



Gender Pay Gap Report 2018



Introduction

Northern Powergrid is the company responsible for the electricity distribution network which delivers power to 8 million customers across 3.9 million homes and businesses in the North East, Yorkshire and northern Lincolnshire.

Our distribution business is split into 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.

2018 is the second year Northern Powergrid has published a gender pay gap report. Northern Powergrid continues to have a gender pay gap. The gap relates to the balance of men and women in our business and the roles they carry out. It is not about pay equality, where we are confident that we ensure men and women in our business that do the same job are paid equally.

We recognise the importance and value of greater diversity in our business. We also understand that the journey to create this is not a short one; it will take time and commitment and we are focused on how we can support achieving this change.

Historically, like the rest of the energy industry, the jobs in our company have attracted many more men than women and as a professional and reputable employer, many of our people have chosen to stay with us for a long time, which we welcome and value.

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 is a significant factor. The reverse is true when it comes to (typically lower-paid) administrative roles.

We know that this position cannot change overnight but we do want to see change because we recognise the benefits that a diverse workforce not only brings to our business but also local economies and communities we support. We therefore want to attract, develop and retain the best people in our company.

We continue to actively play our part by working with schools to make STEM subjects equally attractive to everybody at school age and working with the higher education sector to better market technical and engineering courses to all school leavers.

Our established working partnerships with technical colleges such as Gateshead, Tynemet and Bradford, and participation in a national skills drive through the Energy & Utilities Skills Partnership, mean we are supporting the creation of fruitful collaborations between the education and training sectors and employers.

We’re already actively helping 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. In 2018 we became a member of WISE which campaigns for gender balance in science, technology and engineering.

As a member we will 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 customers and communities we are part of and serve.

It’s our colleagues that power our business and we remain committed to creating a strong workforce that attracts and retains the best qualified people.

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.

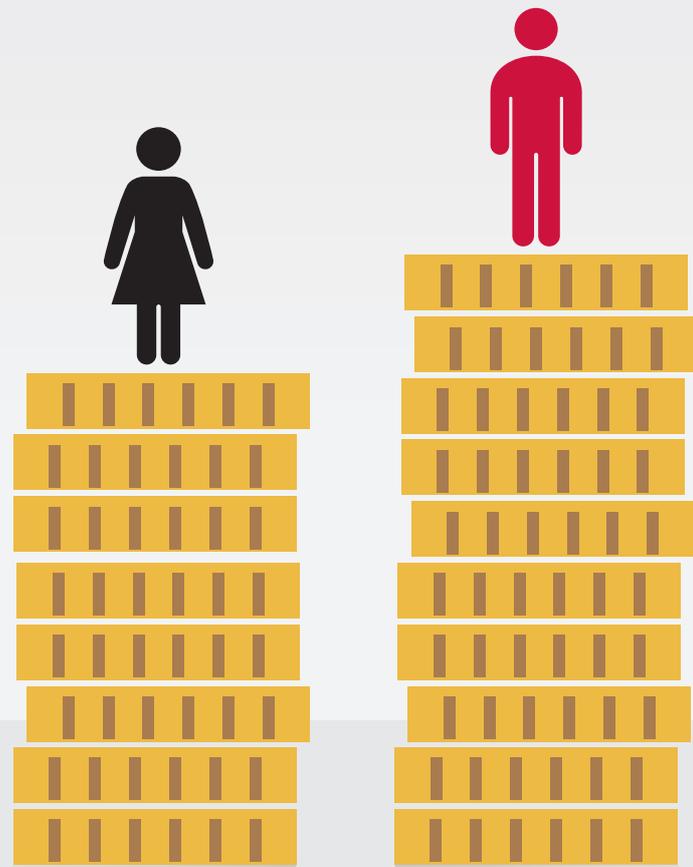
* The Northern Powergrid group comprises Northern Powergrid Holdings Company and its subsidiaries, and includes the following employing entities: Northern Powergrid (Northeast) Limited, Northern Powergrid (Yorkshire) plc, Northern Electric plc, Integrated Utility Services Ltd, CalEnergy Resources (UK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



