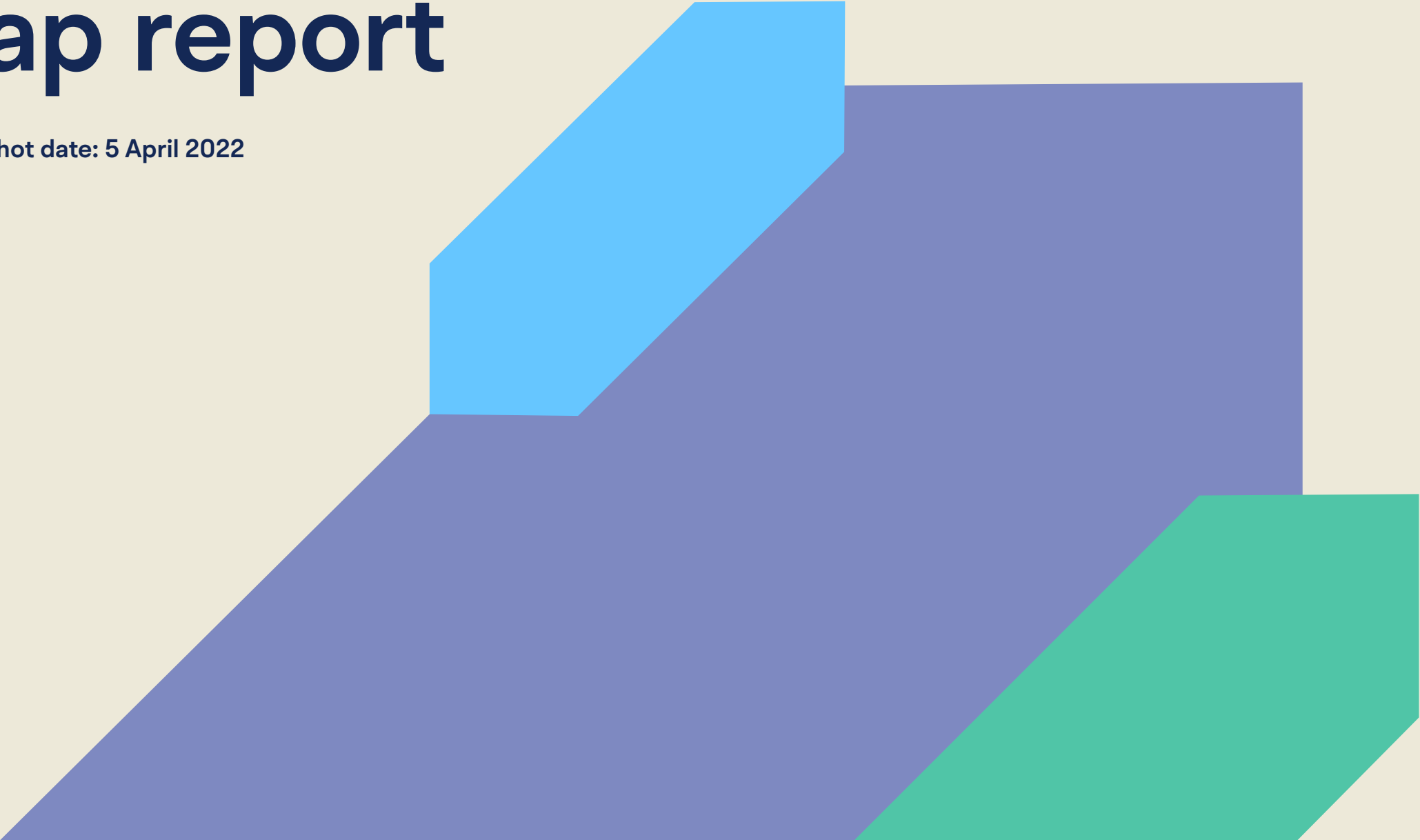



# Gender pay gap report

Snapshot date: 5 April 2022






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# About the British Business Bank

The British Business Bank is the UK Government's economic development bank. Its 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.

