

faculty

Gender Pay Gap Report

SNAPSHOT DATE: APRIL 2023

STATEMENT OF ACCURACY

I hereby confirm the accuracy of the gender pay gap calculations conducted for the financial year 2023-24. Our calculations have been rigorously assessed and verified to ensure precision and adherence to Gender pay reporting regulation. We affirm that the reported gender pay gap figures reflect an unbiased and transparent representation of the compensation disparities between male and female employees within our organisation. We remain committed to monitoring and addressing any disparities identified through our ongoing analysis of pay equity.

Marc Warner

CEO

Introduction

This is Faculty's first official Gender Pay Gap report, and we have enjoyed the process of putting this together - particularly the forum we held with some of the Faculty team for their thoughts, initial reflections and analytical insights to what is creating our gender pay gap and meeting with a small number of external consultants and experts on this topic.

At Faculty, we are committed to consistently reviewing and updating our policies and practices in areas such as [recruitment, remuneration, benefits and behaviour](#) to drive an environment where all talented people are capable of thriving and are recognised for it, regardless of their gender.

We hope to have provided a broader more holistic view of the gender pay gap; to demonstrate our commitment to this and to respond to our employees' requests for further insights, and also to ensure that we are driving practical, realistic actions from this which is the actual value from creating the report. Societally there is work to do to close the gender pay gap and we remain committed to our contribution to addressing this.

Vicki Marchington

CHIEF PEOPLE OFFICER

Faculty's Principles

At Faculty, our principles codify our high-performance culture, creating a shared understanding of what we stand for and what we should demand from ourselves and others in everything we do.

We believe that they should never be compromised - either for convenience or economic gain - guiding the decisions and actions of everyone, from leadership to employees and ensuring a cohesive and unified approach to what we do, and how we do it.



Grow the Best Team

Only hire people you're convinced will make Faculty better. Take others' development as seriously as your own. Build strong and collaborative teams.

Through the Gender Pay Gap we have identified areas that will support our team's further development.

Act with Integrity

Have the courage to maintain integrity even when it's costly to do so. Demand this from others without hesitation. **We have been transparent and open with our data and our analysis, providing more data where possible and appropriate.**

Seek Truth

Seek the truth over winning the argument. Understand the root cause. Create an atmosphere in which the best idea succeeds, regardless of who or where it comes from. **We have conducted further analysis beyond what the legal expectation is to ensure we are seeking truth.**

Maximise Impact

Care about the impact of your work. Find the thing that is most important to your customer. Design the best solution, not just what's easiest or fashionable. Get it done fast. Make sure nothing falls through the cracks. **We genuinely wanted to create an action plan that drives change in areas we can directly impact through the necessity of building this report.**

Do Great Work

Master your craft. Take pride in your work, even when no one is watching. Demand the highest standards from yourself and others. Work hard, but do it sustainably. **We hope you enjoy the read and feel that this reflects Faculty.**

Be Humble & Kind

Recognise that you're always learning, and have something to learn from everyone. Always make the decision that is best for Faculty, but treat people kindly as you do it. **We have appreciated the process of learning through the insights from our employee forum and from external consultants who we have sought advice from.**

What is the gender pay gap?

The Gender Pay Gap measures the **difference between the average earnings of women and men** across the business (shown as a percentage of men's earnings), regardless of the work they do.