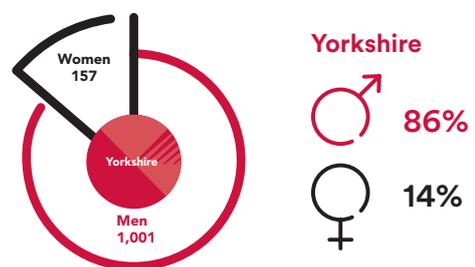
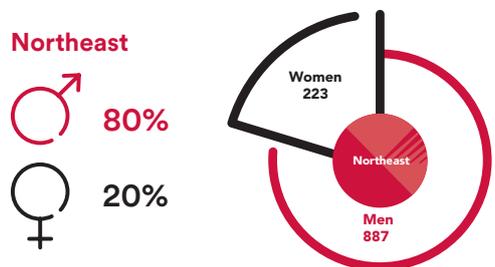
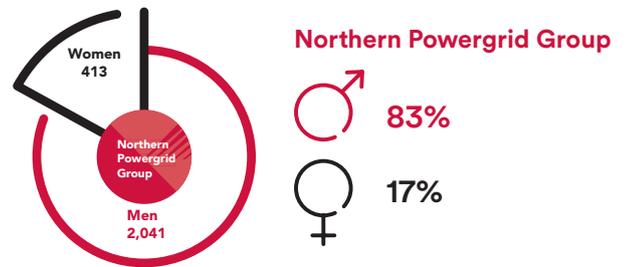
The difference between the average earnings of men and women



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 chosen 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.





Powering new careers



Rising Star Power Graduate of the Year Winner

Sarah Marsden

Sarah Marsden joined us in 2015 after graduating with a Masters in Engineering from Durham University. She is currently a Project Engineer working on New Connections from our Shiremoor site. In 2018 she won the Rising Star Power Graduate of the Year at the National Skills Academy: 'People in Power' Awards.

Sarah's dedication and passion for engineering means that she's not only an asset to Northern Powergrid but also to the wider energy industry. Her commitment to encouraging and helping others start and build a career in engineering is inspiring and we're incredibly proud of her.

Works Coordinator

Sarah Wilson

Our colleague Sarah Wilson initially joined the business working in our Contact Centre as a Team Leader in 2014. During her time in her role Sarah demonstrated an interest in moving into a more industrial role in our business and Northern Powergrid has supported her enabling a move to become a Works Coordinator in Connections.

As part of this role she now liaises with customers looking to organise a new electricity connection, assesses and measures jobs and provides relevant technical information to progress small works projects for our customers.





Our gender pay gap

Across the Northern Powergrid group, men get paid on average 21.9% more than women in hourly pay and 24.7% more in bonus. The table below sets out the numbers in more detail.

	Northern Powergrid Group	Northeast	Yorkshire
Mean Pay	21.9%	21.3%	17.7%
Mean Bonus	24.7%	-30.3%	-47.2%
Median Pay	25.2%	27.9%	17.7%
Median Bonus	-29.5%	-19.0%	-39.4%

In the Northern Powergrid group, 99.3% of men receive a bonus compared to 98.5% of women.

For employees of Northeast, 99.4% of men receive a bonus compared to 97.8% of women. For employees of Yorkshire, 99.7% of men receive a bonus compared to 99.4% of women.



21.9%

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



24.7%

of men get paid more than women in bonuses on average

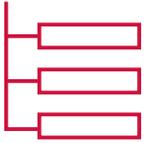


Our thoughts on our results

On examining our results closely, we note the following in respect of Northeast and Yorkshire:

- addressing the gender pay gaps in our industry will take time. Therefore, as anticipated, our landscape has not materially changed since our 2017 results;
- currently only 4% 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;
- in line with expectations, some employing entity changes over the reporting period impacted on our 2018 results (specifically in relation to the gender bonus gap for both Northeast and Yorkshire). We elected in 2017 to report our results at group level as well as for our individual companies employing 250 or more colleagues to ensure that a consistent year-on-year picture could be seen for our group, which is unaffected by these entity changes. We have done so again this year;
- whilst the bonus results suggest good progress has been made over the last year to address the gap, this is primarily due to a one-off lump sum for Professional and Administrative colleagues (mostly women) as part of pay negotiations. Similarly, in 2017, a one-off lump sum was paid to Industrial colleagues (mostly men) as part of our business cycle of pay negotiations; and
- the pay negotiation cycle will continue to generate fluctuations between the groups in future reporting periods.

