



Levelling Up Impact Report

MONEY



**LEVELLING UP
GOALS**





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0. Foreword



Rt Hon Justine Greening
Chair, Purpose Coalition & Former
Education Secretary

There is huge potential for the financial services sector to play a leading role in levelling up and closing the opportunity gap in the UK. As a mass employer with direct reach into those communities and households across the country that would benefit most from a fairer Britain, it has a dual role – to provide job opportunities based on talent and effort, rather than connections and background, and to deliver a wider positive social impact to the communities it serves.

Those ambitions are more important than ever as we recover from COVID-19 at the same time as facing an ever-escalating cost of living crisis. Many companies are responding with purpose, providing creative and innovative solutions, much as they did during the pandemic, to drive transformation internally and externally.

Virgin Money refers to its purpose as the ‘red thread’ that runs through everything, from governance and recruitment to customer support and the design of financial products. It is one of a growing number of corporations to recognise that attempting to isolate purpose in a single department or bolt-on function misunderstands its potency in improving business performance as well as in having a wider impact.

Much of the sector’s potential is being realised through the opening up of opportunities beyond those traditionally only found in the City of London. Virgin Money’s collaborative and comprehensive approach to new ways of working, particularly flexible working, focuses on developing the talent – wherever it is found – that will drive the future of the business. It aims to enable colleagues to live their best lives while serving customers and communities more effectively. It can be a tool to promote physical and mental wellbeing, support families and carers, reconnect people with their local community, offer greater choice on geographical location and have a positive impact on inclusion.

Crucially, that also extends to financial inclusion – those who are financially excluded are also excluded from opportunity. Recent years have seen a much-needed shift away from a financial services landscape stacked with challenges to gaining either savings or credit. Simple and more transparent products that support more vulnerable customers and eliminate the poverty premium, a contribution to financial education and literacy and impact investment can all be key elements of financial services’ ever-closer alignment to purpose.

Defining, measuring and implementing purpose can be a challenge for any employer. That’s why the Levelling Up Goals are designed to provide a framework around which they can build and measure a purposeful approach that is aligned to areas where change is needed most.

This report highlights how an organisation in an ultra-competitive, highly regulated sector has made fundamental changes to fully embrace purpose within the context of the Levelling Up Goals. In doing so, colleagues, customers, stakeholders and the communities it serves are all reaping rewards – and a significant contribution is being made to shaping and delivering the levelling up agenda.



James Peirson
General Counsel and Purpose
Officer of Virgin Money

At Virgin Money, our Purpose is 'Making you happier about money'. This articulates why we exist, what problems we are here to solve, and who we want to be to each person we touch through the work we do.

It is the North Star that guides our strategy. We strive to put it at the heart of everything we do as a business and as an employer.

We know that living our Purpose authentically should challenge us to go further and be better in every aspect of our work and since the coming together of the Yorkshire Bank, Clydesdale Bank and Virgin Money brands in 2018 we have worked hard to embed our unifying purpose.

Over the last four years our work to embed our Purpose has been supported by a strong internal colleague-led structure that ensures the business stays focussed on it at all levels.

But the proof will always be in the actions that we take.

We are immensely proud of our purpose-led customer propositions, such as our leading basic bank account, and our purpose-led colleague proposition – A Life More Virgin, which is focussed on enabling colleagues to live their best lives, by having flexibility over how, when and where they work.

We want to be even bolder and it has been a privilege to work with the Purpose Coalition to both celebrate the progress we have made to date and look to what more we can do in the future. The actions recommended in this report have given us a brilliant starting point for the next phase of our purpose journey, which we believe will help us to deliver even more purposeful outcomes for our customers, colleagues and the communities we serve.



It is the North Star that guides our strategy. We strive to put it at the heart of everything we do as a business and as an employer."



1.0 Introduction

Virgin Money is a full-service, digital-first bank with 6.5 million customers across the UK.

It is also a major contributor to levelling up, leading the way in a sector in which social mobility has traditionally been hindered by elitism and the disproportionate loading of the best opportunities in London.

As well as delivering purpose internally, via a pioneering approach to flexible working which enables a UK-wide spread of opportunity, it is also removing the barriers which prevent individuals from taking control of their money.

Sound personal and household finances provide the foundations to get on in life and level up from difficult circumstances.

For too long in the financial services landscape, however, getting into debt was significantly easier and faster than setting money aside, while many products were needlessly complex to access.

Virgin Money is helping to address these challenges and make financial stability more reachable to many more customers. One of the key ways the bank has done this is through its M Account, a basic bank account that has tools to help customers manage their money.

While purpose was not a new concept to Virgin Money, the coming together of the Yorkshire Bank, Clydesdale Bank and Virgin Money brands in 2018 highlighted the need for a unifying purpose for the new brand that colleagues and customers could rally behind.

Colleague perspective

 We were newly independent and needed to come up with our 'why', our purpose, 'how', in terms of the values and behaviours we wanted to bring to the table, and the 'what', in terms of our strategy. We began looking around, not just in the UK and financial services, but much more broadly on best practices for companies that have gone further in embedding purpose in everything they do and not just using it as a tagline. We thought about how it could guide decision-making and be used as a north star to guide strategy. From a colleague's point of view, we also thought about how it could connect people better."

The company's aim was to pioneer a new path towards purpose that was unprecedented in the financial services sector, but which had proven successful and hugely impactful within the Virgin name's wider corporate family. Indeed, when Virgin Money was acquired by CYBG plc in 2018, embedding purpose into the business was a key term of the deal.

