



British Business Bank

Gender pay gap report

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british-business-bank.co.uk

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Chapter 1

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About the British Business Bank



We are the UK Government's economic development bank and our mission is to drive sustainable growth and prosperity across the UK, and to enable the transition to a net zero economy, by improving access to finance for smaller businesses. We do this by designing, delivering and managing access to finance programmes for smaller businesses across the UK. We are a purpose driven organisation, and our values – commitment, collaborative and creativity are at the heart of everything that we do.

As well as increasing both supply and diversity of finance for UK smaller businesses through our programmes, the British Business Bank works to raise awareness of the finance options available to smaller businesses to support the creation of a sustainable UK economy, with smaller businesses at the heart, driving enduring prosperity for all.

At the end of March 2021, the British Business Bank's core programmes were delivering finance of £8.5bn to almost 95,000 smaller businesses. Between March 2020 and March 2021, the Bank was responsible for running the Government's Coronavirus business loan schemes, delivering more than £80.4bn of finance to 1.7m businesses.

As part of our ongoing commitment to diversity and inclusion, we welcome the UK Government's legislation on gender pay gap reporting, requiring employers with more than 250 colleagues to publish their gender pay gap figures on an annual basis.

Foreword



One of our three strategic priorities is to break down barriers in small business finance markets to enable entrepreneurs and business owners to access the finance they need to reach their full potential. In striving to achieve this goal, it is paramount that diverse perspectives are also being well represented within our own business. We can only achieve our mission if we can bring out the best in our people, drawing on their breadth of thinking and different lived experiences to best serve our diverse customer base. We have made some good progress this year, particularly in terms of female representation at our Executive Committee, however there is much more for us to do.

This report sets out the Bank's 2021 gender pay gap data. It explains the key factors behind the numbers, and highlights some of the initiatives we are undertaking to promote diversity and inclusion across the Bank. We discuss further what we are doing to embed diversity and inclusion into the fabric of the British Business Bank, and in particular we make reference to 'Stronger Together', our inclusion employee resource group.

Our 2021 median gender pay gap is 16.8%, an improvement of 1.5 percentage points on 2020, and our mean gender pay gap shows a continually improving trend since 2018. Our median bonus gap has fallen significantly compared to last year. We are a signatory of the Women in Finance Charter and are proud to say that this year we achieved our headline target of ensuring that 50% of our Executive Committee is female. We continue to work towards achieving the other goals we have set for greater female representation at senior levels within the Bank.

We will always seek to recruit and retain the best talent regardless of social background, gender, ethnicity, sexual orientation, disability, age or location. We are working hard to create a culture of belonging where our colleagues feel engaged and are supported in our workplace. Being an inclusive employer of a diverse workforce, and nurturing the talent in our business, is at the centre of our people strategy and policies.

Foreword

Our employee value proposition incorporates flexibility and accountability in equal measure, we benchmark, measure and monitor our processes and progress:

We test our annual pay progression and promotions for any differences between men and women.

We test and calibrate our yearly talent and performance management processes for representation against the wider organisational population

We collect data to analyse our attraction and recruitment processes to ensure they are fair and free from bias

I believe diversity is a critical success factor in high performing teams, so driving better business outcomes. I therefore remain fully committed to promoting diversity in all its forms at the British Business Bank.