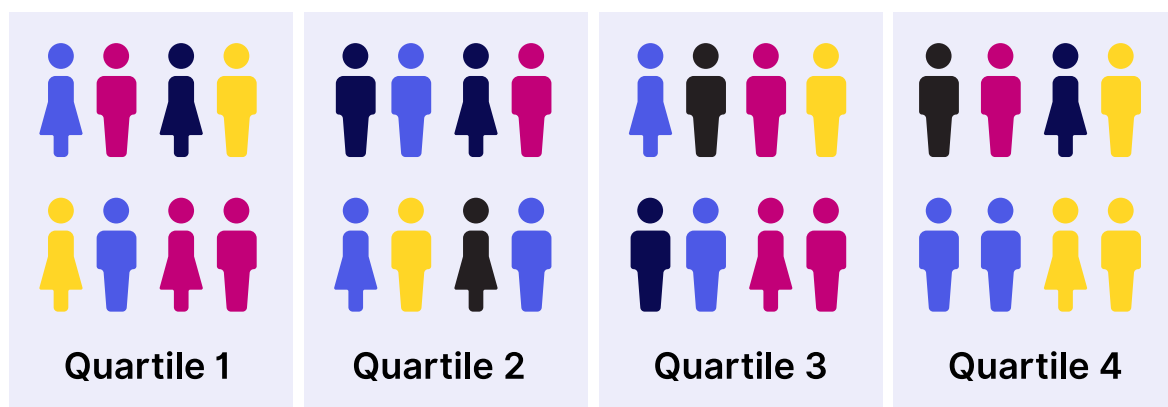
Gender pay gap reporting doesn't specifically ask who earns what, but what women earn compared with men across the whole organisation. It provides a framework within which gender pay gaps can be surfaced so that, both inside and outside of the workplace, we can think constructively about why gender pay gaps exist and what to do about them.

It is important to note that the UK Gender Pay Gap is a different concept from unequal pay and the two should not be confused. Unequal pay deals with pay differences between men and women who carry out the same jobs, similar jobs or work of equal value.

Legal Requirements

Public, private and voluntary sector organisations, with **250 or more employees** to report annually on their gender pay gap for a specified 'snapshot date' relevant to their sector. The snapshot date for private sector businesses is 5th April each year. We have 12 months from the snapshot date to publish our results. We are required to report on a number of different measures:

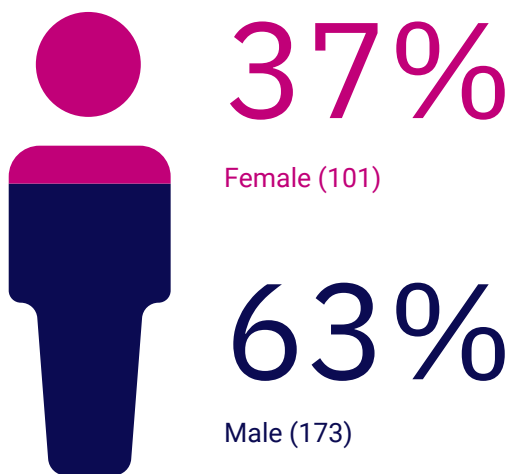
- Mean and median gender pay gap
- Mean and median bonus pay gap
- Percentage of men and women receiving a bonus
- Percentage of men and women in each hourly pay quartile



Our results

The 'snapshot' date was 5th April 2023

HEADCOUNT - 274



Mean Gender Pay Gap

12.4%

This means that on average, for every £1 a male employee earns at Faculty, a female employee earns 87.6p.

Median Gender Pay Gap

11.2%

This means that, discounting outliers, for every £1 a male employee earns at Faculty, a female employee earns 88.8p.

DIFFERENCE BETWEEN MEAN AND MEDIAN GENDER PAY GAP

The difference between the mean and median gender pay gaps can usually be explained by the exclusion of exceptional outliers at either end of the company's overall salary range.