In setting out to formulate a mission that would drive meaningful change among colleagues, customers and communities, it focussed on the link between an individual's relationship with money – and their access to opportunities.

 We thought less about the process and the financial services bit and more about people's relationship with money – how they felt about it and reflecting the fact that money is at the heart of the things that can be going well or not so well in an individual's life."

After involving a quarter of the colleague population in its creation, much internal debate and discussion, the company's purpose was ultimately articulated as:

"Making you happier about money."

This statement of purpose, linked to its values, reflects a desire to impact positively upon colleagues, customers and wider society – now and into the future.

"About money" is significant in that it makes a clear distinction from banking, with the aim of encouraging people to care more about their money and what it can do for them, including accessing opportunities.

 We focussed on each word deeply. 'Making' was designed to be action-led, the 'you' was very deliberately about anybody other than us so that we could work in different contexts with different stakeholders. 'Happier' because it is quite hard to make everybody happy all the time, but we can always leave people in a better position through our interactions and think about the emotional impact we have."

Overall, the company's aim is to provide a "consistently world-class experience for customers", regardless of which products they use.

It does this through leading technology platforms, telephone banking and a national network of stores and business banking hubs. Whether accessed via its stores, telephone support lines or digital platforms, Virgin Money are striving to ensure services are designed to be inclusive to all and, crucially, are underpinned by Making you happier about money.

While Virgin Money contributes across the spectrum of Levelling Up Goals, this report focuses on three areas in which it excels. They are Goal 7, widening access to savings and credit, Goal 8, good health and wellbeing and Goal 14, achieving equality through diversity and inclusion.

 We have had a lot of success in becoming more purposeful and are moving in the right direction. But we acknowledge that this is a journey, as we've found talking to other businesses who are ahead of us on this path. Any cultural or other big transformation takes a long time to work through, but we have the structure set up well to succeed."

1.2 The Journey to the Levelling Up Goals

In 2015, as Secretary of State for International Development, Justine Greening led the UK delegation to the United Nations (UN). Along with 184 international partners, she helped to establish the UN's Sustainable Development Goals (SDGs). In 2017, the SDGs were made more 'actionable' by a UN resolution adopted by the General Assembly which identified specific targets for each goal, along with indicators used to measure progress towards each target. These 17 interlinked, global goals were designed to be 'a blueprint to achieve a better and more sustainable future for all'. They marked a shift from the previously established Millennium Development Goals (MDGs), following the Millennium Summit of the United Nations in 2000. In contrast to the MDGs, the SDGs were nationally-owned, country-led and targeted wealthy, developed nations as well as developing countries.

The SDGs emphasised the interdependent environment, social and economic aspects of development by centralising the role of sustainability. As Secretary of State, Justine recognised how useful a common set of accessible but ambitious objectives could be in galvanising action to effect change. Since then, the COVID-19 pandemic has only exacerbated many of the problems relating to social inequality in the UK.

The recovery is a chance for the United Kingdom to address these issues and level up but that requires updated and specific goals in order to outline, inspire and measure progress. The Purpose Coalition, a group of policymakers, businesses, universities and other organisations, aims to improve social mobility in the UK and has responded to this challenge with the launch of its own Levelling Up Goals in February 2021.



If Britain is to achieve levelling up, I believe that we need a galvanising set of goals that can unite Parliament, business, communities, and civil society to work in partnership for the common good of our country.

Rt Hon Justine Greening

Chair, Purpose Coalition & Former Education Secretary



These new Goals build on the foundations laid by the UN's SDGs by outlining 14 clear Goals and draw on expertise provided by academia and business which has been applied to the unique challenges facing the UK in levelling up. They focus on key life stages and highlight the main issues that need to be resolved to create a level playing field for all in this country. The Levelling Up Goals are intended to guide how the urgent ambition to level up the UK can actually be achieved. The impact of the work carried out to do this can, and should, be measurable.

Sub-goals with quantifiable targets and measurements against which progress can be charted within the 14 Goals are being developed by the Purpose Coalition in partnership with Purpose Coalition universities and organisations. This will create a more transparent and measurable framework with which to monitor and subsequently address problems of social mobility and inequality. The Levelling Up Goals are designed to look at the outcomes of CSR strategies and measures that organisations operate. Many organisations are doing outstanding work and making important contributions to society but are still measuring this via inputs – a measure that focuses on pounds, shillings and pence rather than real impact to human lives.

Crucially, these Goals are a shared framework. Justine and the wider Purpose Coalition believe that with a common understanding and objectives, there can be action that drives change on the ground. Distinct entities, including universities, businesses, policy-makers, communities and NGOs, can work together, with the shared Goals being a uniting and motivating foundation for progress. As the problems which cause social inequality in the UK are interlinked, it seems that the response to these problems must also be collaborative.

The Purpose Coalition has encouraged businesses and universities to share their own best practice with other organisations so they are not only demonstrating their own commitment but creating a shift towards purpose-led organisations. The Goals can encourage an extension of this cooperative exchange of information which can be used to help level up Britain.

2. Virgin Money's activities mapped against the Levelling Up Goals



Does the organisation help widen access to responsible credit and close the savings gap?

2.1.1 Supporting levelling up through product design and delivery

Virgin Money's contribution to widening access to savings and credit is aligned to its overarching goal of: "Making you happier about money."