To achieve this, we design, deliver and manage access to finance programmes for smaller businesses across the UK. Ours is a purpose driven organisation, and our values – commitment, collaborative and creativity – are at the heart of everything we do.

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

At the end of March 2022, the British Business Bank's core programmes were delivering finance of £12.2bn to almost 96,000 smaller businesses. The British Business Bank is also responsible for administering the government's three Coronavirus loan schemes and its Future Fund, together responsible for delivering £80.4bn in finance to 1.67m businesses. Research undertaken by London Economics and Ipsos MORI for the British Business Bank found that the three Coronavirus loan schemes saved up to 500,000 businesses and 2.9m jobs.



# Foreword



Published yearly, our Gender Pay Gap report allows us to track an important measure of gender equality at the British Business Bank, and to devise strategies to improve both equality more broadly as well as the measure specifically.

One of our key strategic objectives as an organisation is to unlock potential by ensuring entrepreneurs can access the finance they need, regardless of where and who they are. If we truly wish to understand our customers and achieve this goal, it is vital that we apply a similar philosophy to diversity and inclusion within the British Business Bank.

Because we believe strongly that Diversity, Equity and Inclusion (DEI) must all work together for each to succeed in its own right, we are committed to nurturing this work continuously across our business.

That means putting people and culture at the heart of our organisation, empowering diverse talent through challenging work that makes a difference, and by ensuring diverse perspectives are being well represented within our own business.

The year in review shows our 2022 median gender pay gap is 20.6%, 3.8 percentage points higher than in 2021. Our median bonus gap has also increased compared to last year. These are clearly disappointing outcomes.

Our analysis shows that whilst we have progressed in a more balanced proportion of men and women across our organisation and continue to achieve our headline target of ensuring 50% female representation at our Executive Committee level, we have more work to do in addressing our gender imbalance in more middle management and senior roles.

The work needed is not only in addressing our gender representation at these levels but at various touch points throughout our people and culture strategy. This has led us to initiate a review of our overall reward and resourcing and talent strategy, as well as a review of our Employee Value Proposition (EVP). We are committed to actionable changes that allow us to demonstrate across the organisation as well as in our gender pay gap and to be accountable for this change to all our stakeholders.

The analysis is not considered in isolation. We have specifically obtained feedback and insight from our employee inclusion resource group, 'Stronger Together', our Colleague Forum, and focus groups across all of the Bank's teams. Working with external experts, we have also been learning from our customers' journeys to

integrate their experiences with our own, bringing them closer to the heart of what we do and how we do it.

To improve our gender diversity and inclusion, we will continue to:

- **Analyse our recruitment processes to ensure they are fair and free from bias from beginning to end;**
- **Test and calibrate our talent, succession and performance management process for fair and unbiased review, as well as representation against the wider organisation population; and**
- **Test our annual remuneration review, progression and development for differences based on gender.**

Our Board and Executive team are fully committed to our diversity goals and inclusion initiatives. They recognise that this is an ongoing and continuous effort with the upside benefiting not only our own colleagues but also our customers. I look forward to engaging further on this very important agenda, and to delivering improvements in our performance.

**Louis Taylor,**  
**CEO, British Business Bank**

# Our gender pay gap at a glance

## 1. Proportion of male and female employees in each pay quartile

Pay quartile	Male %	Female %
Lower quartile (Band A)	41	59
Lower middle quartile (Band B)	55	45
Upper middle quartile (Band C)	67	33
Upper quartile (Band D)	65	35