**Catherine Lewis La Torre,
CEO, British Business Bank**

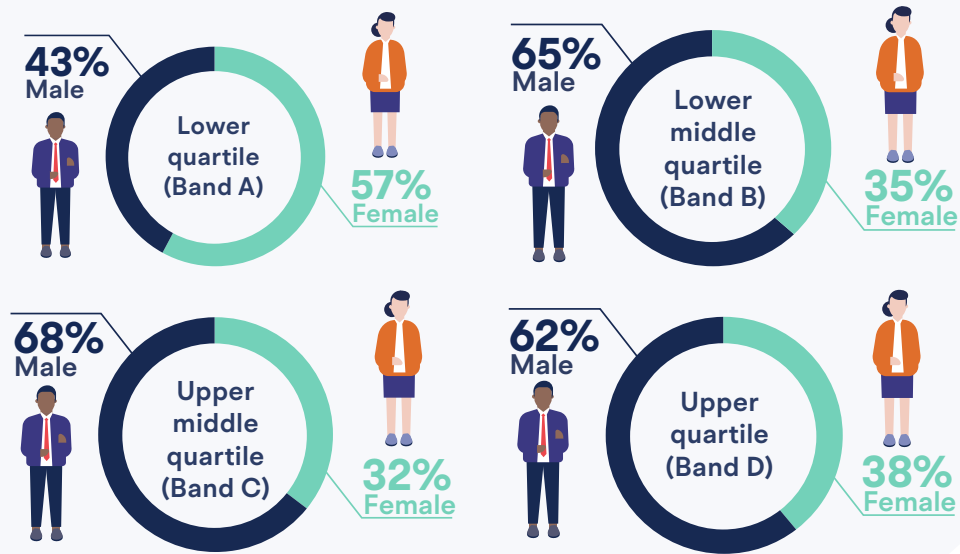


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Our gender pay gap at a glance

Proportion of male and female colleagues in each pay quartile



Pay gap

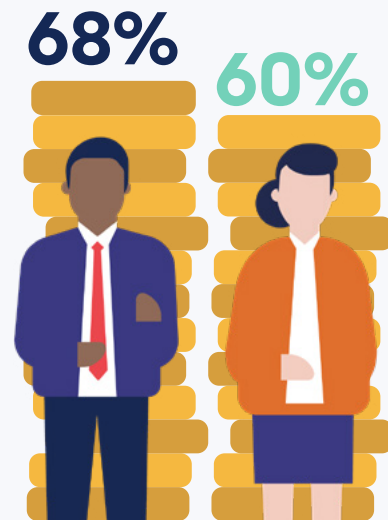
as % of mean/median male pay

6.8%
Mean

16.8%
Median



Proportion of male and female colleagues receiving bonuses

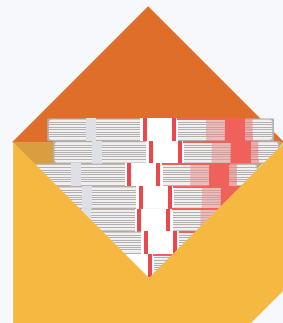


Bonus gap

as % of mean/median male bonus

6.7%
Mean

15.2%
Median



Proportion of male and female colleagues



Based upon 373 colleagues at our snapshot date of 5 April 2021

What is our gender pay gap?

Colleague Profile

In the UK we had 373 colleagues on the snapshot date of 5 April 2021, of whom 59% were men and 41% were women.

Pay Gap

Our analysis shows that the median gap between men and women's earnings is 16.8%, based on hourly rates of pay at the snapshot date. This is a reduction of 1.5 percentage points from the gap we reported in 2020, the second year that the Bank was required to report its gender pay gap under the regulations. Our mean gender pay gap has also fallen to 6.8%, from 8.4% last year.

The gender pay gap is calculated as the difference between average hourly earnings of men and women as a proportion of men's average hourly earnings. It is a measure across all jobs in the company, not of the difference in pay between men and women for doing the same job.

This means that, while relative rates of pay between men and women will clearly have a bearing on our gender pay gap, the proportion of men and women in more senior, higher-paid roles, is also a significant factor.

At the reporting date for the gender pay gap, 41% of all colleagues at the Bank were women. The percentage falls when we look only at the more senior grades within the Bank, for example when the Bank reported progress against its Women in Finance targets in July 2021, women represented 37% of all colleagues in senior management grades (Bands 2-4).

This imbalance between men and women in more senior roles, while typical of a great many employers in the UK, remains a key area of focus for the Bank. Later in this report, we explain some of the initiatives we are undertaking with the aim of increasing the proportion of women in senior roles.

The current imbalance however does help to explain the Bank's gender pay gap. When we consider the pay gap separately for each employee grade ('Band') within the Bank, the gap is much lower, and in one Band there is a negative pay gap (in other words median hourly pay for women is higher than for men).

What this tells us is that the Bank's pay gap is not an equal pay issue - men and women are paid equally for doing equivalent jobs across the firm. However, we

know we cannot afford to be complacent about this. We continue to make sure that our policies and practices are fair. This includes actively reviewing individual decisions around our annual salary, promotion and recruitment processes.

Bonus Gap

The median gap between men and women's bonus payments is 15.2%, which is a significant reduction compared to the previous year. The reduction is due to two contributing factors. First, the percentage of female colleagues working the full performance year and as a result receiving their full bonus for the year has increased. Second, the number of female colleagues receiving a bonus at senior levels has also increased. Both of these factors have resulted in a higher median bonus being paid to female colleagues.

