

GENDER PAY REPORT

April 2022

NWG
living water



WELCOME

Welcome to Northumbrian Water Group's gender pay report. Enhancing our approach to diversity and inclusion is of increasing importance as we seek to attract and retain talent and make sure our business is a great place to work. Understanding how pay contributes to that is one important element of developing our strategy.

This report shows a reduction in our median gender pay gap to 11.05%. This has been impacted by work undertaken to better understand the causes of our Gender Pay Gap. Working with experts, we have made sure that our approach is consistent with wider approaches across employers and in line with Government guidance. However, we have also continued progress on increasing female representation at managerial level, and improving recruitment and job evaluations.

While it is pleasing that we are below the national figures, our ambition is to reduce this gap further.

One of the key reasons for our gender pay gap is that operational roles primarily held by males often include additional premiums, because they require working in antisocial hours; while support roles primarily held by females largely don't attract these premiums as work is more typically in normal daytime hours. Over time we are working to address this through adapting our marketing of vacancies and approach to talent attraction, including through engaging with education and external networks, in order to achieve a better gender balance in these roles.

The development and launch of our TIDE (Together for Inclusion, Diversity and Equity) strategy in 2021 provides us with a structure and a clear approach to deliver the change we want to see.

As we progress towards that, a series of individual projects are creating change. These include developing our approach to inclusive recruitment, building a platform for female role models through our Women in Water campaign, and playing a leading role in partnership work such as the WISE (Women in Science and Engineering) campaign.

I am delighted our action was recognised in our northern operating area this year through us being named Employer of the Year in the North East England Chamber of Commerce's Inspiring Females Awards. While there remains much work to do, it is pleasing to see that the positive changes we are making are having this impact.

We always welcome engagement and collaboration on this issue, and I would encourage anyone who would like to work with us, or to understand more about our strategy and progress, to get in touch – we would love to start a conversation.



Heidi Mottram
Chief Executive



“We have also continued progress on increasing female representation at managerial level, and improving recruitment and job evaluations”.

OUR JOURNEY

We are working to build a diverse and inclusive working environment, where everyone is accepted, and differences are valued. In 2021, we continued to take action to improve gender representation and support women across our businesses.

The workforce in our industry has been mostly male right from the start. That is changing, and needs to change further. We have to focus even harder on this important area in order for us to be the truly diverse company we want to be, represent the communities we work in and close our gender pay gap faster.

While there has been a significant change of **5%** in the proportion of female employees across our business year on year, our biggest shifts have been at a senior level, where almost **33%** of our top team are now women.

We want to do more to develop and foster a diverse and inclusive workplace for all our employees, to better reflect our operating communities. This includes continuing to address the underlying reasons for our gender pay gap – roles with higher pay are male dominated, and we have uneven gender representation across grades in the business. We recognise that this is a long-term challenge and is reflective of our employment marketplaces.

In order to achieve our goals, we have begun to transform the company through our TIDE programme, which is our roadmap to build on previous work and deliver further progress on this vital agenda.

We will be seeking to maximise the value and insight we can get through the partnerships we contribute to, including the WISE (Women in Science and Engineering) campaign, the Energy and Utility Skills Partnership, Stonewall, AFBE (Association for black and minority ethnicity Engineers), Common Purpose (Social Mobility), Business Disability Forum, and other local disability groups. While many of these do not specifically focus on gender balance, we are working to make sure that as we improve our overall diversity, we attract more women to work in roles such as engineering. We have focused on building our connections in an authentic way – both sharing our insight and offering learning to others.



TIDE (Together for Inclusivity, Diversity and Equity)



OUR JOURNEY

We have a range of networks, that are run by colleagues for colleagues, including our Young Persons Network, LGBTQ+ Network, Black, Asian and Minority Ethnic Network & Parents Network. All are digitally enabled so that colleagues can share among their peers and also act as soundboards for organisational projects and activities. Within all of our networks we want to make sure that we promote a gender balance and utilise the contribution of all sections of the workforce.

In 2021 we launched HYDRO (Helping you Discover the Right Opportunity) – a digital platform that enabled us to broaden awareness and accessibility of jobs and other development opportunities. This was developed in direct response to feedback from our Great Place to Work survey and perceptions that opportunities weren't equally accessible.