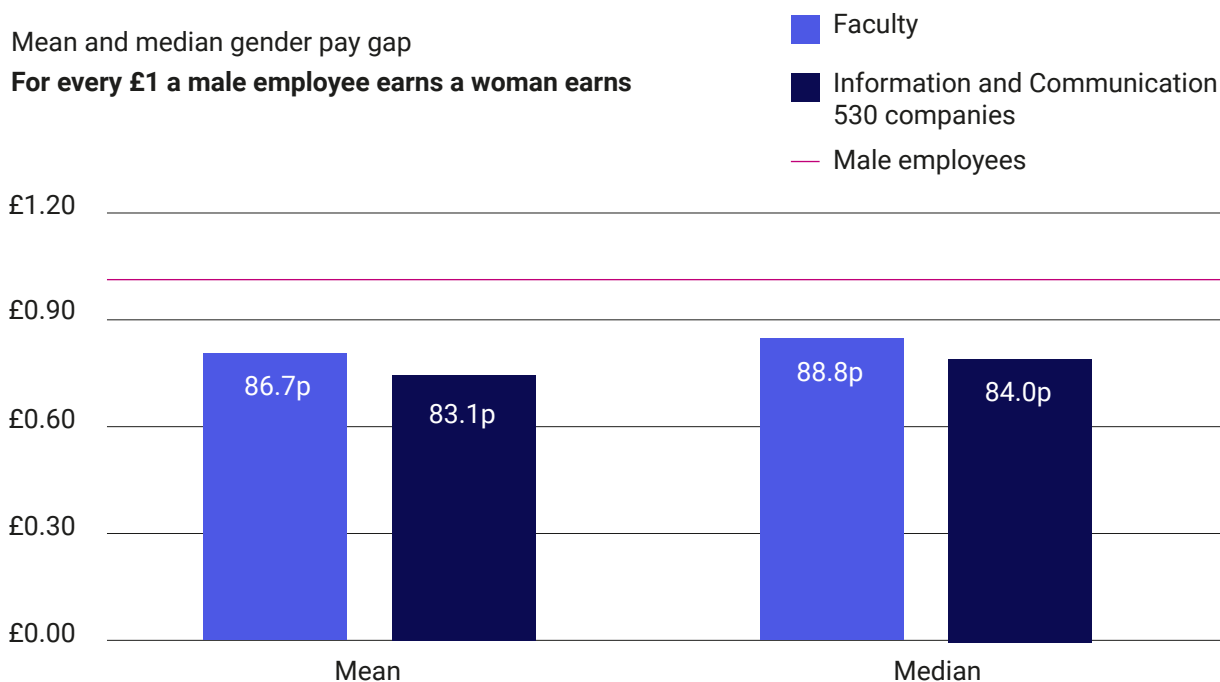
The mean pay gap is calculated by adding all employees' rates of pay together and dividing by the total number of employees. The mean includes all of the lowest and highest rates of pay, and therefore reflects the impact of the higher proportion of women working in lower paid roles, and the higher proportion of men in higher paid roles.

The median pay gap is calculated by finding the midpoint in all employees' hourly pay. Therefore, half of the employees' earnings will be above the midpoint and half will be below the midpoint. Unlike the mean, the median ignores outliers at the lowest and highest rates of pay. Often, a median pay gap will be lower than its corresponding mean pay gap.

Ultimately the differences between the median and mean pay gaps are caused by the fact that medians are unaffected by outliers, whereas means are. In the case of the gender pay gap, the reason that the median pay gap is generally lower than the mean is that the very highest earners are often more likely to be men, and the very lowest earners are more likely to be women.