## 2. Pay gap (as a % of male pay)

Measure	Percentage
Mean	11.0
Median	20.6

## 3. Bonus gap (as a % of male bonus)

Measure	Percentage
Mean	13.1
Median	25.0

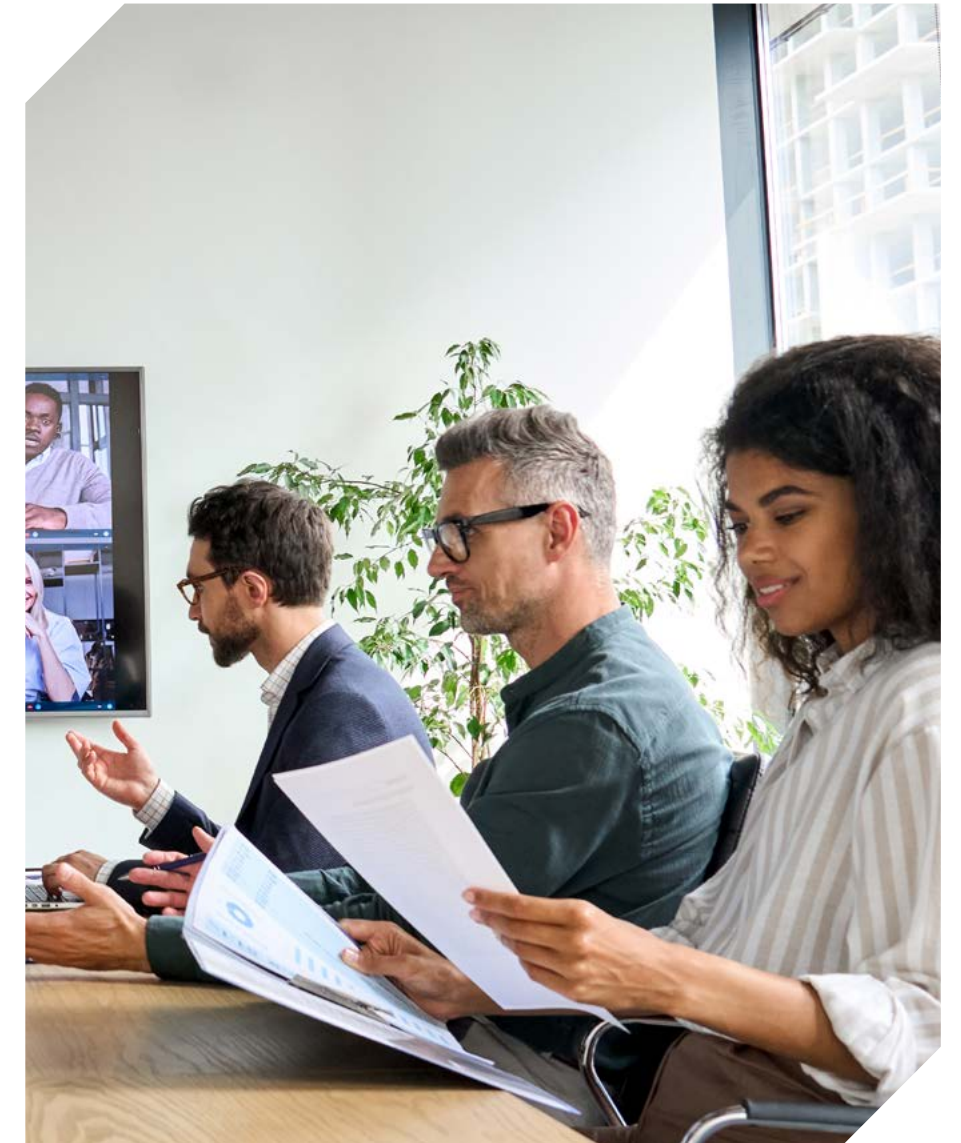
All figures are based upon 441 employees at the snapshot date of 5 April 2022