Out of its ongoing work towards becoming more purposeful has emerged a new approach to basic banking.

This is the product of a comprehensive rethink on what features customers, including those most likely to feel excluded from financial services, really want and need.

Rather than delivering the minimum required by law, it has invested substantial resources into developing a fully functional product which will support its more vulnerable customers, increasing their financial confidence and literacy in the process.

Colleague perspective:

 Purpose is really important as it is what guides us. When we were designing our products we wanted to create a personal deposit strategy that really focussed on the customer experiences we want to offer."

The M Account has been designed for three customer groups that are set out in the Treasury's minimum standards:

- Those in debt and trying to put in place repayment plans with their creditors
- People with poor or no credit history, for example younger customers
- Customers identified as being potentially vulnerable.

It contributes to Goal 7 in numerous ways, including:

- Helping people with money troubles
- Removal of stigma, matching every feature of a standard account except overdrafts and failed payment fees
- Encouraging saving via easy and fast access to a 'linked savings' account
- Providing face-to-face, in-store support for customers who prefer it – removing the potential barrier of digital illiteracy or lack of confidence
- Helping financial wellbeing through the provision of a series of money management tools to help with financial wellbeing
- Making accounts accessible via biometrics, helping those who struggle to remember passwords
- Alerts and tracking to ensure overspending is avoided and saving is encouraged.

 The word ‘basic’ in basic bank accounts is quite unfortunate in that it suggests no frills. For those customers who don’t just want an account that does the basics, the M Account was designed to include a range of money management tools all wrapped up in a digital mobile banking app and experience, and include a saver account that provides customers with a really easy and accessible method of helping them to save while earning interest in their savings balances. Customers also have flexibility in how they manage their account. Having no overdrafts or fees is all about better managing the money customers do have.”

The creation of the M Account has been aided by Virgin Money’s ability to adapt products, services and approaches towards purpose more nimbly, and responsively, than larger providers.

At the same time, as a scale-challenger bank, it is able to drive purpose on a greater scale than smaller ‘neo’ or fintech banks; especially via its position among the other experiential, customer-focussed businesses in the Virgin group, which collectively have 17 million customers.

Through its ongoing focus on widening access to savings and credit, it recognised that its range of personal current accounts was somewhat disparate.

The M Account came out of this work, providing a vehicle for simple and slick access to financial services for customers that otherwise may face challenges in taking control of their savings and credit.

Key to maximising the M Account’s impact in opening up access to savings is the level of support provided to colleagues so they understand how their role supports financial inclusion and understand the FCA’s guidance on the drivers of vulnerability – health, life events, resilience and capability.

Customer literature supporting the M Account, meanwhile, is designed to be inclusive, understandable and transparent. Its terms are reviewed and approved by the Fairer Finance initiative.

As per HM Treasury’s standards, the account is designed to be accessible to all. It can be applied for directly in-store and via contact centres. It is also



available online as an option to anyone that may not be eligible for a standard current account.

In-store and phone applications may be particularly attractive to customers with low financial literacy or confidence in money management. These are vulnerabilities that cannot be seen by standard credit history or identification checks online. These customers may prefer to talk to someone to understand the help and support available to them and which product is right for their needs.

Crucially, Virgin Money does not differentiate between customers on the M Account and those on other accounts, in terms of limitations on functionality. Only the omission of an overdraft and fees distinguishes it from other accounts.

The account is accessible, innovative and inclusive – and is therefore a vehicle towards a more stable personal finance situation, enabling wider access to savings and credit.

2.1.2 Tackling the poverty premium

An estimated 14 million people in Britain – around a fifth of the population – pay a poverty premium.

Colleague perspective:



"The poverty premium is the extra cost that low income households pay when purchasing the same essential goods and services as other households. However, the drivers of the Poverty Premium go beyond simple spending categories, it could include retraining – research shows that those who can least afford to retrain are those who could benefit most from having better skilled jobs. Also, transport, in being able to access jobs, and childcare, to be able to get out of the house for longer, are other cost barriers that prevent people from working out of poverty."

Research cited by Virgin Money, carried out by the University of Bristol, suggests that the premium levies impact households with an average of £478 in excess costs each year. For one in 10, these costs can rise up to £780.

The research identifies seven categories of premiums:

- Use of prepayment meters
- Non-standard billing methods
- Not switching to best fuel tariff
- Area based premiums
- Insurance for individual terms
- Access to money
- Higher cost credit

Virgin Money is aiming to eliminate Poverty Premiums affecting its own customer base and is also working to proactively tackle them in wider society.

By 2025 it aims for half of all impacted customers to have been identified and offered solutions.

By 2030 its aspiration is for no Virgin Money customer to be paying a Poverty Premium.

The four main groupings of premiums it is targeting are:

- Energy
- Insurance
- Access to money
- Access to credit.

Its approach is based on three key principles:

- Evidence driven
- Inclusive design
- Cross sector collaboration.

Over the next five years, it aims to measure the levels of premium exposure on its customer book. Then, with partners, it will start to implement solutions to help customers avoid energy, credit and payment-related premiums.

It will also publish its findings on drivers, solutions and positive outcomes for customers, companies and wider society.

Virgin Money has two core work streams focussed on addressing this.

It's first involves educating people on the support they are entitled to, to maximise their incomes. It's estimated that there is £15.5bn in unclaimed benefits in the UK, impacting 7.3 million families.