Our Innovation Festival ensures a voice for female innovators and entrepreneurs. Led by our female Head of Innovation, Angela MacOscar, the Festival has grown in reach and diversity. In October 2021 we ran the Class of 2021 Global Assessment Centres as part of the Festival Week, aimed at offering people aged 16-25 who don't hold a degree or are at university the opportunity to be assessed and receive a detailed feedback report to help increase opportunities. The opportunity is promoted to females across our regions, with a target of equal gender balance on the programme.



HYDRO (Helping you Discover the Right Opportunity)



“While it is pleasing that we are below the national figures, our ambition is to reduce this gap further”.

EDUCATIONAL PROGRAMMES

Innovate Futures programme:
In 2021 we launched Innovate Futures, partnering with Association For BME Engineers (AFBE-UK), to help provide opportunities to graduates from our under-represented groups – this year's focus was on gender and ethnicity.

The hugely successful attraction and advertising campaign resulted in a significantly more diverse candidate group and the 2021 cohort was **33%** female and **86%** from the Black, Asian and Minority Ethnic groups. By comparison, **14.5%** of engineers employed in the UK are female (with **9%** overall from the Black, Asian or Minority Ethnic population) and **22%** of engineering graduates in the UK are female (with **30%** of engineering graduates from the Black, Asian and Minority Ethnic population).

Students joined NWG on a four-week paid work placement, participating in a design sprint during our Innovation Festival, implementing recommendations from the sprint, and some project work. One of our Black, Asian and Minority Ethnic women graduates helped us to survey and progress the work we were doing in launching a network for women in STEM roles (WiSTEM).

The programme in 2022 will again focus on our target under-represented groups (gender, ethnicity, and disability), and the programme will be focused on information technology.



INCLUSIVE RECRUITMENT

We are taking positive steps to make sure our roles are attractive to women as well as men. Using technology such as a gender decoder tool has helped us eradicate implied gender preference in job adverts and attraction materials. In 2021 we complete a comprehensive review of imagery and job titles we use when we recruit, highlighting our female role models in operational roles where we traditionally receive lower levels of applications from women.

In 2018 we introduced a requirement for gender-balanced shortlists for senior roles and for all apprentice and graduate recruitment, and gender-balanced interview panels for senior roles and for all other roles where possible, to minimise the impact of unconscious bias.

Entry level opportunities have been of particular focus. We have increased female representation on Apprenticeship Programmes over the last three years from **14%** to **22%**. Since 2018, women have made up **47%** of participants on our undergraduate programmes.



TIDE

TOGETHER FOR INCLUSION, DIVERSITY AND EQUITY

Development of TIDE began in late 2020. TIDE has been shaped to take a holistic approach to Inclusion, Diversity and Equity. The order is important - diversity is not achieved unless the environment is positive and open and the culture inclusive.

When people see and hear about this through our colleague stories, a more diverse colleague base is attracted to the business. Equity is then continually monitored to ensure fairness.

The ambition of TIDE is to serve our communities and contribute to a society that has better work and working lives by being a responsible business that demonstrates, at all levels, it is a fair and inclusive place to work and reflective of the diversity of the geographies we operate within.