## 4. Proportion of male and female employees

Gender	Percentage
Male	57
Female	43

## 5. Proportion of male and female employees receiving bonuses

Gender	Percentage
Male	65
Female	52



# What is our gender pay gap?

## Employee Profile

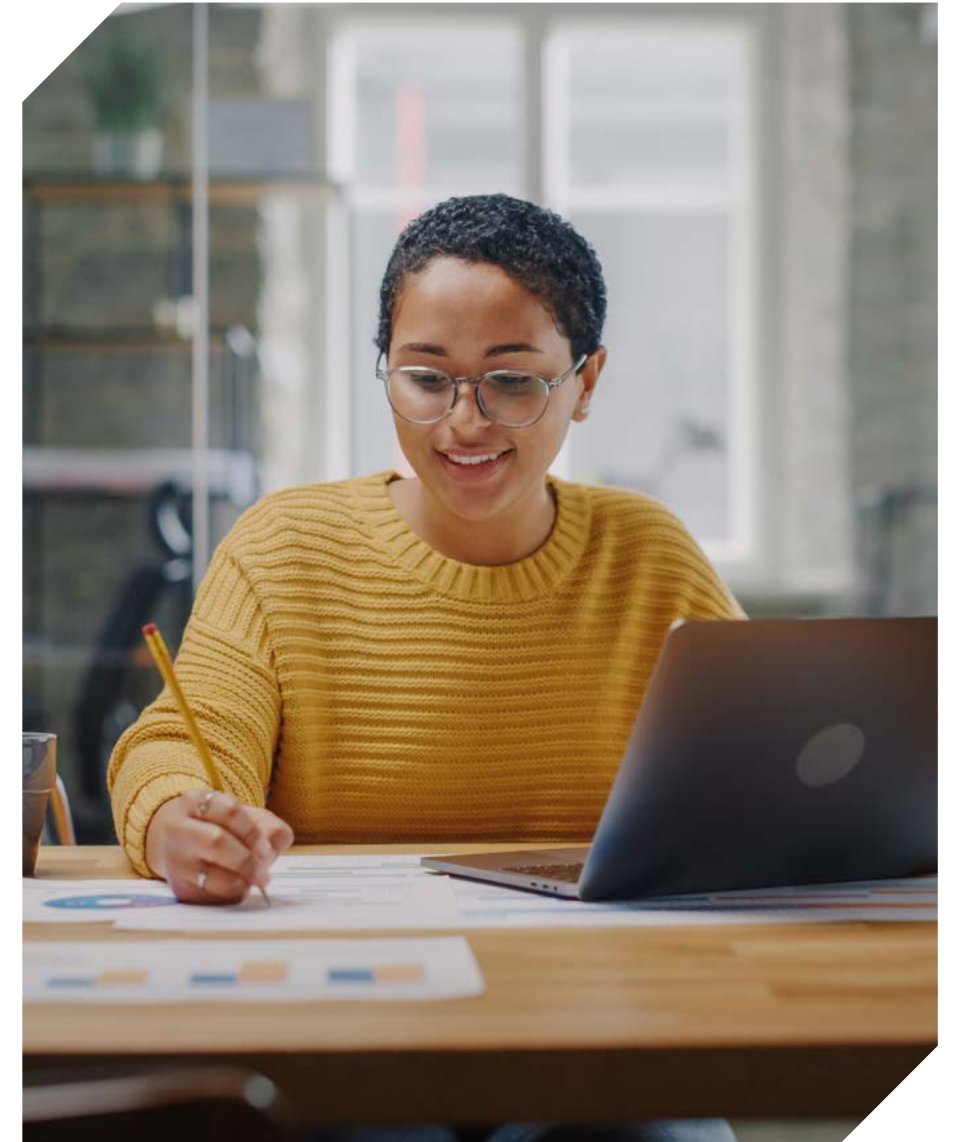
In the UK we had 441 employees on the snapshot date of 5 April 2022, of whom 57% were men and 43% were women.

## Pay Gap

Our analysis shows that the median gap between men and women's earnings is 20.6%, based on hourly rates of pay at the snapshot date. This is an increase of 3.8 percentage points from the gap we reported in 2021. Our mean gender pay gap has also risen to 11%, from 6.8% 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.

The proportion of men and women in more senior, higher-paid roles, has a significant influence on our gender pay gap. At the reporting date for the gender pay gap, 64% of all employees at Senior Manager levels and above (Bands 1 to 5) were men, while at our most junior levels (Band 6 & 7), the majority of employees were women.

Overall, we made progress towards a more balanced proportion on men and women in the workforce in the year to April 2022, with the percentage of female employees increasing to 43% (compared to 41% in April 2021). The proportion of male employees in Bands 6 and above fell over the same period. To date, this trend has continued as we have progressed through 2022.



