

Gender pay report

26 March 2018



'Being open and transparent on gender pay is a positive step in moving the diversity agenda forward.'



Introduction



The West Brom is proud to be an equal opportunities employer, not just in relation to gender diversity but also on the grounds of race, ethnicity, sexual orientation, marital status, age and disability.

As the Society employs more than 250 members of staff, we are required to publish information relating to gender pay*.

This includes the average differences in pay and bonus pay between male and female employees, the proportion of men and women receiving bonuses and the proportion of men and women within the organisation according to quartile pay bands.

It is the first year we have reported such data externally and we are happy to do so. We believe that being open and transparent on gender pay is a positive step in moving the diversity agenda forward.

The results do show that a **gender pay gap** exists, which illustrates the difference between the average pay of men and women regardless of their seniority or role.

However, this is not the same as the West Brom having an equal pay gap. We are confident that we don't have any processes or practises which result in people being paid differently because of their gender.

Why the gender pay gap exists is explained in the report that follows, along with a summary of our plans for reducing it.

* The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017



Definitions and measurements

Gender pay gap

This is the average difference between the pay of men and women using their hourly rates of pay. These rates are calculated as at 5 April 2017 and include bonus payments, shift and some other allowances. Overtime and deductions are not included. If pay is less than normal during the month – for example, where colleagues are on maternity, paternity or sick leave – then their pay is excluded.

Mean

The average number that is derived when all numbers are added up and then divided by the total number of data points in the set.

Median

The middle number of a range when all numbers are taken into account.

Gender bonus pay gap

This shows the average difference between all bonuses paid to men and women in the 12 months to 5 April 2017. It is calculated from the actual payment received. Therefore if, for example, more women than men worked part time, or where there are more men than women in senior roles, this would increase the size of the published bonus gap.

Quartile pay bands

These figures show the proportion of men and women split across four equal groups. They are sorted by hourly pay rates, from the lowest (lower quartile) to the highest (upper quartile).

Our data

The mean gender pay gap

38.0%

The difference in mean pay between male and female employees.

The median gender pay gap

30.8%

The difference in median pay between male and female employees.

The mean bonus pay gap

69.9%

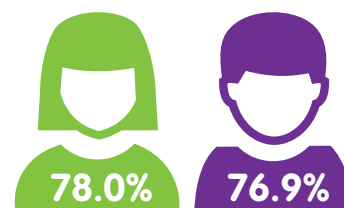
The difference in mean bonus pay between male and female employees.

The median bonus pay gap

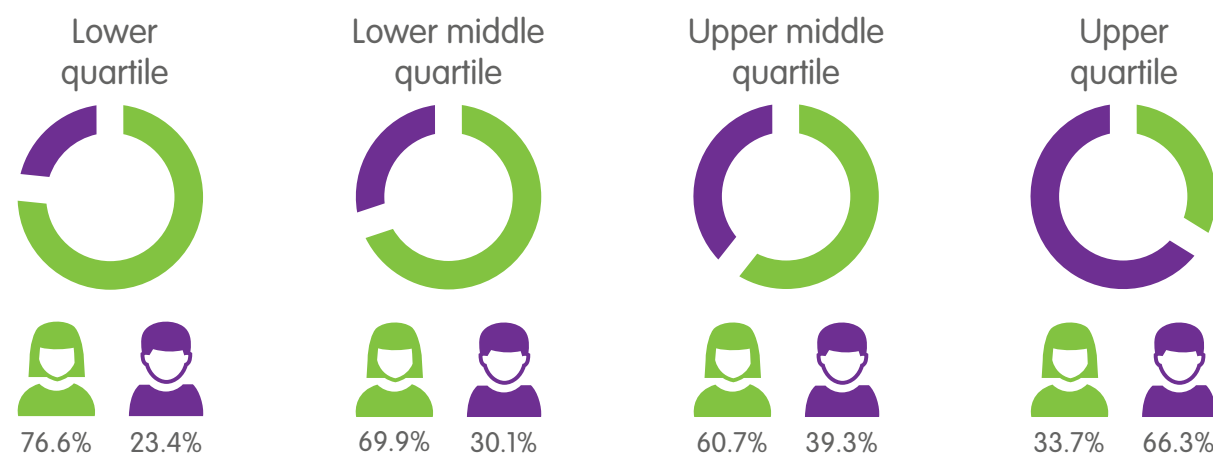
51.3%

The difference in median bonus pay between male and female employees.

The proportion of women and men receiving a bonus payment



The proportion of male and female employees according to quartile pay bands





Understanding our results

Pay

Our results show a mean gender pay gap of **38.0%**. When calculating a median figure, the gap is lower at **30.8%**. Both these figures are impacted by the composition of our workforce and the roles people of different genders carry out.

It is a fact that, like many businesses operating in the financial services sector, the West Brom currently has fewer women in senior management and executive roles and it is these roles which provide higher levels of pay.

This imbalance will always affect calculations which are based on averages and is one of the key reasons why our gender pay gap exists.

We are committed to closing our current pay gap over time and we believe achieving greater gender balance in senior roles will help us to deliver this.