That's why Virgin Money embedded Turn2Us's benefits calculator on the bank's website which helps people assess what they are entitled to and how to claim. Turn2Us estimate that people who use this calculator are entitled to an average of £5,000 in benefits each year.

The calculator is signposted from 16 different points on the bank's website and Virgin Money have been running targeted social media campaigns to draw attention to it. So far over 1,000 people have completed the assessment.

These initial campaigns have focussed on pensions credit – a means tested benefit worth an average of £1600 a year. In collaboration with Independent Age and Age UK the bank produced a series of animated "myth buster" creatives to drive attention to this important issue and encourage customers to utilise the calculator.

The second area of focus for the bank is helping impacted consumers access the services they need at a lower cost with the bank's initial focus on energy bills.



Virgin Money is collaborating with other parties from both the business and third sector on its Poverty Premium work too. It has committed to data collaboration and collective campaigning on issues that will reduce the impact of the Poverty Premium.

Energy Poverty Premiums arise for numerous reasons, including a lack of awareness that paying bills on a debit card means missing out on the discount given for direct debit payments.

However, operational efficiencies around a monthly billing and Direct Debit cycle have created tariff inequalities – people on a lumpy income cannot access best value if they cannot reliably pay on a specific monthly date, or indeed, pass a credit check. This can result in difficult financial choices for people on a tight budget.

Virgin Money envisages four types of action in eliminating energy premiums:

- Driving down costs
- Helping customers reduce consumption
- Increasing access to cheaper tariffs
- Increasing household income.

However, Virgin Money, recognises that it will not be successful if it acts in isolation and is working with a range of businesses and third sector parties committed to using data collaboration and collective campaigning to tackle this issue. This includes plans to contribute to a national poverty premium measure being developed by the Smart Data Foundry, (previously known as the Global Open Finance Centre of Excellence), which aims to increase the evidence of the impact that the Poverty Premium is having on the UK population.



Does the organisation improve mental and physical health at all ages to boost overall well-being to allow people to fulfil their potential?

2.2.1 Driving good health and wellbeing from within

Colleague perspective:

 We focus on keeping colleagues well and encourage them to reflect on their health and wellbeing as well as having the right support at the right time available when something does go wrong. We view these experiences as complimentary business and personal issues that we need to support colleagues through. We don't think of wellbeing as a sticking plaster, but rather it is woven through everything, including job design and policies, and we are constantly reviewing things to make sure we are offering the right support at the right time."

Virgin Money's wellbeing strategy is underpinned by a desire to empower colleagues to:

- Be well – encouraging colleagues to continue to look after their health and wellbeing with different initiatives throughout the year
- Keep well – signposting colleagues to support provided by VM such as the Employee Assistance Programme service
- Get well – providing the support and guidance to colleagues in their recovery process e.g. providing reasonable adjustments

The four pillars of the strategy are:

- Mind – looking after your mental wellbeing
- Body – considering how you look after your physical health when working flexibly
- Social connection – understanding that work is not the only part of life, and achieving balance between commitments and taking time to relax, pursue interests and fulfil responsibilities
- Finance – an understanding that money worries can significantly impact mental health and wellbeing. Supporting colleagues to be financially stable and confident.

Wellbeing has been part of Virgin Money's performance management approach since 2015. During the pandemic, however, its work in this area has evolved in response to shifting working practices and attitudes; and openness towards talking about health and wellbeing issues.

Virgin Money's contribution to driving good health and wellbeing is, in part, based on an understanding that good relationships between colleagues are key to a good health and wellbeing strategy.

Through resources and People Leaders, colleagues who may be struggling with a particular health or wellbeing issue are encouraged to share their problems with other colleagues. Good relationships also foster teams which are vigilant and proactive in identifying colleagues who may be struggling.

Virgin Money considers wellbeing as a fuel for performance, rather than being an entirely separate issue which has no bearing on organisational success. Colleagues are encouraged to be their best with the company and to be proactive about maintaining their own health and wellbeing. Health and wellbeing within the business is everyone's responsibility.

The business has a number of measures in place to support physical health and wellbeing of colleagues. This includes Virgin Pulse, a holistic health and wellbeing app that helps colleagues to proactively manage their wellbeing while creating social circles and the opportunity to independently challenge colleagues to manage their own wellbeing. It has the capacity to learn user habits and choices and enables quizzes, information sharing and tools to better manage personal health.

The latest user data shows that the health assessment which forms part of the app has a 72 per cent completion rate among Virgin Money colleagues.

Other physical health related initiatives for colleagues include:

- Gym discounts, with up to 40 per cent of monthly memberships at certain provider gyms
- Weight Watchers membership discounts
- Health at Hand, an app which enables Virgin Money colleagues to access pharmacists, midwives and nurses to discuss concerns, diagnosis and treatment, and to help reduce stress and anxiety
- Colleagues who are part of the company's private medical insurance scheme also have access to a private online GP service.

Supporting the financial wellbeing of colleagues is also an integral part of its overall health and wellbeing approach.

Virgin Money recognises that personal financial problems are particularly stigmatised in the financial services sector, given that many colleagues are in roles where their remit is to help others manage their money.

Finance-related colleagues support mechanisms include:

- A financial care team – a dedicated colleague helpline where confidential advice and guidance is provided
- Partnering with the Bank Workers Charity, which helps current and former bank workers and their families by providing information, advice and support services
- The Employee Assistance Programme, which includes a life management service that gives practical, impartial support on home and family issues including financial matters
- Virgin Money Minded, a resource designed to help answer the most common questions colleagues may have about all aspects of dealing with money.