# What is our gender pay gap?

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, including the good progress reported by the Bank against its Women in Finance targets in July 2022.

However, we know we cannot afford to be complacent. 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 25%, which is higher than it was last year.

The 2022 bonus gap reflects bonus payments made in June and August 2021, in respect of the financial year ending 31 March 2021. During this period, 52% of female employees, and 65% of male employees received a bonus. Only employees who joined the Bank on or before 31 December 2020 were eligible, and for both men and women, the proportion of employees receiving a bonus closely reflected the proportion who were eligible for a bonus. The Bank grew rapidly during the bonus year, which is why – for both men and women – a substantial minority of recent joiners were not eligible for a bonus.

There are several factors that can influence the level of an individual employee'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 employees' 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 employees 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 employees at the Bank in senior grades as has been previously noted.



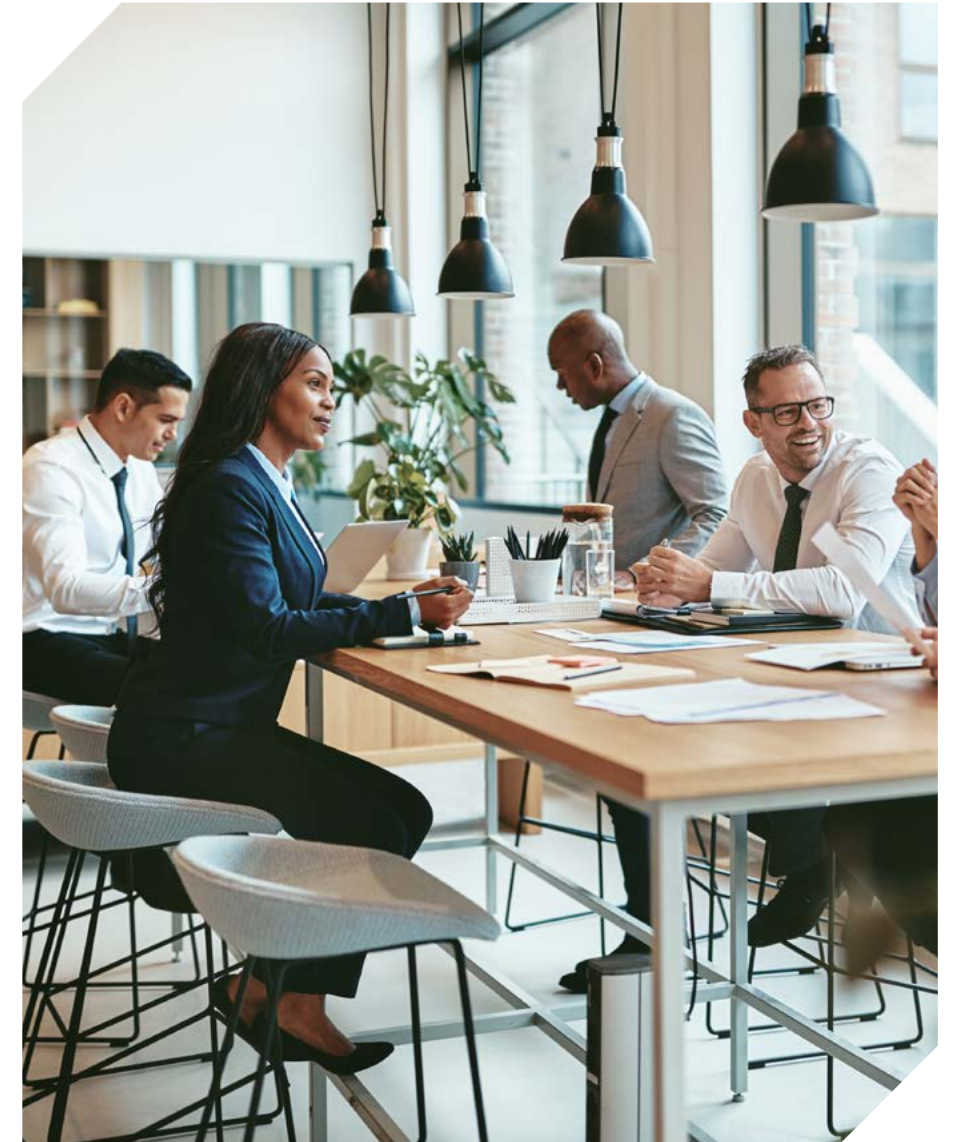
# What is our gender pay gap?