External comparators

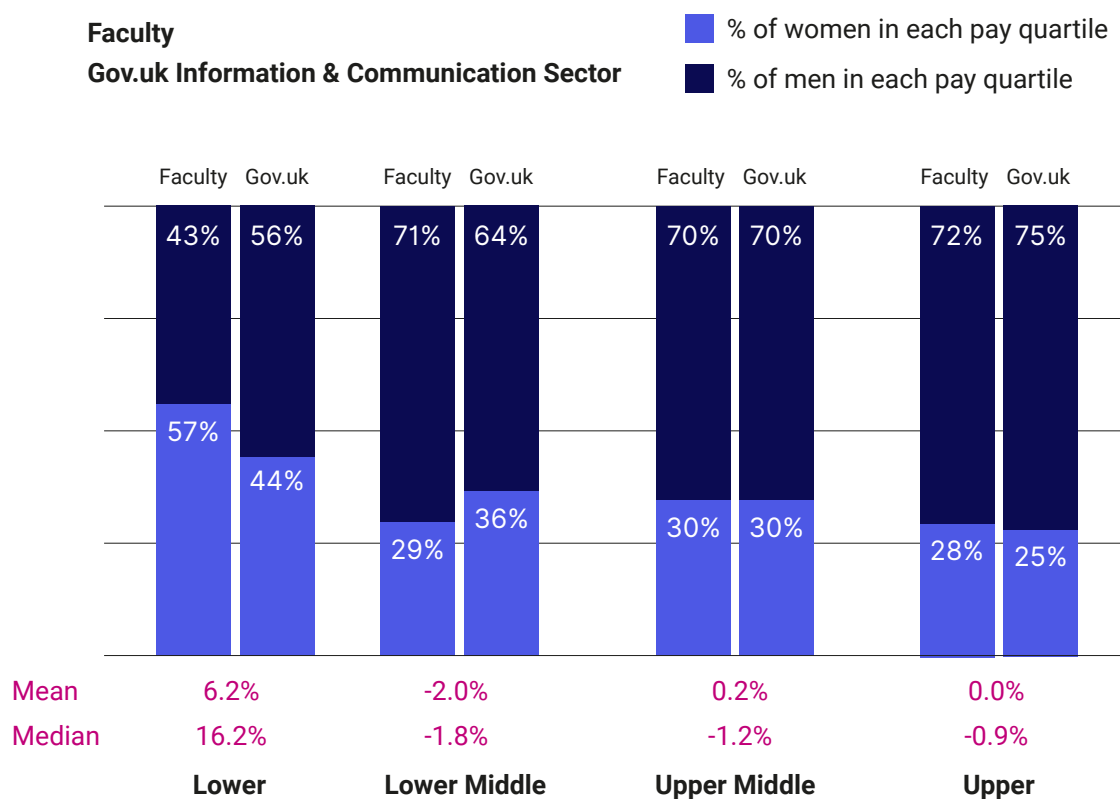
We wanted to compare ourselves against similar companies within the sector where Faculty operates. According to gov.uk, this sector falls under the category of Information and Communication. We are unable to compare our data with companies in this sector for the same year as the results are not fully published, so we reviewed the previous year to provide a more comprehensive perspective.



NOTE

The external data in this report has been calculated and provided by Giulia Cazzagon, Data Scientist.

Our results - by quartile

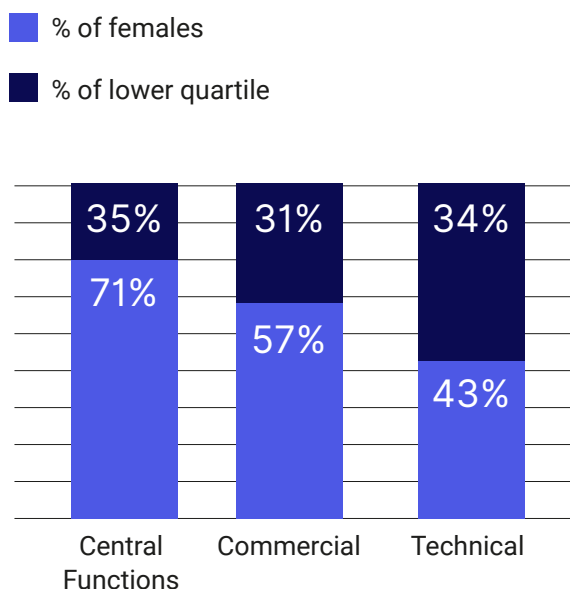


At Faculty, the lower quartile is the only quartile where the gender distribution is skewed towards females (57% women in the lower quartile). However, it is also the quartile with the biggest gender pay gap. This can be attributed to the higher representation of females in central functions roles eg. people, finance, marketing within this quartile. By reviewing this in more detail it helps us to understand more fully what levels of pay present the key imbalances within Faculty.

We are satisfied with our ability to hire women into the lower quartile and when looking at the same set of comparator companies this [does appear to be positive against the market](#). However our % of women drops significantly after the lower quartile.