Virgin Money encourages a culture in which people feel they belong and are connected to their co-workers. Via a wellbeing hub, colleagues can access a range of activities and initiatives which support their mental wellbeing and social connectivity with colleagues.

Its full schedule of monthly events ranges from practical advice on areas such as will writing, to sessions on yoga, choir singing – and serious issues such as grief awareness and dealing with anxiety.

Its 'Health Matters' Teams channel enables colleagues from across the company's offices and departments to share discussions on topics that matter to them, helping them to share problems and access support in overcoming challenges in their lives.

In November 2020, there were 1,486 members of the channel. By March 2022, this had risen to 3,061.

Other such initiatives include developing the concept of 'neighbourhoods'. Virgin Money is working on developing virtual neighbourhoods which would enable colleagues to find each other in their locality and widen their network within the Virgin Money family. This is in line with the company's belief that keeping colleagues connected is critical in the long term 'new normal' that is emerging out of the pandemic.

Also, the company has developed 'corners' – enabling colleagues to share personal hobbies and passions with like-minded co-workers.

Virgin's Employee Assistance Programme supports colleagues, including leaders, in helping colleagues overcome difficulties in their lives.

Also, 'Be Supported' is designed to help colleagues in their home and work life. The life management service gives practical, impartial support on home and family issues, and financial and legal matters such as dealing with debt, buying a house and consumer rights.

Virgin Money colleagues are also signposted to Kooth, which provides online counselling and wellbeing support services to young people aged 11 to 18 who are the dependents of current or former bank workers. The service is free, and anonymous, with 24-hour access to one-to-one chat sessions with qualified counsellors.



The pandemic has actually helped to shift mindsets towards being less reluctant to seek help for mental health challenges. People are feeling that they are in more of an even playing field and are more willing to talk about and share their experiences."

Colleagues experiencing challenges relating to mental health are also signposted to access online counselling support, which enables users to chat in real-time to an expert rather than speaking over the phone.

Furthermore, the Early Intervention Initiative, provided through Virgin Money's group income protection insurers, can also help with mental health issues. Whether currently at work or absent, a referral submitted by the HR team can give colleagues members an initial assessment to see which support is available to them.

Virgin Money colleagues also receive extra support via signposting to the National Bereavement Service – which helps people deal with practical issues when a loved one passes away.

Efforts to raise awareness of, and provide support around, other issues such as domestic violence and suicide, are also part of Virgin Money's health and wellbeing strategy.

2.2.2 Flexible working and levelling up

Flexible working came to the fore during the pandemic as employers moved to adjust to new limitations and help colleagues strike a work / life balance while remote working.

At Virgin Money, however, flexibility is considered far more significant than a mere convenience for colleagues in certain roles, or a short-term fix in unprecedented times. It is recognised as critical to ensuring its opportunities are accessible to all, and in removing the barriers to social mobility in the long term.

COVID-19 may well have accelerated the evolution of Virgin Money's flexible approach, but what has been developed and embedded since the start of the crisis is a fundamental shift from the norm in financial services; a change which is making well-paid and rewarding roles attainable for a much greater pool of talent.

Flexibility has been taken beyond colleagues handbooks and policy documents. Instead, the company has created a company-wide movement which has galvanised existing and would-be colleagues in the possibilities of a career at Virgin, built on an entirely flexible approach.

'A Life More Virgin' is a purpose-led approach to flexible working. This means that much of the development of this was focussed on what colleagues needed to be happier in their work, particularly in terms of where, when and how they work. This resulted in a large proportion of its workforce shifting away from full-time, nine-to-five office-based roles.

Instead, colleagues have the freedom to work remotely using offices or stores as hubs for collaboration and innovation when needed.

Importantly, the company is not enforcing a one-size-fits-all approach, with every colleague being consulted on the working pattern and team rhythm that best serves their personal needs as well as those of customers.

Like most businesses, Virgin Money had to transform how it operated during the pandemic to enable colleagues to work from home.

This, in turn, enabled it to reset its approach to ways of working and work/life balance.

As part of this process, it invited all colleagues and over 3000 members of the public to take part in a 'future of work' survey to help shape its vision.

The survey aimed to assess the good and bad of flexibility in the workplace to better design an approach which worked for everyone.

Findings included:

- 62 per cent of Virgin Money colleagues believe flexibility will improve mental wellbeing
- 64 per cent believe it will improve physical wellbeing
- 73 per cent believe it will improve their general happiness.

Also, flexibility was found to better support people with carer responsibilities, by helping them to juggle the competing demands of family and career. Of the carers questioned in the study, 71 per cent said they found it stressful managing childcare/care for dependents when working full-time in the company workplace.

The vast majority said 'flexitime', hybrid or remote working would be beneficial to their work/life balance.

Furthermore, flexibility helps to build a more inclusive workforce.

As well as carers struggling to manage competing demands of work and family care, the research showed that people with a physical or learning disability believe greater flexibility will help them to thrive. Of those with learning disabilities questioned, 59 per cent said greater flexibility would be a good opportunity for their careers. Two thirds of respondents with physical disabilities agreed.

Greater flexibility, which may well have been enforced on most employers during the pandemic, also helps to strengthen the connection people feel with their community.