The 2021 bonus gap reflects bonus payments made in June and August 2020, in respect of the financial year ending 31 March 2020. The percentage of colleagues receiving a bonus or long-term incentive award in the year dropped both for female colleagues (from 74% to

What is our gender pay gap?

60%) and for male colleagues (70% to 68%). This reflects the Bank's rapid growth during 2020, as it expanded to deliver its new responsibilities, including running the Coronavirus business loan schemes. Most of the additional colleagues hired by the Bank during this time were not eligible for the bonus being reported on this year. This is particularly true for female colleagues, where the eligible population grew by 67% during the year (compared to 47% for males). We believe this is further evidence of the Bank moving towards a more representative balance of men and women at all levels of the Bank.

All colleagues who have worked for the Bank for more than three months of the year participate in either an annual bonus plan or (at senior level) a long-term incentive plan. There are several factors that can influence the level of an individual colleague's bonus or long-term incentive award.

Both plans incorporate an element that reflects the Bank's performance as a whole against its strategic objectives, and an element that reflects individual colleagues' performance ratings for the bonus year.

Each year we monitor the award of performance ratings carefully to ensure that the distribution of ratings is the same for women as it is for men.

Potential bonus or long-term incentive levels increase for more senior colleagues as a percentage of salary. While this incentive structure is typical of many employers, it does have a bearing on our bonus gap, as there is a greater proportion of male than female colleagues at the Bank in senior grades as has been previously noted.

The bonus gap is further impacted by part-time working. Regulations require that bonus calculations include actual bonuses received by part-time colleagues rather than full-time equivalent amounts, which means that, for the gender pay gap calculations, average bonus levels for part-time colleagues are generally lower than they are for full-time colleagues. Just under 6% of roles at the Bank are part-time and 62% of these are undertaken by women, so the methodology for calculating part-time bonuses has a higher impact on average bonuses for women than it does for men.

Other factors that influence bonus levels at the Bank are

individual colleagues' length of service during the year, and the fact that, for senior colleagues, incentive payments may be deferred for up to two years.

Once a colleague's performance rating for the year has been determined, there is little or no discretion for managers to adjust formulaic bonus or incentive plan outcomes. On this basis, we are confident that our bonus gap is due to structural factors such as the proportion of men and women in senior roles, rather than to any gender-related bias. We remain committed to ensuring that all pay and bonus decisions are free of any form of bias through a combination of line manager training, clear guidance, and robust governance.

Please see the final page of this report for definitions of some of the terms used in this section.



How are we addressing the pay gap?

Stronger Together - An inclusive organisation

We are committed to recruiting, developing and retaining individuals with the skills and experience required to enable the Bank to meet its strategic objectives. Our range of people policies and programmes are 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.

Central to this is our Employee Resource Group called Stronger Together. The group is sponsored by our Executive Committee and is a diverse group of colleagues from across the organisation.

Stronger Together is an open forum run by colleagues, for colleagues, to provide a safe and supportive environment in which to discuss issues specifically relating to inclusion and diversity in the Bank.

Our inclusion mission statement, which was created with Stronger Together, supports our inclusion activities:

We're committed to creating a culture where each and every colleague can be truly collaborative and creative. As individuals, and collectively as an organisation, we benefit from ensuring the bank is inclusive, everyone has a voice, and we all have the opportunity to be our true selves at work.

The UK benefits from the diversity of the businesses we support and empower. We are committed to doing everything we can to help them prosper and grow.

At the British Business Bank, we share the same ambitions for our people. We are proud to create an organisation where everyone is stronger together.

Diversity data and our people processes

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 payouts 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.

We test our yearly talent and performance management processes for representation against the wider organisational population.

We collect data to analyse our attraction and recruitment processes.

How are we addressing the pay gap?

Our approach to talent

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 create gender balanced candidate pools.

We endeavour to achieve diverse shortlists and interview panels for all senior roles to support our diversity agenda.

We monitor our job adverts and job descriptions to balance the use of gender coded language.

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 have an Equality and Diversity Policy which colleagues should adhere to during all stages of the recruitment and selection process.

We post on diverse job boards aimed at women, LGBT+, Disabled, and ex-armed forces to maximise the reach of our job adverts.

We actively promote opportunities by attending diverse recruitment events.

All recruiting managers undertake training in our recruitment processes including how to identify and being aware of unconscious bias.

All our roles, where possible, are open to flexible working.



Women in Finance Charter



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. 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.