The bonus gap is further impacted by part-time working. Regulations require that bonus calculations include actual bonuses received by employees working part time rather than full-time equivalent amounts, which means that, for the gender pay gap calculations, average bonus levels for part-time employees are generally lower than they are for full-time employees. Just over 6% of roles at the Bank are part-time and 66% 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 employees' length of service during the year, and the fact that, for senior employees, incentive payments may be deferred for up to two years.

Once an employee'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 gender pay gap?

British Business Bank aims to unlock potential of small businesses. To do so we are accelerating our diversity, equity and inclusion journey to make sure our organisation reflects the diversity of the population we are trying to reach, meet market standards we set for our delivery partners and to continue to create an environment where diverse talent can thrive. In 2022, we embarked our Diversity, Equity and Inclusion (DEI) strategy, policy and actionable three-year roadmap aligned with our organisational ambition. We have defined a clear aspiration and are identifying metrics to track progress including on gender diversity.

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 alongside colleague groups with a view to further strengthening them where we can and ensuring equal access. We foster a culture of inclusion and sense of open dialogue and encourage colleagues to bring their full selves to work.



# How are we addressing the gender pay gap?

## Stronger Together

Central to our strategy 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 are 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.

We celebrate diversity and inclusion, engage with colleagues across the organisation and shape the DEI strategy at the Bank.

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 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.

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.

# 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 foster gender balance in senior managerial roles. 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.

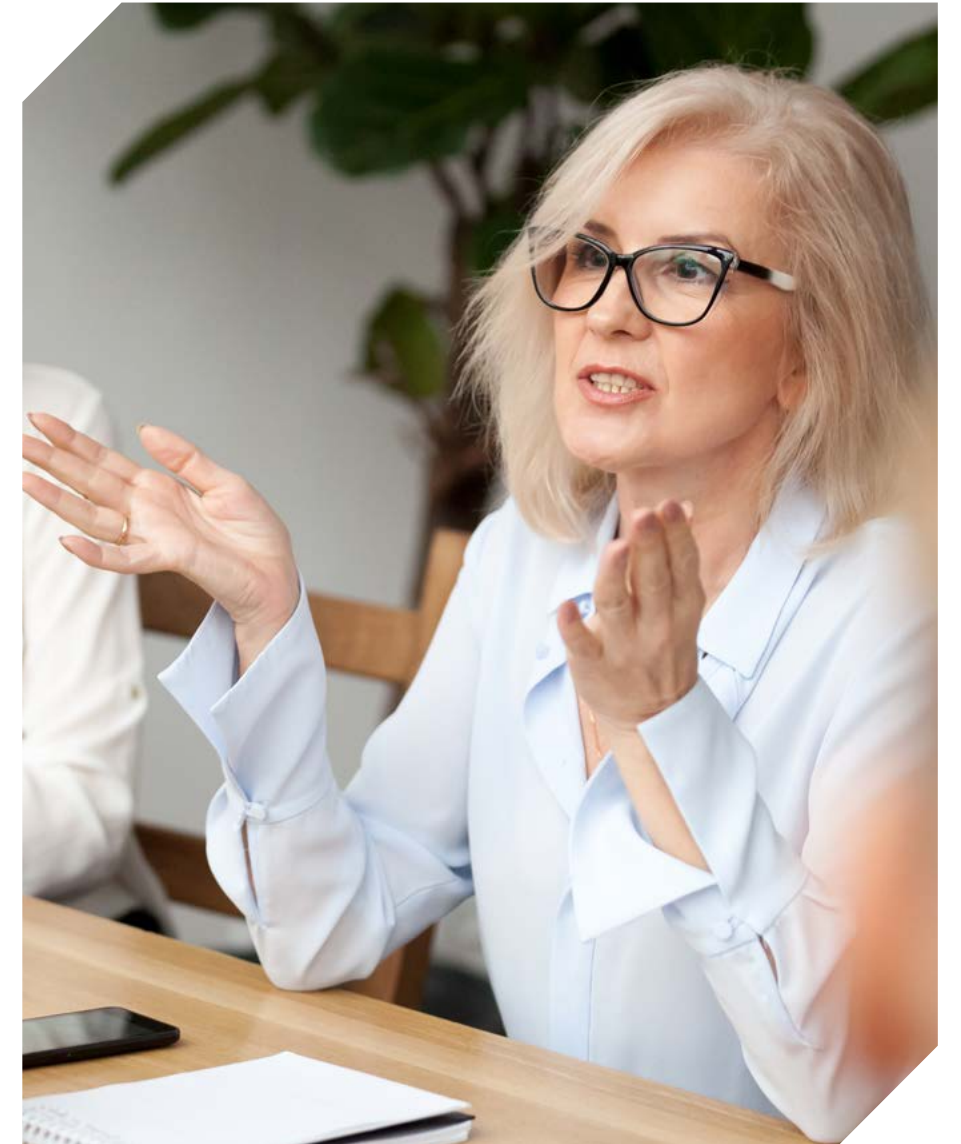
- 4** Having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity.

