the workforce than men.

Gender Pay 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.

