

Gender Pay Gap 2019

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“ We are proud of our efforts to create a culture of inclusion and diversity across the business during 2019, with our colleague-led initiative, Project Synergy, at the heart of these efforts. It is an ambitious programme that will be delivered over a five year period but will create the progressive culture we all want within the business. While the 2019 reporting period does not show the efforts we have been making on reducing the gender pay gap, we are confident that the range of initiatives that we outline within this report shows that positive progress will be made in the years ahead. One important highlight is that the level of female representation among senior colleagues has increased from 17% last year to 37% at time of writing (March 2020). This shows our clear determination to ensure that we have an inclusive and diverse organisation here at ”
Costcutter Supermarkets Group.



Darcy Willson-Rymer
(C.E.O.)

Gender Pay Gap 2019

Over the past year there has been a collective effort, led by management and colleagues, to create an inclusive and truly diverse organisation and we are all proud of the achievements that have been made so far.

At the heart of this work is Project Synergy, a colleague-led initiative that we started last year to create a culture that embraces diversity and inclusion. In January 2019 we carried out a consultative workshop with around 50 colleagues that informed the shape of what has now become our Synergy strategy. From the insight we gathered into the barriers and opportunities of becoming a truly diverse and inclusive organisation, we created a bold 5 year plan which has started with a focus on the power of women, agile working, mental health and inclusion. These were the areas colleagues told us we needed to prioritise in order to make a change.

When it comes to gender equality about pay, we continue to place great emphasis on ensuring all our colleagues are rewarded fairly for the work they do and have equal access to opportunities. This ensures that all our colleagues receive the same pay for the equivalent roles.

In our Support Centre retailer support functions, we use standard salary ranges and ensure that our reward offer is consistent across the business. In our company-owned stores, we operate a simple pay structure which reflects the National Living Wage and National Minimum Wage and therefore offers completely equal pay between men and women.

Through 2019 we have made further gender equality improvements with a six percentage point increase in the level of female representation among senior colleagues which now stands at 23%. Unconscious bias workshops have helped address unintended inclusion issues. Our recruitment approach has also benefited from the introduction of a blind CV approach, allowing managers to select the right candidates without imposing any preconceived ideas or discrimination.

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What's the difference between equal pay and the gender pay gap?

- Equal pay means that men and women in the same employment performing equal work must receive equal pay, as set out in the Equality Act 2010.
- The gender pay gap is a measure of the difference between male and female average earnings across an organisation or the labour market.

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The Gender Pay Gap at Costcutter Supermarkets Group

We remain confident that we have in place a robust reward framework that is annually assessed externally. It ensures we provide a fair and responsible approach to pay that respects all colleagues regardless of their gender, ensuring that we continue to provide equal pay for all colleagues within equivalent roles.

As in previous years, it is important that when looking at the gender pay gap within our business, that we consider the two distinct parts of our operation. Last year the gender pay gap within our Support Centre and retailer supporting field team widened by eight percentage points to 29.10%. The bonus payment scheme that we paid out in April 2019 caused this widening of the gender pay gap as we had a higher proportion in general of bonus eligible males (21.25% men vs. 5.70% women).

Within our company-owned stores, the gender pay gap was broadly the same as 2019 at 3.72% (vs. 2.89% last year) and remains considerably beneath the national average. From a headcount perspective, our store colleagues represent

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53% of our total headcount. 68% of our store colleagues are women, most of whom are paid at the National Minimum Wage or National Living Wage, while 33% of the store managers are female. Consequently, this has a massive impact on our gender pay gap figures when we look at the entire business.

In addition, our business is reliant on a large IT function which represents a fifth of our Support Centre headcount and will almost certainly remain disproportionately imbalanced from a

gender perspective due to the nature of the IT employment market in the north east of England.

However, within our Support Centre, we achieved a six percentage point increase in the level of female representation among senior colleagues. Within the reporting year, female representation at this level increased to 23% and at the time of writing (March 2020) this has since increased further to 37%.

Taking into account the above points, in 2019 our company-wide gender pay gap was 42.52% which was a slight increase on the previous year and continues to remain considerably higher than both the national average and the retail industry average of 17%.

We also recognise that, for a growing number of people, gender doesn't simply refer to male or female. For the purposes of this report, the information has been calculated using the guidance required by the legislation which compares males and females.

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Gender pay gap at Costcutter Supermarket Group



Average Difference

This is the gap between the average hourly pay for all women compared to the average hourly pay for all men in April 2019.



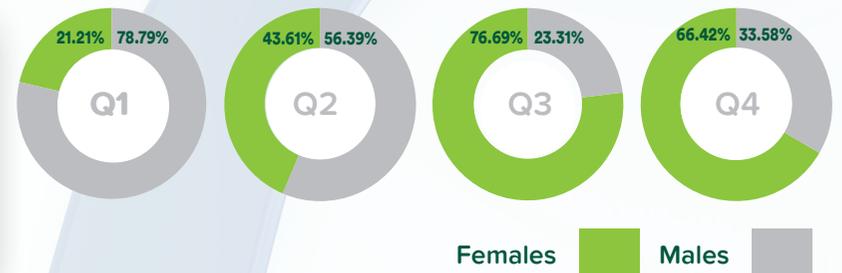
Median Difference

This is the gap between hourly pay and bonus when the values are listed in ascending order.



Proportion of women and men in each pay quartile

The pay quartiles are calculated by ranking the hourly rate of pay for every colleague within the business and dividing this into four equal parts (quartiles). We have significantly more men in the upper quartile and significantly more women in the lower quartile.



Proportion of women and men receiving any bonus payment

This is the proportion of men and women who received a bonus in the 12 months to April 2019, expressed as a percentage of all male or female colleagues.



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Our analysis of the gender pay gap highlighted the following points:

Efforts to find a better balance of male and female senior team members are proving successful with an increase of 6 percentage points to 23% within the reporting period. At the time of writing (March 2020) this has since increased further to 37%.

Store roles are traditionally a female-dominated field as these jobs attract part-time workers and in our company-owned stores, 68% of our colleagues are female. While at a store level our gender pay gap is just 3.72%, the female-dominated nature of employment in our stores continues to contribute significantly to the overall company-wide gender pay gap.

One of the key benefits we provide for our retailers is industry-leading IT systems, designed to make it as easy as possible for our retailers to do business with us. To support this, we have a large IT function representing 19.76% of all Support Centre colleagues. Finding female applicants for IT jobs is challenging making this a significant contributory factor to the overall gender pay gap within the business. However we have increased female representation by 3 percentage points to 12.24% and our blind CV approach encourages no unconscious bias when hiring.

We pride ourselves on the quality and breadth of support we provide our retailers through our field team. This is an area where we also have a very low percentage (6.56%) of female colleagues as, again, it tends to be a male dominated part of the industry making female recruitment challenging. This also contributed to the overall gender pay gap within the business.

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Closing the gap

Project Synergy is our colleague-led initiative that was started last year to create a culture that embraces diversity and inclusion. In January 2019 we carried out a consultative workshop with around 50 colleagues that informed the shape of what has now become our Synergy strategy. From the insight we gathered into the barriers and opportunities of becoming a truly diverse and inclusive organisation, we created a bold 5 year plan which has started with a focus on the power of women, agile working, mental health and inclusion. These were the areas colleagues told us we needed to prioritise in order to make a change.