Additional Information

However in commercial and technical roles, the gender split is more balanced, however these roles pay more than their central function equivalent. The median gap for the lower quartile is significantly larger than the mean. This is quite unusual to see, but in this case is explained by the fact that the female pay in this quartile is skewed to the left by the large proportion of females in central functions roles.



Starting salary
for typical roles within this pay quartile

CENTRAL FUNCTIONS
£30K

COMMERCIAL
£40K

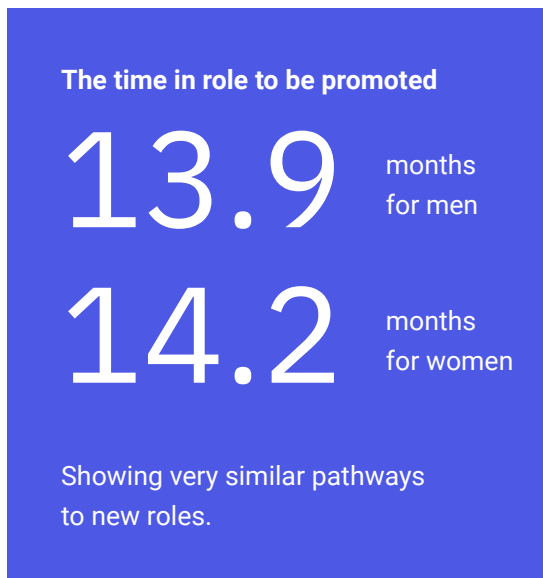
TECHNICAL
£45K

We were requested by our gender pay gap forum to review our % of women in leadership positions - we have showed a number of slices of this data in the table below using roles relevant within this report (ie: not roles based outside of the UK):

We will continue to review this data and track promotions, turnover and hiring rates within these groups moving forward.

| | |
|--------------------------------|----------------------------------|
| BOARD | EXECUTIVE TEAM |
| 20% | 33% |
| LEADERSHIP (DIRECTOR LEVEL) | EXEC - 1 (REPORTEES OF EXECS) |
| 31% | 44% |

IN THE 12 MONTHS LEADING UP TO THE SNAPSHOT DATE WE REVIEWED THE FOLLOWING DATA: OUR RATE OF PROMOTING WOMEN, TIME TO PROMOTE WOMEN, TURNOVER OF WOMEN, AND HIRING RATE OF WOMEN, AND WE FOUND THE FOLLOWING:



This basic data review indicates that there doesn't appear to be a significant issue in our promotions, hiring or turnover. Although of course, as with any data, this creates more questions that we want to ask ourselves and that we will build into our action planning.

Bonus gender split



% females who received a bonus in last 12 months

13.9%



% of males who received a bonus in last 12 months

12.1%

42.9%
Mean bonus pay gap

81.3%
Median bonus pay gap

In Faculty only a small number of our roles are eligible for a traditional bonus plan.

These roles are sales focused and are the following positions, (based on the snapshot date):

- Business Unit Directors
- Business Development Directors
- Customer Directors
- Business Development Managers

Our executive team is **not eligible for a bonus.**

In response to high inflation and energy costs throughout 2022, a **cost of living payment was made to employees earning below £40,000; it was a fixed payment of £1,000. More women received this, because more women are in these positions** (please see information above on gender split by pay quartile).

These payments were small relative to the sales incentive payments made to those in senior

commercial positions, which contributes to the overall bonus pay gap. However, as of the snapshot date, more sales roles were held by men than women (16 vs 6), so this also contributes to a very significant bonus pay gap.

What is also included in this data is other bonuses eg. referral payments (for talent acquisition efforts), relocation allowances, fellowship referral bonus and other similar initiatives.

Closing the gap

In considering our options for closing the gender pay gap we have considered external data for women in STEM (www.stemwomen.com).

We think it is important to think about the ecosystem in which we operate. Stem women state that, lack of women in STEM education impacts the workforce. The current rate of change is insufficient to ensure an inclusive future workforce. [2015 - 25% in STEM education and 27% in 2022].