*All quoted statistics are as at the snapshot date of 5 April 2018



Our pay structure

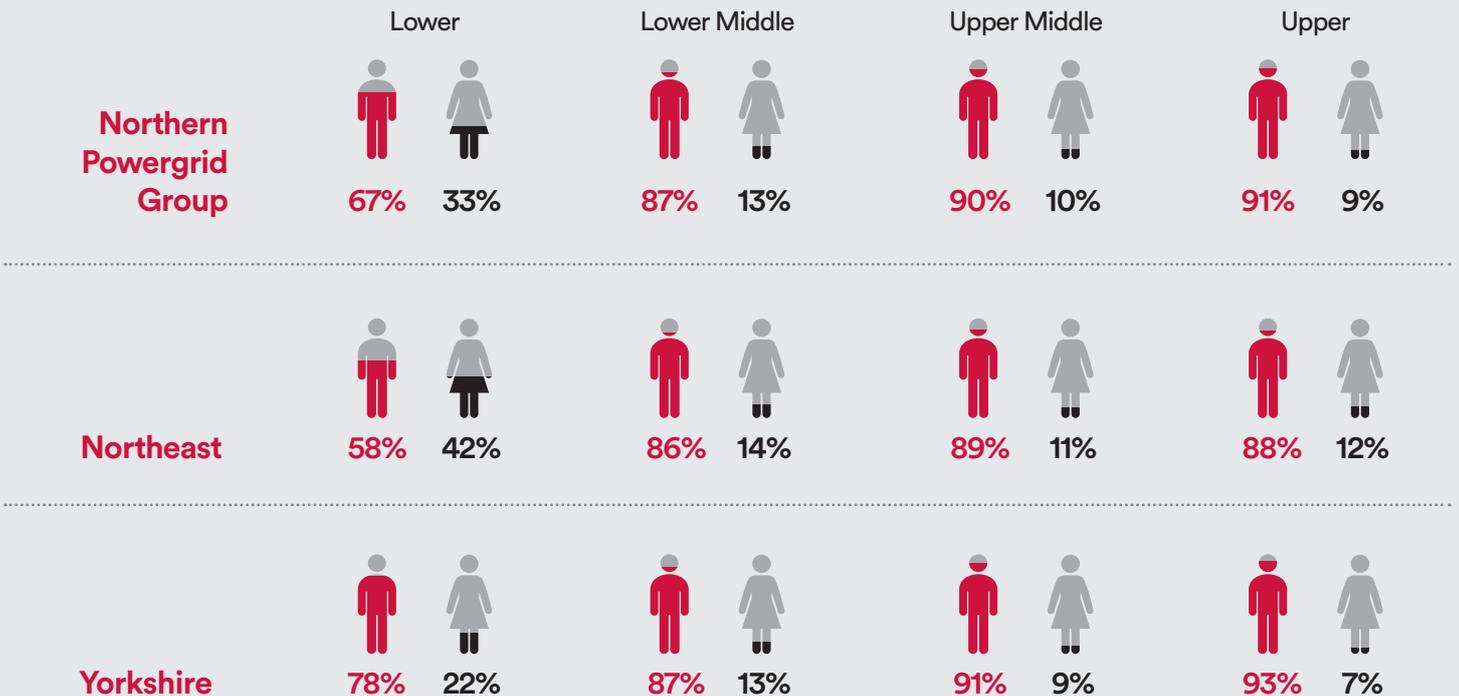
Across our businesses we continue to have a large proportion of roles which include shift and standby allowances. This enables those individuals to increase their overall income, help us deliver high quality services for our customers and meet the needs of a 24/7 business. A large proportion of these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

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 changes will take time. Employing entity changes and one-off payments relating to our business cycle for pay negotiations over the period have had some impact on our gender bonus gap results by employing entity but, as anticipated, there has been no material change to our overall gender pay landscape since our 2017 report.

We remain committed to working with our partners to encourage more women to consider a career in engineering and creating a more gender and ethnically diverse group of engineers to choose from in the future.

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

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

The second year of publishing our gender pay figures reinforces that the gap will not change overnight but by being a progressive employer, continuing to encourage more people to consider a career with us and forming stronger industry partnership links between education and the business world, we can support the energy industry as it moves the dial on 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