Around half of the external respondents to Virgin Money's research, and almost three quarters of Virgin Money colleagues questioned, said greater levels of remote working would be good for their local community. This was felt particularly strongly in Scotland (72 per cent), the North-East of England (65 per cent) and Yorkshire and the Humber (59 per cent).



At the same time, however, it was noted that not everyone believes flexible working suits their health and wellbeing or career progress.

One in five respondents felt their ability to juggle competing demands of work and home had worsened as a result of COVID-19 and working from home.

This negative sentiment was particularly prominent among 16 to 24-year-olds, with nearly half believing their mental wellbeing had deteriorated, and nearly a third saying their work/life balance had worsened since March 2020.

The research also showed that young people may need to be convinced that flexible working will not harm their career opportunities.

One in four 16 to 24-year-olds, for example, said they were worried about the quality of training they would receive if the world of work changed to flexible working.

In shaping its approach to flexible working, Virgin Money recognised that it needed a solution which suited everyone – including those who believed remote working would negatively affect life progress.

Additional measures to support this new model include giving colleagues more time to focus on their wellbeing. In addition to 30 days holiday per year plus bank holidays, and the option of purchasing extra leave, colleagues now received five ‘wellbeing days’ each year to help them switch off and recharge.

The language used around these days is significant, with colleagues reminded that these days should be dedicated to personal wellbeing, rather than simply being an additional number on annual leave packages.

Virgin Money has also invested in new wellbeing tools, including the aforementioned Virgin Pulse app. Their overall aim is to inform and educate colleagues on positive changes they can make to enhance their wellbeing.

The company also took the decision to make gender neutral family leave a day-one right (see more in section 2.3). This recognises that flexibility can have a positive impact on carers and improve career prospects for women. Now expectant mothers, fathers and those looking to adopt will have access to the same amount of family leave as each other.



Is the organisation working to create a level playing field on opportunity for all, to fully unleash Britain’s potential for the first time?

Contribution to this goal is delivered by a company-wide, department agnostic effort to remove any blockages to inclusion.

This is evidenced through the careful development of products that unpick any potential barriers to access. It can also be seen through its sector-leading employment strategy that individualises the concept of flexible working to truly make life at Virgin suit the needs of each colleague. This approach does not discriminate between new and longer serving colleagues, with day-one rights a common theme.

The company’s approach to equality, diversity and inclusion (EDI) comes from a recognition that not everyone has access to the same opportunities, and not everyone commences their careers from the same starting point.

Colleague perspective:

 We start with our Purpose ‘making you happier about money’ and the ‘you’ is probably the most critical bit in there. ‘You’ is everyone and we recognise that not everyone starts in the same place and that there is inequity for lots of different reasons. We try to go after the systemic barriers to different groups. For example, having gender neutral parental leave and making it a day one right is key. When you look at career trajectories for women, if there is a possibility of becoming pregnant in the not-too-distant future, they may hold back on moving to a better job at a different company without that day-one approach.”

An important feature of its EDI strategy is the provision of key support mechanisms, such as gender-neutral parental leave and statutory sick pay, as day-one rights.

The company takes a systematic approach to diversity

and inclusion, and seeks to factor in individual needs in creating a work environment that supports the progress of people from all backgrounds.

It aims to make meaningful positive differences to people potentially facing unfair disadvantages in their lives, rather than taking symbolic actions.

In developing a diverse and inclusive workforce, one challenge faced by the organisation stems from the geographic context of the firm.

Having historically been heavily based in the West of Scotland and North East of England, its catchment of potential colleagues largely covered regions which have traditionally not been as diverse as other parts of the country.

As a result, the company has moved proactively to improve the diversity of its team, recognising the performance benefits of diversity of ideas and decisions, while also respecting the communities and regions that have been integral to its success since inception.

Following the pandemic, this effort has been eased in part, given that remote opportunities are accessible anywhere in the country.

 We saw lots of other companies doing hybrid models with office and home working, and four-day weeks and so on, and they worked great for some people. They could, however, be inflexible for those that can’t work eight hours in one shift. We’ve tried to create as much freedom for people as possible, focussing specifically on the full spectrum of life and career stages. If you’re young, for example, meeting people at work may be high on your agenda. If you have family, you need more flexibility. You may need to attend Friday prayers if you are religious. We have tried to really look into people’s individual needs.”

Furthermore, although remote and hybrid working have made team cohesion and unity challenging, they have

also helped to foster a greater sense of inclusion and community among staff; with extra measures in place to encourage social interactivity and colleagues recognising the need to help each other through adversity.

In the new post-pandemic normality which continues to take shape, remote and hybrid working are being utilised by Virgin Money to provide opportunities which are tailored to the individual needs of colleagues and would-be colleagues.

For example, some colleagues need the routine of leaving the house and working in a store, or office, to perform at their best and to be their happiest in work.

Others, including those with carer responsibilities, have been able to access opportunities which they perhaps would not have been able to in the past, with the removal of commuting time and expenses.

Some of the challenges in achieving this balance, for example, include ensuring junior members of staff are able to access the vital networking opportunities, and social occasions, that form part of a fulfilling and continually progressing career.

 Because of the way we've been working as a result of the pandemic, location and geography no longer matter. This means we can have more diversity than ever."

Another important facet of Virgin Money's EDI approach is collaboration with organisations that have the expertise and networks to amplify the impact of its work.