Gradual increase in women in the overall STEM workforce, but at the current rate of change, we would not see equal representation in STEM until the year 2070.

They also state that computer science and engineering fields show the largest gender imbalances. These sectors are also some of the most financially lucrative, meaning that high paying jobs are predominantly taken up by men. They show engineering at 12% women and IT professionals covering roles similar to those at Faculty at 19% women.

Based on our analysis of the gender pay gap we believe the [main reasons for our gap](#) are as follows:

01

Imbalance in the population of men and women in 3 of our 4 quartiles

02

More women in central functions where the starting salary is lower than technical and commercial roles

Action Planning

Take Aways

As we are able to hire 57% women into our lower quartile then we should review in more detail the paths for our internal talent and our hiring processes into this quartile

Action

Look deeper into our promotion data

Review why there is such a significant drop off in the % of women after quartile 1

If we continue this pattern of hiring/turnover and promotions over the next two years, where do we get to?

Review data of women in leadership positions

Details

Difference in time to promote men/women is 0.3 of a month

Is this significant? Are there any practices/processes we need to do differently?

Are there women or men that have been in roles longer than average? Is there anything we should be doing to support those people?

Our women % drops from 57% to 29% - we need to understand why this is happening and what we can do to correct it

We will model our patterns against our planned headcount growth to see what these patterns deliver in the next 2 years

We have shown very basic data for women in 3 different versions of leadership positions
We will continue to track this across turnover, promotions and hiring

External data is showing us that there is a significant imbalance in occupational segregation (more men in engineering and technical roles than women)

Review the gender pay gap measures across job families

Review our offering for early talent programmes

Review our source of hiring

Review our funnel metrics in TA (talent acquisition) by job level for relevant roles

Demand appropriate top of funnel metrics in TA

Compare the data across job families eg data science, engineering etc... to understand whether there is a specific area we should be focusing on more

We have had internships and work experience people join Faculty previously - we will formalise this offering to drive uptake of the programme

Look at our most effective source of hiring for women - if this is in direct sourcing for eg consider how we can double down on this

Our funnel metrics show whether we are losing women from our talent pipeline whilst hiring and allow us to review our processes in line with this data

In TA we can demand of agencies that we partner with to create the appropriate % of women at the top and next stage of the hiring funnel

Take Aways

Continue our practices to develop our 'Employee Voice'

Action

Formalise how we work with our ERGs (employee resource groups)

Repeat gender pay gap forum on an annual basis

Details

We have a women's network group - working with this group more formally could be useful to our development of these types of initiatives within Faculty

Continue to engage the business in this topic
Utilise our employees to review this information in the most effective way

We have enjoyed the process of reviewing this information - we want this to be actionable and regular to drive change needed in real time

Build some of the data from this report into the people partnering dashboard

We would like our leadership team to have their eyes regularly on this data to spot issues and course correct in real time

The partnering team are the most business facing team so this should be built into their dashboards

Glossary of terms

Relevant employees

All employees employed on your snapshot date, who either:

- have a contract of employment – including employees who are part-time, job-sharing, and on leave
 - are self-employed, where they must perform the work themselves – that is, they are not permitted to subcontract any part of the work or employ their own staff to do it
-

Hourly pay/ Average earnings

Hourly pay is the sum of ordinary pay and any bonus pay (including any pro-rated bonus pay) that was paid in the pay period that includes your snapshot date.

This is calculated using gross figures before deductions made at source (such as tax and employee pension contributions) and after any reductions from gross pay for salary sacrifice.

Full-pay relevant employees

All employees employed on your snapshot date who are either:

- paid their usual full basic pay – including paid leave – or paid for piecework during the pay period in which your snapshot date falls
 - paid less than their usual basic pay or piecework rate, but not because of leave (for example, because they have irregular working hours)
-

Turnover rate

Employee turnover is the percentage of employees that leave an organisation during a given time period.

In this report, it is calculated as the total number of male/female leavers in the given time period (12 months), divided by the average number of male/female employees during the same time period.