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 more than 650,000 employees in the UK are covered by its plan to tackle gender inequality in financial services. We reported our progress as at July 2021 as part of our commitment to the Charter, as detailed:

Women in Finance Charter

Commitment in September 2018

That, by 2021, 50% of our senior management – our Executive Committee – would be female (within a 10% tolerance). 


That we would appoint one member of our senior executive team to be responsible and accountable for gender, diversity and inclusion. 


That we would set internal targets for gender diversity in our senior management. 

That we intended to link the pay of the senior executive team to delivery against our internal targets on gender diversity. 

Progress at July 2021


In July (2021), 60% of our Executive Committee members were female. This has increased by 16% since the last report. 

Because we consider this a priority for the business, we have made this the responsibility of our Chief Executive Officer, Catherine Lewis La Torre 

We have set the following target: By 2021, 40% of our wider Senior Management Team (Bands 2-4, not just our Executive Committee) will be female. Current progress sees 37% (+1.3%) of female representation across our wider senior management team. 

We aim to achieve this target through recruitment, development and internal promotion.

All recruitment processes at director and managing director level will include a gender-diverse shortlist and interviewer panel.

We have a diversity objective included in the performance appraisal process for our senior executive team. 

We are delighted to have achieved our headline target under the charter and continue to make great progress against our other commitments.

We are continuing with our plans to improve all types of diversity in our organisation and maintaining a diverse work environment.

To support our commitment to the Charter, these are our key achievements so far

- 1 Supporting female career development by launching our mentoring programme for senior leaders
- 2 Reviewing our approach to inclusive recruitment by making sure shortlists and interviews for senior colleagues are diverse
- 3 Delivering mandatory hiring manager training on recruitment and flexible working
- 4 Making sure working practices aren't a barrier to progression by continuing to review our approach to flexible working
- 5 Updating our careers web page to better reflect the Bank's policies on flexible working

Other diversity initiatives



Race at Work Charter

We signed the [Race at Work Charter](#) in March 2021. The Charter is composed of seven calls to action for leaders and organisations across all sectors. Signing up means taking practical steps to ensure workplaces are tackling barriers that Ethnic Minority employees face in the workplace.

Disability Confident Employer

We also increased our [Disability Confident Employer](#) accreditation in 2021. The three-tier Disability Confident scheme, led by the Department for Work and Pensions, supports employers to make the most of the talents disabled people can bring to the workplace. We previously held the first level of the scheme, Disability Committed, and now hold the second level, Disability Confident Employer.

Armed Forces Covenant

We are members of the [Armed Forces Covenant](#). By signing up to the scheme, we promise to ensure that those who serve or who have served in the armed forces, and their families, are treated fairly.

Inclusive Employers

We are also members of [Inclusive Employers](#). A leading membership organisation for employers who are committed to prioritising inclusion and creating truly inclusive workplaces.



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Definitions

The **median gender pay gap** is the difference between the hourly pay of the median full-pay relevant man and the hourly pay of the median full-pay relevant woman. The median for each is the man or woman who is in the middle of a list of hourly pay ordered from highest to lowest paid.

The **mean (or average) gender pay gap** is the difference between the mean (average) hourly pay of men, and the mean (average) hourly pay of women.

Hourly pay is the total of salary and any cash allowances paid, before any deductions for tax or salary sacrifice, calculated as an hourly rate. The figure used for the 2021 gender pay gap is the hourly pay for April 2021. Colleagues who did not receive their normal full pay during that month for any reason are excluded from the calculation.

Bonus for the purpose of calculating the bonus gap is the total bonus and/or long-term incentive paid during the previous 12 months to all colleagues who were employed on the snapshot date (5 April 2021). For the Bank, this means bonus payments made in June and August 2020 in respect of the financial year ending 31 March 2020, and long-term incentive payments made in August 2020 in respect of the three-year performance cycle that ended in March 2020.

British Business Bank plc is a public limited company registered in England and Wales (registration number 08616013, registered office at Steel City House West Street Sheffield S1 2GQ). As the holding Company of the Group operating under the trading name of British Business Bank, it is a development bank wholly owned by HM Government which is not authorised or regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). It operates under its own trading name through a number of subsidiaries, one of which is authorised and regulated by the FCA. British Business Bank plc and its subsidiary entities are not banking institutions and do not operate as such. Accordingly, none of the British Business Bank group of companies takes deposits or offers banking services. A complete legal structure chart for British Business Bank plc and its subsidiaries can be found at www.british-business-bank.co.uk.