

Gender Pay Gap Report 2019

Introduction

Northern Powergrid manages the electricity distribution network that powers everyday life for 8 million customers across 3.9 million homes and businesses in the North East, Yorkshire and northern Lincolnshire.

Our distribution business comprises two licensed entities: Northern Powergrid (Northeast) Limited ("Northeast") and Northern Powergrid (Yorkshire) plc ("Yorkshire"). The Northern Powergrid group* also operates Integrated Utility Services which offers turnkey engineering solutions to its customers, across the UK and Ireland, and CalEnergy Resources which participates in upstream oil and gas projects in Australia, Poland and the UK.

This is the third year that Northern Powergrid has published a gender pay gap report and the data continues to reflect what is widely known across our sector: a gender pay gap exists but it's not about pay inequality. We remain confident that we ensure men and women in our business who do the same job are paid equally – our gender pay gap is about the balance of men and women in our business and the roles they carry out.

We recognise the importance and value of greater diversity in our business, particularly in an evolving energy sector which is using data and technology to move to more active 'smart' networks. In addition, a rapid growth in low carbon technologies such as electric vehicles, grid-connected batteries and renewable generation, means there are new opportunities for people who can work on whole energy systems which interact directly with our customers in new ways.

The journey to create a more diverse workforce is not a short one; we know it will take time and commitment. We're focused on how we can support achieving this change, manage change that could make our gender pay gap fluctuate or decline in the short-term, and prepare for advances in our industry that could open the door to a different generation of engineers in the future.

Historically, like the rest of the energy industry, the jobs in our company have attracted many more men than women. Also many of our people have chosen to stay with us for a long time as they value being part of a professional and reputable business. The fact that men make up a much larger proportion of the people pursuing the higher-paid technical and professional roles is not the sole reason for the gender pay gap but it's certainly a significant factor. The reverse is true when it comes to (typically lower-paid) administrative roles.

The communities we serve continue to grow and evolve and become more diverse. Therefore it's important we seek to reflect that in our workforce so we can continue to be part of and contribute to the local economies and communities we support. Being transparent about the reasons for our gender pay gap is the key to helping close the gaps over time. By talking about how our business is evolving and increasingly embracing smart technologies we can increase the opportunities to attract some people who may not have considered a career with us before.

We welcome seeing more women coming in to our entry level technical roles – our challenge is to continue to support them, help them to create rewarding careers with us and encourage more to follow suit in the future and consider us as an employer of choice. By working with schools and key partners to make science, technology, engineering and maths (STEM) subjects equally attractive to school age pupils of both genders, and working with the higher education sector to better market technical and engineering courses to all school leavers, we can play a part in encouraging a more diverse energy sector.

Our established working partnerships with technical colleges such as Gateshead, Tynemet and Bradford, and participation in a national skills drive through the EU Skills Partnership, mean we can continue to create collaborations between the education and training sectors and employers.

We continue to actively help colleges in the communities we serve deliver maths and electrical engineering courses which are directly applicable to positions that we'll be recruiting for in the years ahead. Creating opportunities for people to learn new skills and gain a career with us is important. In 2019 we introduced new apprenticeships in areas like Network Control and Network Design and we plan to explore more opportunities where we can develop apprenticeships that support our aspirations to create a more diverse workforce.

We also welcome being a member of WISE, which campaigns for gender balance in science, technology and engineering. As a member we look to share expertise and knowledge with other businesses, access regional hubs in Leeds and Newcastle and access best practice in engaging women into engineering roles. This will help us attract, retain and develop a more balanced technical and engineering workforce that reflects the different communities we serve.

Our involvement in Women's Whole Energy Systems Research and Industry Network (Werin) demonstrates that we're firmly committed to encouraging greater participation, contribution and success of women in engineering. Werin is a collaborative, interdisciplinary and cross-sector initiative, showcasing and providing networking opportunities and professional support to women in the sector and shows the positive impact that women bring to the energy sector.



Clare Roberts
System Design Engineer

“While at a business event, I was approached by a lady who'd attended a WISE event a few years ago with her daughter and met Clare Roberts, a System Design Engineer at Northern Powergrid.

She said her daughter had been inspired by meeting Clare, now wants to be an engineer and has applied to study chemical engineering at Sheffield University.

It's rewarding to see how planting the seeds about future career opportunities can help inspire female students to choose engineering in the years ahead and it was great to be able to share this positive feedback with Clare and Northern Powergrid.”



Helen Wollaston
Chief Executive of WISE



Our approach to reporting

The data provided in this report has been collated and audited, and is in accordance with regulatory requirements.