Virgin Money prides itself on championing all colleagues to empower them to be their true selves. To promote this, they have six Inclusion Networks for Gender, Age, Disability, Ethnicity, Veterans and Sexual Orientation that provide a platform for colleagues to meet and support one another by building communities and sense of belonging. Crucially, these colleague networks are supported and promoted by the Leadership Team, which in turn drives diverse decision making throughout the bank.

The use of external speakers and experts have also added value, examples include King's Talk Live, a podcast which provides black men with a safe environment to share, learn and grow. Its partnership with Virgin Money aimed to tackle and provide solutions to challenges people from diverse backgrounds face in the corporate world.

Virgin Money also works with Black Professionals Scotland, which exists to empower black professionals with skills and information to be the best they can within their chosen careers.

Focus on health and wellbeing, as referenced in section 2.2, is also a vital contributor to diversity and inclusion. Wellbeing days, for example, enable colleagues to make time to relax, unwind and address personal challenges.

Another characteristic of Virgin Money's EDI approach is a commitment to transparent reporting of targets and performance.

The company sets targets on short, medium and long-term timescales, examples of which are shown below.

	2023 targets	2025 targets	2030 targets
Gender	45 – 55 per cent senior gender diversity	45 – 55 per cent senior gender diversity	45 – 55 per cent at top pay quartile
Ethnicity	14 per cent of senior colleagues	10 per cent group wide	14 per cent at top pay quartile
LGBTQ+	-	4 per cent group wide	5 per cent at top pay quartile
Disability	-	8 per cent group wide	10 per cent at top pay quartile

In better understanding the individual needs of its workforce, to create the most inclusive working environment possible, considerations include:

- The role requirement, for example whether the individual must work in a physical location such as a store
- The team rhythms – what patterns are required for the team to operate at its best?
- The life/career stage of the individual, including the many factors which may affect the level of flexibility they require in their role
- The individual's personal preference on where, when and how they work.

Borne out of these considerations was the 'A Life More Virgin' programme, which aims to disrupt conventional thinking on the future of work (also referenced in section 2.2).

At its heart is a new deal grounded in their Purpose offering flexibility and fairness, enabled by a "digital-first mindset and supported by our technology partners to deliver a more flexible remote working model".

As well as the aforementioned introduction of equal, flexible family leave for all, and 5 wellbeing days, the programme also features a location-agnostic approach to career progression enabled by remote working. As a result, it enables Virgin Money to have a competitive advantage in terms of talent retention and the recruitment of a diverse resource pool.

In recruiting diverse talent, Virgin Money has introduced new ways of working to provide greater flexibility, not just in terms of location, but also working patterns.

Updated recruitment processes include refreshing its preferred recruitment suppliers, a commitment to diverse long and short lists and enhanced data capture to support continuous improvement.

Recruitment processes have also been redesigned to better support applicants with a disability.

The company also hosts external events including a disability-confident event which emphasises the importance of inclusivity.

The company also launched a career sponsorship programme supporting 23 ethnic minority staff colleagues in its most recent annual reporting period. A similar programme has been launched recently for those with a disability/ long-term health condition.

They were provided with the support needed to build capabilities and accelerate their careers. They were also matched with a sponsor to help them progress. Sponsors also benefit from a reverse mentoring relationship with their sponsees, helping them to understand the challenges experienced by ethnic minority colleagues.

Virgin Money is also a signatory of the Women in Finance Charter. This is a commitment by HM Treasury and signatory firms to work together to build a more balanced and fair industry. The charter:

- Commits firms to supporting the progression of women into senior roles in the financial services sector, focussing on the executive pipeline and the mid-tier level
- Recognises the diversity of the sector and that firms have different starting points
- Requires firms to publicly report on progress to deliver against their internal targets to support the transparency and accountability needed to drive change.
- Virgin Money's latest annual report shows that its gender pay gap reduced to 29.7 per cent from 30.6 per cent the previous year. Its plan to further close this gap and improve its gender balance covers:
 - Insight: Driving accountability using insights to understand the make-up of its workforce – and engaging with networks to share ideas and experiences and break down barriers
 - People: Enhancing inclusive recruitment practices, supporting dedicated 'colleague networks', enabling colleagues through technology and continuing its return-to-work programme that supports women returners
 - Leaders: Ensuring leaders are equipped to support a diverse and flexible workforce and promoting role modelling of a flexible working culture
 - Role in society: Continuing with its commitment to build relationships with local communities through its Make £5 Grow and STEM schools programmes.

2.4 Set up to succeed in delivering purpose

The internal structures and protocols which enable Virgin Money to maximise its contribution to levelling up.

To embed Virgin Money's purpose, a comprehensive framework is in place which enables progress and change throughout the organisation at all levels, from positively influencing the lives of individual colleagues and customers to shaping big, organisation-wide decisions.

Firstly, there is a Purpose Council, which identifies areas of focus and accelerates progress across all business areas.

The company also benefits from the 'ADKAR' purpose measurement, which has been built into its annual colleagues engagement survey and is included when group and business unit scorecards are issued; enabling a score for purpose and agreed levels of improvement.

It also has a Purpose Squad, which leads on planning and action. It works systematically through all business units and on specific enterprise initiatives.

Within business units, there are Purpose Forums, covering discussions, agreed actions and "deep diving" into detail on areas where improvements on purpose can be made.

There is also a 'Turn Up Your Purpose' initiative, led by the Purpose Squad, and a toolkit to allow business units to take targeted actions on their ADKAR scores.

Turn Up Your Purpose is built around five "levers" that can be "pulled in business units" to increase purposeful outcomes.

