

Gender Pay Gap Report 2020





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) plc (“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 fourth 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 want to be known as an increasingly diverse, great place to work, and as a company which is focused on engaging and managing its people in a way that supports them and reinforces our high-performance service culture.

In a rapidly changing energy environment and world, increasingly dependent on electricity as networks become smarter and more digitalised, there are a diverse range of opportunities in our business and sector.

As a consequence we need people with diverse skills and backgrounds to enable our business to respond to the changes and challenges ahead and help build a workforce that is able to deliver the energy networks of tomorrow – as well as run the networks of today.

Gender diversity is a concern for all in our sector. Men have dominated engineering roles in the energy sector and we want and need this to change. Our sector offers a wide range of opportunities for all.

From engineers and network designers to analysts, legal and IT roles - to name just a few - we want to ensure that when women think of a job in the energy sector they understand that there are lots of careers to choose from.

By taking the proactive steps needed to attract women into our business as part of our inclusion, diversity and equity practices and supporting colleagues beyond joining, we can ensure that they have access to career pathways and promotional opportunities akin to their skills and talent.

* 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.

Our commitment to improving Inclusion, Diversity and Equity within our business

Over the past 12 months we have developed a framework for a group-wide Diversity and Inclusion Policy. This describes the company's vision for inclusion, diversity and equity and sets out the strategies and goals that will enable an inclusive approach for all our people practices and processes.

The framework will be underpinned by an agreed set of metrics to drive performance improvements to enable our workforce to be diverse by measuring our spread of colleagues in relation to age, race, Lesbian, Gay, Bisexual, Transgender or Questioning (LGBTQ) and ethnicity.

We have also invested in a 'Building Inclusive Teams' workshop. It trailers the concept of unconscious bias and discusses the importance of inclusion and diversity. A number of colleagues have completed the training and this will continue as a mandatory training module for all people managers during the remainder of our current regulatory period (RIIO-ED1: 2015 to 2023).

In 2020 we developed a 'Transitioning in the Workplace' code of practice for supporting colleagues coming forward as transgender. The code sets out our expectation for all colleagues and in particular line managers when it comes to supporting a transgender colleague in a confidential manner that respects their personal wishes as they transition.

Furthermore, we are developing our overarching Inclusion, Diversity and Equity policy. The policy intent is to ensure we can be attractive to the entire available workforce; enable colleagues to develop their careers in a supportive environment that celebrates differences and encourage inclusive self-aware behaviours. This is critical if we are to attract the best people to our company.

Being transparent about the reasons for our gender pay gap is the key to helping close the gaps over time. By discussing how our business is evolving and introducing smart technologies we can attract some people who may have previously not considered a career with us.

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.

Despite the global Coronavirus pandemic significantly limiting our ability to engage directly in schools, we have continued to look for ways for our people to be a force for good. We're proud of the work our design engineer Clare Roberts has been doing with Ahead Partnership to help students at Roundhay School in Leeds get vital mock online interview practice which has become a key recruitment approach as a result of the pandemic.

Our established working partnerships with technical colleges such as Gateshead, Tynemet and Bradford, and participation in a national skills drive through the Energy and Utilities Skills Partnership, continues to enable collaboration between the education and training sectors and employers.

We also 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.

Our membership of Women into Science and Engineering (WISE), which campaigns for gender balance in science, technology and engineering, remains valuable and a key partnership. Whilst 2020 has been a uniquely challenging year, as a member we have continued to look to share expertise and knowledge with other businesses, where possible, and access best practice in engaging women into engineering roles. We believe this work will help contribute to us attracting, retaining and developing a more balanced technical and engineering workforce that reflects the different communities we serve now and in the future.

We continue to be involved in Women's Whole Energy Systems Research and Industry Network (Werin) - a collaborative, interdisciplinary and cross-sector initiative that provides networking opportunities and professional support to women in the sector and shows the positive impact that women bring to the energy sector.

Our work with Werin demonstrates that we're firmly committed to encouraging greater participation, contribution and success of women in engineering.



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 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.



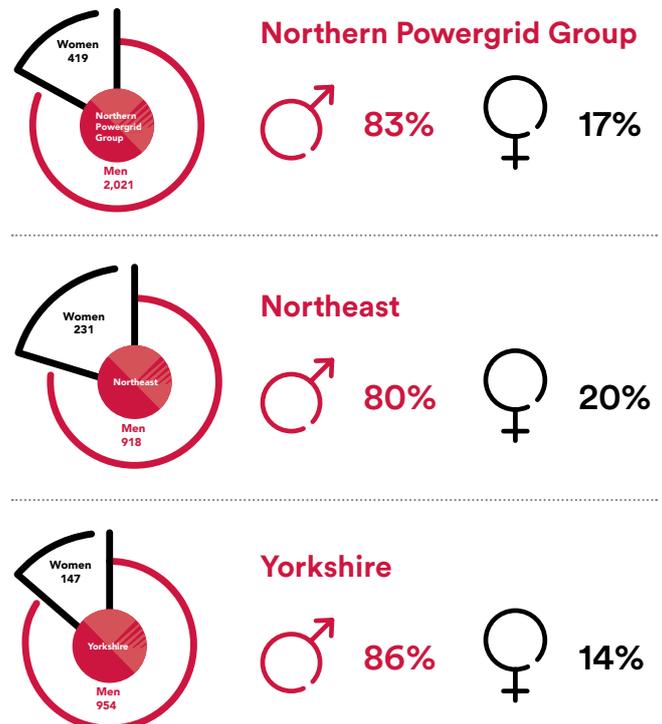
The difference between the average earnings of men and women



Our people today

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.