In addition to presenting data for each of our companies which have more than 250 employees (Northeast and Yorkshire), we have chosen to include data for all UK based employees within the Northern Powergrid group – which looks at our company in aggregate.

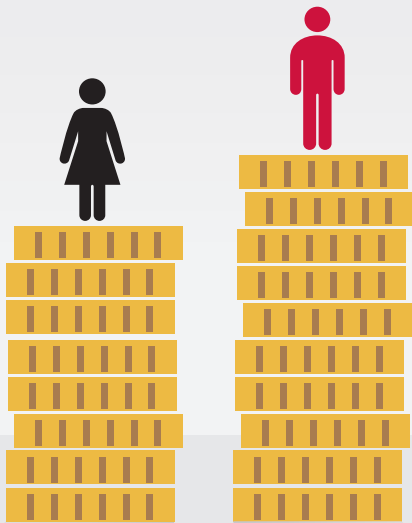
* The Northern Powergrid group comprises Northern Powergrid Holdings Company and its subsidiaries, and includes the following employing entities: Northern Powergrid (Northeast) Limited, Northern Powergrid (Yorkshire) plc, Northern Electric plc, Integrated Utility Services Ltd, CalEnergy Resources (UK based employees only) and IUS Ireland.



The gender pay gap

The mean gender pay gap shows the difference in the average hourly pay rate between men and women in an organisation.

The median gender pay gap is calculated by grouping employee numbers by gender and ordering highest to lowest the hourly pay rates for each of the respective genders. Following this the middle figure is selected for each gender and compared.



The difference between the average earnings of men and women

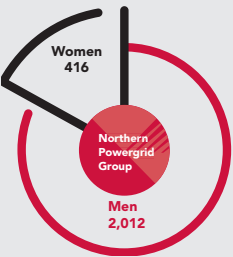


Our people today

The Northern Powergrid group, as a business with a large engineering and technical workforce, aligns closely with overall UK labour market demographics for the sector and the overall UK position that fewer women have previously taken science, technology, engineering and maths subjects as part of their education and future career path.

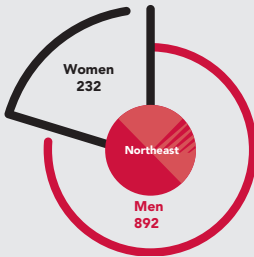
As a business we have historically attracted a higher proportion of men than women into more highly paid technical roles and the reverse is true in respect of administrative roles, which are generally at the lower-paid end of the spectrum.

Northern Powergrid Group



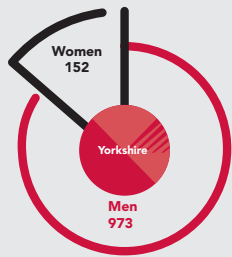
♂ 83% ♀ 17%

Northeast



♂ 79% ♀ 21%

Yorkshire



♂ 86% ♀ 14%



Powering new careers

Powering new careers is not just about bringing new people into our business – it's also about creating opportunities for colleagues to develop or explore new opportunities.

As well as bringing hundreds of new people into our business, our highly successful craft apprenticeship programme has opened the door to a new career for colleague, Amy Williamson.

Amy joined Northern Powergrid in 2016 as a contact centre advisor and worked her way up to become an experienced team leader. Liaising with different operational teams sparked her interest in pursuing a career that will see her help manage, maintain and improve our network.

In 2019 Amy applied and was accepted on our craft apprenticeship programme. She has started her journey to gain professional experience, complete training courses, and study for recognised qualifications at college.



Powering women in engineering

Sometimes seeing is believing – that's why we're proud to support International Women in Engineering Day and show the different career opportunities in our sector which some women and female students may not have considered.

In 2019 we supported the campaign, which works to raise the profile of women in engineering and celebrates the outstanding achievements of women engineers throughout the world, by sharing colleague stories about their career journey with us.



Alison Johnson Design Engineer

Alison Johnson, joined in September 1989 straight from school as an apprentice electrician. With our support, Alison achieved an HNC qualification and then went on to work as a small works coordinator and a project engineer until she became a design engineer in 2012.

Alison said: "Engineering is such a varied career and there are so many roles that I'm convinced there is a type of engineering role to suit everyone.

"It's a really interesting time to be an engineer - there are lots of new technologies coming along including smart grid developments, electric vehicles and battery storage energy solutions so it's really exciting to think about what is around the corner."

Louise McCabe Design Engineer

Louise joined Northern Powergrid in 2010 in an administrative role but after a few years she realised that she was really interested in the more technical side of our business. She said: "After spending time in the business I wanted to find out more about engineering and became quite passionate about it.