They span communications, connectivity, customer centricity, great leadership and "the red thread" – the notion that purpose should be neatly threaded into everything Virgin Money does, including in processes, policies and governance.

The ADKAR system measures purposeful performance across five indices – awareness, desire, knowledge, ability and reinforcement.

It is accompanied by a dashboard which enables the measuring and tracking of progress in each individual business area.

ADKAR scores help Virgin Money to prioritise where it deploys the Purpose Squad and its extensive programme of activities.

Example activities to come out of ADKAR findings include the creation of the 'A Life More Virgin' initiative, designed to make the company as diverse and inclusive as possible, supporting career progress for people of all backgrounds, in all circumstances.

Virgin also employs what it calls "shots in the arm" to encourage colleagues to engage in its "Making you happier about money".

For example, Purposefest 2020, saw a week of online events delivered during the pandemic to celebrate, and raise awareness of, how the company used purpose to make a difference to customers and communities. Some 3,500 colleagues took part, including many representatives of Virgin Money's leadership team. This event was also repeated in 2021.

Another "shot in the arm" was FinInc2020 and FinInc2021, an annual day on which colleagues focussed on making Virgin Money a more inclusive bank. Hundreds of colleagues took part, and the event is now an annual occurrence, helping to drive change within the organisation.

The company's impact as a purposeful corporation extends to its customer base, with overriding aims to make money count for everyone, provide an extraordinary customer experience and in making its products and services open for all.

It also reaches into communities, including by sharing its purpose tools with external partners to help them also deliver their services purposefully.

3.0 Future Ambitions

It is inspiring to work with a partner that is making a major contribution to a number of the Levelling Up Goals by blazing a trail in its sector. In particular, Virgin Money's leadership in tackling the poverty premium and re-imagining basic bank accounts is crucial as cost-of-living pressures increase steeply in this fraught period for the global economy.

Our recommendations are designed to help Virgin Money fulfil its commitment to stepping up further as the economic crisis affects its customers. With a renewed focus on bearing down on costs for those who are feeling the pinch, and by taking its organisational change programme to the next level, the company can embed and accelerate the mission it has set itself - to make people happier about money.

Virgin Money has a great platform to translate the leadership that it has shown to define its own purpose into a position of wider leadership that can increase its impact across the financial world and beyond. By focussing on the immediate needs of its customers facing higher costs while maintaining the momentum of its change programme, Virgin Money's dedicated team has an opportunity to secure a position as the recognised leader of a new kind of financial model. A model that seeks long term business success by putting its social responsibility to customers, colleagues and communities first. At every level of the business, its people can be evangelists for the Virgin approach to money.

R1

Virgin Money's laudable ambition to eliminate the poverty premium faced by lower income customers by 2030 and the development of a market-leading basic bank account has helped set the agenda in the financial sector. But the unprecedented economic storm of inflation, rising energy costs and the impact of Russia's war on Ukraine demands renewed and urgent effort from all those who can play their part. Virgin Money should engage with

policy makers and the wider sector on short-term solutions that have arisen from these crises. They should also seek to build longer term solutions for the next generation that are likely to be impacted the most. This includes looking at how to develop products and services that will allow them to access and build their credit as well as save for the future.

R2

Virgin Money's application of its Purpose across the business gives it a powerful voice in the public debate on the role of business at this time. The launch of A Life More Virgin rightly turned heads when they were announced. We recommend the company capitalises on this momentum by continuing to build an ongoing programme of political and public engagement on this and other aspects of the bank's Purposeful approach, sharing honest evaluation of the effectiveness of these changes as they develop with decision makers and stakeholders.

R3

Virgin Money has the right foundations for a leading community strategy, but it should do more to link to it to purpose. We recommend that the Virgin Money Purpose Squad focuses in on community to help guide colleagues on how they can engage with their communities in ways that build on the bank's ambition of "Making You Happier About Money". This could include the creation of central resources that give colleagues ideas for how they can best serve their community with paid-for volunteering days; content for financial education activities; and better link-up with the groups supported by the Virgin Money Foundation.

We believe that this approach could unlock multiple benefits. Inspiring a workforce to deliver the company's mission on the ground will not only contribute to Levelling Up Goals 7 and 8, it will also amplify Virgin Money's purpose to audiences beyond its existing customer base.



R4

Virgin Money should build on its existing measurement and reporting on diversity by including a measurement of social mobility. Measuring the socio-economic background of Virgin Money’s workforce, potential recruits and customers would help not only Virgin Money but the wider Coalition’s understanding of what exactly needs to be done to improve socio-economic diversity and identify progression and product challenges among people with less privileged backgrounds. In order to bring these findings to the widest possible audience, we would further encourage Virgin Money to use this work to feed into the activities undertaken by the Equality of Opportunity Coalition.

R5

Virgin Money should maximise the positive social impact of its powerful commitment to locationless recruitment by forming ‘opportunity bridges’ to encourage more applications from social mobility cold spots and to drive increased ethnic diversity through the business. It should look at how these could be developed through existing relationships within the talent/recruitment space.

Purpose Coalition members are partnering with a pioneering platform called Open Door. This is an online platform being developed in partnership with one of the world’s largest recruitment agencies and supported by a network of universities and businesses that aims to create direct bridges to opportunity for those in the least privileged communities and introduce young people to businesses and sectors they may not have previously considered. Virgin Money should consider whether it may be beneficial to join this partnership.

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