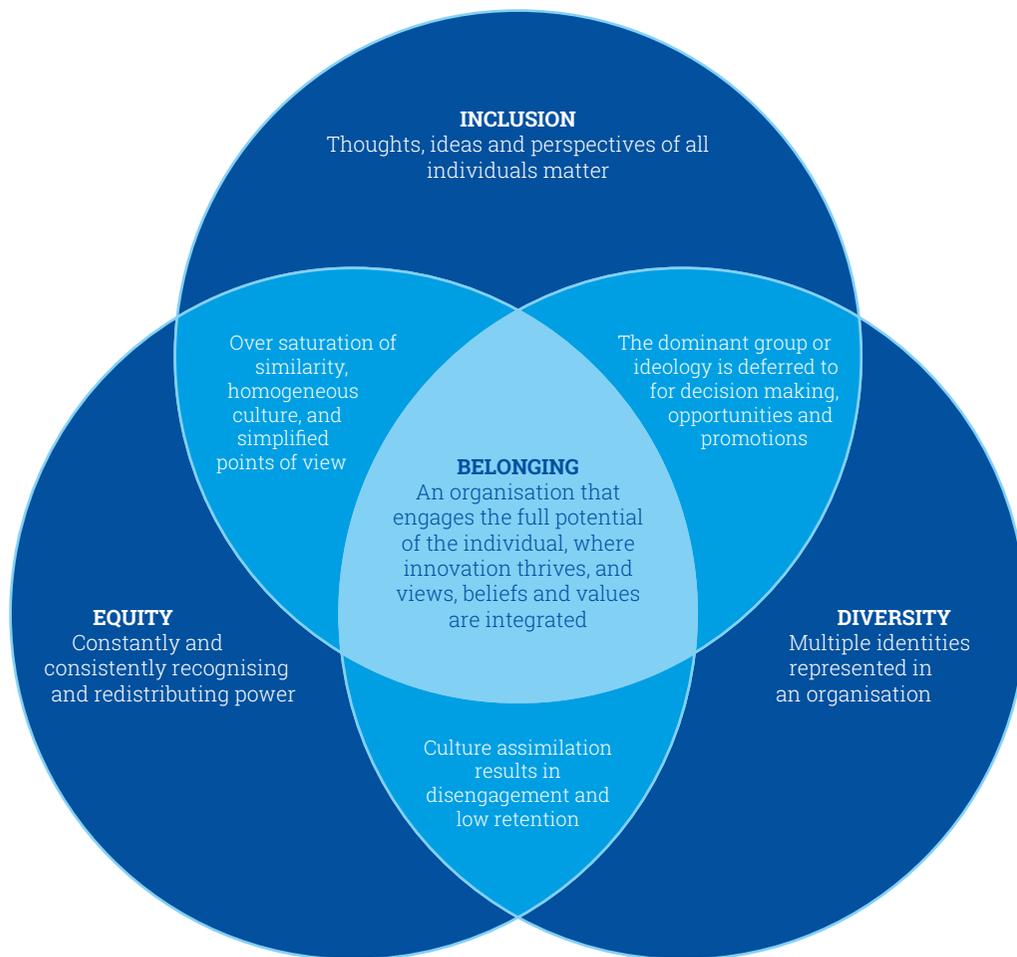
WHY?

- **Inclusion:** creating a culture where people feel they belong and can be themselves
- **Diversity:** a workplace where we embrace and benefit from difference
- **Equity:** ensuring fairness and transparency

A diverse workforce thriving in an inclusive environment makes business sense, with evidence showing companies with strong gender and ethnic diversity are **15%** and **35%** respectively more likely to outperform their competitors (McKinsey, 2015)

When employees 'think their organisation is committed to and supportive of diversity, and they feel included', their ability to innovate increases by **83%** (Deloitte, 2013)

When attracting new talent an organisation having a clear, positive stance on Diversity and Inclusion is key, with **54%** of women and **45%** of men researching if a company had D&I policies in place when deciding to accept a position (PwC, 2017)



A learning lens approach, opening minds by sharing perspectives. Raising awareness for colleagues at all levels of the business and surfacing topics will also support creating openness for dialogue and insight.

Awareness will include gaining perspectives from both within and external to the organisation.



INTERNAL: data disclosure, networks and allies within overall Colleague Voice, D&I analysis of all feedback channels and participations, listening groups and forums, analysis of cases and sharing learning widely where there are examples of bias, non-inclusive behaviours and offensive behaviour with the intention to stimulate learning and growth.

EXTERNAL: active participation in external networks and forums, customer groups, learning from research, commissioning and contributing to research, benchmarking, memberships.



Unique products and programmes to attract and retain talent.

Policies, processes and programmes continually reviewed for inclusivity and equity.

WHAT IS THE GENDER PAY GAP?

The gender pay gap is the difference between the average hourly pay for all the men and women working for the same organisation. It's not the same as equal pay, which is about a man and woman receiving the same pay for performing the same or a similar job.

Reporting on the gender pay gap is vitally important as it allows organisations to measure and manage this issue, setting clear goals so that they can understand their performance and identify opportunities to improve.

In this report we present information about our progress against six key measurements identified as important by Government.

WHY THE GENDER PAY GAP MATTERS?