"With support from the company I've advanced my career and become a design engineer in our new connections team. I get to deal with requests from customers asking for new supplies, additional supplies, diversions and get to design projects and create quotations with our customers in mind. There are more opportunities to be creative in this sector than people realise and every day is a school day. You could work at Northern Powergrid for 20 to 30 years and still learn something new every day.

"I have no regrets with my decision to follow a career path into engineering, except that I didn't do it sooner."





Powering future energy

The energy sector is going through some of the biggest changes and innovations for decades as a result of the continued growth in low carbon technology.

As we work to create future energy systems and networks that are customer focused and meet the needs of the diverse communities we serve, it will bring future opportunities in our sector that could attract a new generation of colleagues.



Anda Baumerte Sustainability Manager

Anda joined Northern Powergrid in March 2018. As part of her role, she works on a number of emerging policy topics, such as decarbonisation of transport and heating, and local energy.

With an MSc in Environmental Management and Environmental Economics, MSc in Biology, and BSc in Environmental Science, Anda has held roles in a number of Non-Government Organisations and worked as a government official. She also worked in research and consultancy before joining Northern Powergrid.

A substantial part of Anda’s role is speaking to our stakeholders about their plans for electric vehicles. She is also managing the delivery of electric vehicle charging point infrastructure at our sites and has helped deliver our *Maximising the value of electric vehicles for our customers* report.

Anda said: “The UK is looking at reducing greenhouse gas emissions to a net zero level, where transport and heating sectors are posing a very complex challenge. Having a more diverse pool of talents would definitely help address and solve these very tricky issues.”



Our gender pay gap

Across the Northern Powergrid group, men get paid on average 20.2% more than women in hourly pay and 43.0% more in bonus. The table below sets out the numbers in more detail.

	Northern Powergrid Group	Northeast	Yorkshire
Mean Pay	20.2%	19.6%	14.9%
Mean Bonus	43%	-22.4%	-34%
Median Pay	21.2%	24.7%	15.6%
Median Bonus	20.5%	26.4%	4.8%

In the Northern Powergrid group, **99.6% of men** receive a bonus compared to **99.0% of women**.

For employees of Northeast, **99.7% of men** receive a bonus compared to 99.1% of women.

For employees of Yorkshire, **99.6% of men** receive a bonus compared to **98.7% of women**.

*All quoted statistics are as at the snapshot date of 5 April 2019



2.7%

Since 2017 when we first reported our gender pay gap, we’ve closed the median gap by 2.7%



20.2%

of men get paid more than women in hourly pay on average



43%

of men get paid more than women in bonuses on average

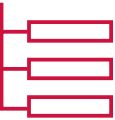


Our thoughts on our results

On examining our group-wide results closely, we note the following:

- as anticipated, progress on reducing the gender pay gap across our business is incremental with an overall -2.7% improvement in our median results since publication of our first gender pay report (2017);
- women joining our business or returning to their roles during the period had a positive impact on the gender pay gap results. In addition, an anticipated one-off lump sum for some of our Professional and Administrative colleagues (majority women) as part of their pay award cycle and high volumes of workforce renewal trainees (majority men) in typically lower paid (training) roles have also had an impact on our gender pay gap;
- as a sector we continue to see greater levels of interest and applications from men which ultimately influences our overall results and our gender mix remains broadly comparable to figures reported in 2018;
- only a small number of the technical and engineering roles within our workforce that are eligible for shift and standby allowances are filled by women;
- women continue to occupy the majority of customer service (Contact Centre) roles which are typically lower paid than our technical and engineering roles;
- our gender bonus gap fluctuates as it's largely driven by the fact that we award ex-gratia payments to different groups of colleagues (with different gender mixes) year-on-year relating to pay award and negotiation cycles. Last year our Professional and Administration colleagues were awarded bonuses as part of their pay cycle; this year it included planned awards to a number of senior management colleagues of which the majority were men. These variations in timing for pay awards in our workforce will remain and impact future reporting periods.





Our pay structure

Across our businesses we continue to have a large proportion of roles which include shift and standby allowances. This enables us to deliver high quality services for our customers, meet the needs of a 24/7 business and help colleagues to increase their overall income. A large proportion of these operational roles are carried out by our technical and engineering colleagues.