## Our commitment to the Charter

Over 400 firms, covering more than one million employees, have voluntarily signed the Charter, and are covered by its aspiration to tackle gender inequality in financial services. By signing up to this Charter we are pledging to be one of the leading businesses in the financial services sector.

Our commitment in September 2018 was:

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



# Women in Finance Charter

That we would set internal targets for gender diversity in our wider senior management population. Our aspiration was to achieve 40% women at Director level and above.

That we would appoint one member of our senior executive team to be responsible and accountable for gender diversity, and inclusion. Because we consider this a priority for the business, we made this the responsibility of our Chief Executive Officer.

That we intended to link the pay of the senior executive team to delivery against our internal targets on gender diversity. We have a diversity objective included in the performance appraisal process for our senior executive team.

As part of our commitment to the Charter, we reported our progress against our targets as at July 2022 as follows:

58% of our Executive Committee members were female.

We achieved our target of 40% women within our wider senior management.

We are delighted to have achieved our initial targets under the Charter. Key approaches so far have included:

- 1 Supporting female career development through mentoring, coaching and leadership development programmes for senior leaders.
- 2 Externally promoting our policies and practices on flexible working to attract female talent.
- 3 Targeting diverse talent pools and progressing our gender-neutral recruitment practices.
- 4 Fostering an inclusive environment by continuing to focus on our wellbeing programmes for all.

To support our continued commitment to the Charter, we have set the following targets:

By end-September 2025, we will maintain at least 50% female representation within our Executive Committee, including attendees (within a 10% tolerance).

By end-September 2025, we aim to achieve 40% female representation amongst our Executive Committee leadership and feeder pipelines - Managing Directors and Directors.

Our Diversity, Equity and Inclusion (DEI) strategy reflects our ambition to be an inclusive employer of choice. To make further progress in the gender balance across our senior management teams, we will continue to challenge ourselves by introducing progressive talent and culture practices.

# Other Diversity, Equity and Inclusion (DEI) initiatives

We are proud to partner with the following organisations:

## Race at Work Charter



## Armed Forces Covenant



## RNIB Visibility Better Employer (RNIB)



## Disability Confident Employer



## Inclusive Employers



## People Insight Outstanding Workplace 2021



## 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 2022 gender pay gap is the hourly pay for April 2022. Employees 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 employees who were employed on the snapshot date (5 April 2022). For the Bank, this means bonus payments made in June and August 2021 in respect of the financial year ending 31 March 2021, and long-term incentive payments made in August 2021 in respect of the three-year performance cycle that ended in March 2021.

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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](https://www.british-business-bank.co.uk)