At NWG we understand the importance of a truly inclusive culture. Our customers come from a wide range of backgrounds, and in order for us to understand them, our workforce needs to reflect that.

Research shows that diverse organisations consistently perform better - attracting great people, making better decisions and successfully innovating and evolving.

If we are to achieve our vision of becoming the national leader in the provision of sustainable water and wastewater services we need to grasp this opportunity for improving performance through creating an environment where all our people can be themselves and do their very best each day.

We continue to make progress and our gender pay gap is reducing, but we are not complacent, and we know that we have to do more to improve inclusion at all levels of our organisation.



HOW WE'RE DOING

At NWG, **32%** of our workforce are female, and **33%** of people manager roles are filled by females. These proportions are higher than the wider sector.

Our commitment to making NWG an inclusive place to work is as important as ever as we strive to achieve the ambitious goals set out in our 2020-25 business plan. We work hard to attract women to our business and to the wider sector by showcasing some of our amazing female role models, continually reviewing the way we recruit, collaborating with partners, and working with schools, colleges and universities to inspire the next generation.

OUR GENDER PAY GAP AND BONUS GAP FIGURES

We have set out below the gender pay gap at NWG as of 5 April 2021.

Our data represents **3,055** employees in the north east and south east of England.

Our regular equal pay reviews give us confidence that employees in similar roles are being paid equitably. Our gender pay and bonus gaps exist primarily because of the typical roles men and women in our company undertake.

Operational roles are predominately filled by men and these roles, due to the nature of our business, specifically attract premiums and allowances, while roles that attract a higher proportion of women are in our customer centre, which do not attract the same.

31% of women are part time compared to **3%** of men, with **4%** of female colleagues asking for reduced hours in the last 12 months compared to **1.4%** of men.

NOTE ON CALCULATING OUR GENDER PAY GAP

Taking account of best practice, we have reviewed our approach to calculating our gender pay gap. We have verified that payments including shift working premia, car allowances and value added payments, continue to contribute to the gap, and should be included. However, a number of elements have been removed from the calculation including holiday pay supplements and overtime allowances. This has impacted on year-by-year comparisons, which are therefore not entirely on a like-for-like basis.

NWG MEDIAN GENDER PAY GAP 2021



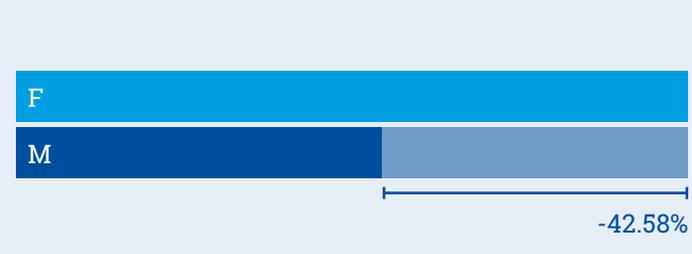
NWG MEDIAN BONUS GAP 2021



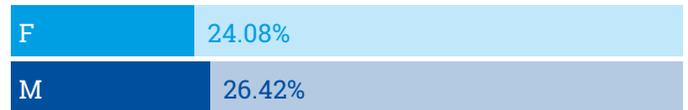
NWG MEAN GENDER PAY GAP 2021



NWG MEAN BONUS GAP 2021



PROPORTION OF MEN AND WOMEN PAID A BONUS



PROPORTION OF MEN AND WOMEN BY PAY QUARTILES



FEMALE: 392
MALE: 372



FEMALE: 229
MALE: 535



FEMALE: 157
MALE: 607



FEMALE: 199
MALE: 564



FEMALE: 977
MALE: 2,078

NOTE ON OUR BONUS GAP: Bonuses for 2020 were not paid in the year covered by the previous report, so this comparison is not on a like-for-like basis.

WHAT THIS INFORMATION TELLS US

Our current data and insight tell us that we need to increase female representation in most areas of our business.

Our marketing and attraction will highlight women in operational roles in the organisation and reflect a broader range of career opportunities in the water industry.

We will target entry level opportunities for women, and will work with our Women in STEM network (WiSTEM) to develop and progress careers for women in our organisation. The network will also encourage girls in our communities to consider a career in the water industry by acting as role models – thus building a future careers pipeline.