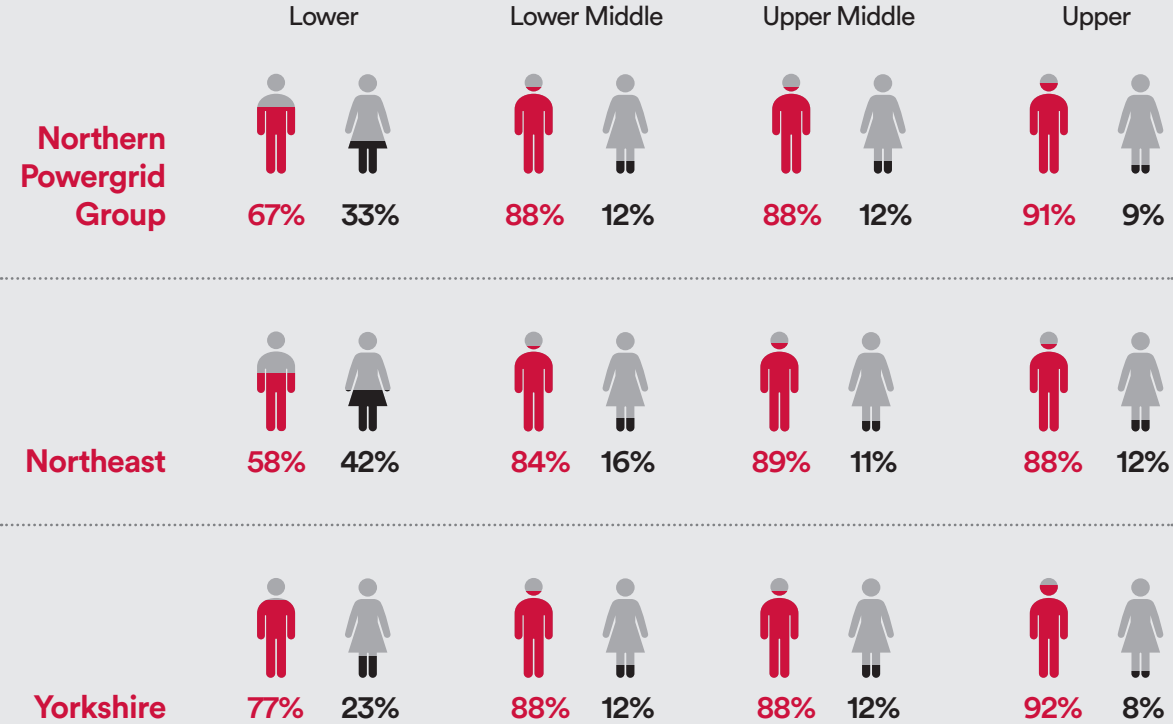
To ensure that our people are paid equally regardless of gender or background, we have robust policies, processes and working practices. If you do the same job, you're paid the same.

Our positive industrial relations have supported us in securing trade union negotiated agreements with published pay scales and competency frameworks for our collective bargained workforce. This ensures both transparency and equality for our colleagues.



Our quartile pay bands

Based on figures for full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands the proportion for employees within the Northern Powergrid group, Northeast and Yorkshire are as follows:





Conclusion

Our gender pay gap continues to reflect the balance of men and women in our business and the roles they carry out; it's not about pay equality. We ensure that men and women in our business who do the same job are paid equally.

One-off payments relating to our business cycle for pay negotiations over the period have once again impacted on our gender bonus gap results. Also with pay negotiations for two of our major collective bargained groups scheduled to be secured in the 2020 reporting period, we know this will continue to be a key feature in our next set of gender pay results too.

Historically, for a variety of reasons in our industry, our technical roles have predominantly attracted men while other roles have attracted a higher proportion of women.

As a business, and part of the wider energy industry, we know that any change to this is going to take time and we recognise we have a part to play in this supporting this change now and in the years ahead.

The energy network sector is evolving as a result of the growth in low carbon technologies and new smart network innovations. We recognise that this could bring with it opportunities to attract a new generation of colleagues and engineers into our business in the future, including some who may not have considered a career in our sector before.

We remain committed to working with our partners to highlight the different opportunities available, encourage more women to consider a career in engineering and help create a more gender and ethnically diverse group of engineers to choose from in the future.

Ultimately, we want the strongest workforce possible, which means drawing from the widest possible group of people, ensuring we attract, develop and retain colleagues, reflecting the diversity of the regions we serve.

Our work with partners such as the Energy and Utility Skills Partnership, Academy Ambassadors, the Ahead Partnership, WISE and Werin, as well as participating in STEM focused events, continue to support this commitment.

Our recruitment processes fully support this approach ensuring we focus on the skills and expertise people can bring to our business.

This year's figures are an improvement but we have a significant gap to close. It is going to take time to do this, but by remaining focused on being a progressive employer, actively targeting our recruitment across all of society and supporting industry partnership links between education and the business world, we can – and will – continue to play our part in helping the energy industry increase gender diversity.



Statement

I confirm that the information and data provided is accurate and in line with regulatory requirements.

Phil Jones
President and Chief Executive Officer