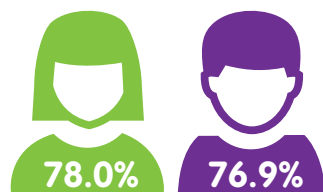
Bonuses

Our results show a mean gender bonus pay gap of **69.9%**. When calculating a median figure, the gap is lower at **51.3%**.

Here too it is the shape of our workforce which is driving the gap in the payments received.

All colleagues at the West Brom have the opportunity to earn performance related payments once a year in addition to their basic salary. Gender is not (and never will be) a factor in determining what awards people receive.

It is clear that there is no significant difference in the proportion of women and men receiving a bonus payment, with totals of **78.0%** and **76.9%** recorded in their respective gender groups.



Such rewards represent a percentage of a colleague's annual salary and so those in higher pay grades have the potential to earn more should their performance merit it. As we have already stated, there are currently more men in higher paid senior management roles within our organisation than women, hence the impact on average bonuses.

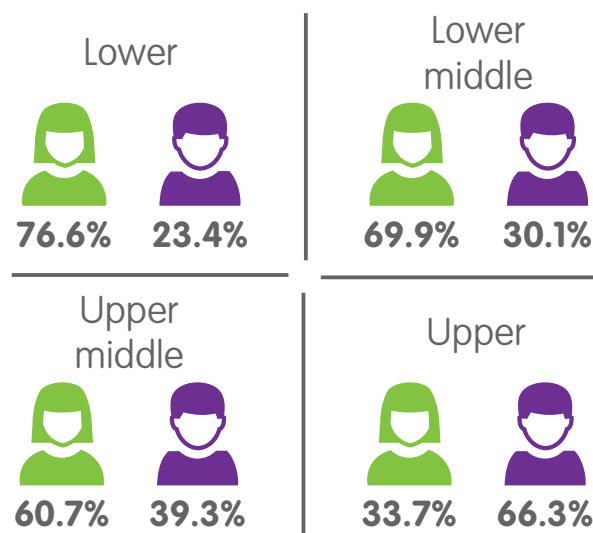
In addition, we know these results are also partially influenced by how some colleagues choose to work. Having the flexibility to work reduced hours is an attractive benefit for both men and women, providing them with the appropriate balance between work and home life and making it easier to manage important responsibilities such as childcare.

We do find that more women currently make use of our flexible working option and this, in turn, has an effect on our bonus gap because somebody who works reduced hours receives a pro-rated performance payment.

Although having more males in senior roles earning higher salaries is the major reason for the bonus gap, we think the fact that the calculation does not make any allowance for reduced hours is making it appear bigger.


Pay bands

Studying pay bands at the West Brom split across four quartiles illustrates the earlier point about gender balance within roles and levels of seniority. The lower and lower middle pay quartiles have the highest overall percentage of female colleagues (**76.6%** and **69.9%** respectively), while the upper quartile is two-thirds (**66.3%**) male.



Roles in the lower quartile will include those starting out in customer-facing roles, for example in our branches and customer services centre. The upper quartile includes divisional heads and the Society's executive directors.

It is the distribution of women and men across these pay bands where we want to focus our efforts and achieve a more even split. As we have said, we see this as key in helping us to close our gender pay gap.



'We know the approach we take to rewarding people for exceptional performance is completely gender-neutral.'



The view from HR

The West Brom values people from all backgrounds and we recognise the importance of diversity and inclusion amongst our colleagues.

We are a provider of financial services and having a workforce that is representative of the wide range of customers that we interact with on a daily basis improves our ability to serve and support them.

While this may be the first year we have formally reported on gender pay, it does not mean the topic – or more specifically, the situation it highlights – has not been considered before. Like many businesses operating within our sector, we do currently employ more men in higher paid, senior roles and this is the main reason a pay gap exists.

It does not exist because men and women are paid different amounts within equivalent job roles. We also know the approach we take to rewarding our people for exceptional performance is completely gender-neutral.

We welcome the drive for increased transparency around gender pay, because not only does it make visible those gaps that do exist, it encourages businesses to share strategies for how they intend to close them.

One of these is the **Women in Finance Charter**, an initiative aimed specifically at increasing the levels of women holding senior roles in the finance sector and something we committed to at the early stage in October 2016.

We have set ourselves two targets for female representation under the Charter, both to be achieved by 2020 and both now forming part of the annual incentive plan for senior executives. We want at least 30% of the Society's Board to be female and at least 30% of the Society's senior management population to be female.

Positive progress has been made in this area already. We have developed and introduced our Diversity and Inclusion Strategy, with working groups reviewing and making recommendations to enhance four essential aspects of our people management approach:

- Reward and recognition, including pay, bonuses and staff benefits.
- Recruitment and retention.
- Health and wellbeing in the workplace.
- Personal development, including training and career progression.

Such work takes us beyond gender parity alone and will carefully consider all facets of diversity and inclusivity at every level of the business.

This isn't about finding quick-wins, or favouring one group of colleagues over another in order to satisfy a target. We want to ensure the West Brom provides a working environment where everyone can consistently perform to the best of their abilities and be given the opportunity to shine.

Jacqui Randle, Divisional Director HR



Declaration

We confirm that our data has been calculated in line with the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

I confirm that the information in this report is accurate.

Jonathan Westhoff, Chief Executive

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