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.





Powering careers

Over the past decade we've brought in more than 700 apprentices and graduates into our business and the vast majority remain with us. In that period the number of women joining Northern Powergrid has grown by around 27%.

However, we know that powering careers has to be more than just bringing new people into our business. It's also about creating opportunities for existing colleagues to develop or explore new opportunities whilst contributing to our business.



Powering women in engineering

Victoria Gosling System Planning Engineer



After graduating with a Degree in Electrical and Electronics Engineering, Victoria completed her Masters in Power Systems Engineering at the University of Manchester before becoming a contractor. As a contractor she carried out a range of projects in the industry, including some for Northern Powergrid.

Victoria is now part of Northern Powergrid's System Planning Team based in Shiremoor where she delivers projects that assess how we use our network to best effect for our customers. As part of her role, she carries out studies to look at network use, capacity and future opportunities which help inform everything from how our infrastructure is operated and maintained to how it is developed in the future.

Victoria is working as part of a team which is exploring the use of flexibility - where generators or large customers can be paid to reduce or flex their electricity use to help Northern Powergrid manage any potential increase in demand without the need for major network upgrades. The team is also looking at system planning in relation to managing a more active network with more low carbon technologies connected to it in the future.

Victoria said: "I've always enjoyed problem solving and had an interest in low carbon energy and renewables. When I was thinking about my career path I could see opportunities to bring these different interests together. Being able to think about electricity networks in terms of opportunities and challenges means I can use my skills to come up with system plans and recommendations that will help our network deliver for our customers every day.

"Also working to create a greener energy network is key and something I'm passionate about. Being part of a team that is constantly working to make the network that powers peoples' lives more efficient and able to connect more low carbon technologies is fascinating.

"Every day I get to use my problem-solving skills to think about solutions for future needs or challenges on our network before they happen. I would certainly recommend that more young women consider the energy sector when they are thinking about how they would like to develop their career."



Powering future energy

The growth in low carbon technologies and innovation advances mean the UK's energy sector is going through some of the greatest changes ever seen.

Decarbonisation of our energy system and achieving net zero is bringing a whole new environmental dimension to our business and engineering. It touches everything from how we create, manage and maintain our systems – to how we plan for the future to deliver a customer focused network that meets the needs of the diverse communities we serve.

This brings with it future opportunities in our sector that could attract a new generation of engineers.



Powering tomorrow's energy system

Mary Black Specialist Electricity Distribution Engineer



Mary, who joined Northern Powergrid in 2005, has more than 25 years' experience in computer programming, data analysis and distribution network engineering.

In 2020 Mary played a leading role in Northern Powergrid's inaugural Innovation and Ideas Festival - a digital event designed to empower and educate people about the technologies that are shaping the local power infrastructure and support the transition to net zero across the region.

Mary led Northern Powergrid's Distribution Future Energy Scenarios (DFES) event - one of the most popular sessions in the festival. She talked about how we're using the most innovative data mapping approaches to see how key low carbon technology – from electric vehicles to heat pumps – will grow in each town and city we serve.

Mary, who was inspired by the women of World War II who left traditional roles to become much-needed engineers, said: "I've always been passionate about computing, data and engineering and how it touches the world around us.

"Electricity undoubtedly plays a major role in powering our lives and this is only going to increase in the decades ahead as we move toward more electric heating, storage and transport."

"Being involved in some of the cutting-edge work we are doing to plan for tomorrow's energy system is exciting and I'd love to see more women be part of our journey to decarbonise our network and create greener energy for future generations."



Our gender pay gap

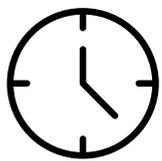
Across the Northern Powergrid group, men get paid on average 21.4% more than women in hourly pay and 28.6% more in bonus. The table below sets out the numbers in more detail.

	Northern Powergrid Group	Northeast	Yorkshire
Mean Pay	21.4%	20.9%	15.1%
Mean Bonus	28.6%	-43.9%	-22.5%
Median Pay	23.8%	26.3%	14.5%
Median Bonus	41.7%	54.7%	3.2%

In the Northern Powergrid group, **98.9% of men** receive a bonus compared to **98.3% of women**.

For employees of Northeast, **99.1% of men** receive a bonus compared to **98.7% of women**.

For employees of Yorkshire, **99.1% of men** receive a bonus compared to **97.5% of women**.



21.4%

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



28.6%

of men get paid more than women in bonuses on average



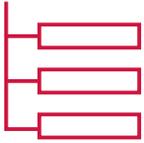
* All quoted statistics are as at the snapshot date of 5 April 2020



Our thoughts on our results

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

- a one-off, non-recurring payment made to Industrial colleagues as part of their pay negotiation cycle had a negative impact on our gender pay results. Industrial colleagues account for 43.6% of the total Northeast and Yorkshire population, of which 96% are men. If the payment had not been made the overall gender pay figure at group level would have been 18.6%;
- fluctuations in participation and contributions/deduction values for salary sacrifice (SMART Pensions and Childcare Vouchers) had an impact on our gender pay gap as did the absence of a small number of our most senior women due to maternity leave;
- high volumes of workforce renewal trainees (majority men) in typically lower paid (training) roles continue to have 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 2019;
- 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 performance incentives and pay negotiation cycles. In 2020 the most significant contributor to the improvement in the gender bonus gap at group level (14.4% variance in favour of women) from 2019 comes from ex-gratia payments made to colleagues in recognition of Top 50 Customer Service award success and payments related to our Quality Framework scheme which is designed to recognise and reward quality conversations with our customers. A large percentage of our Contact Centre roles are carried out by women.



Our pay structure

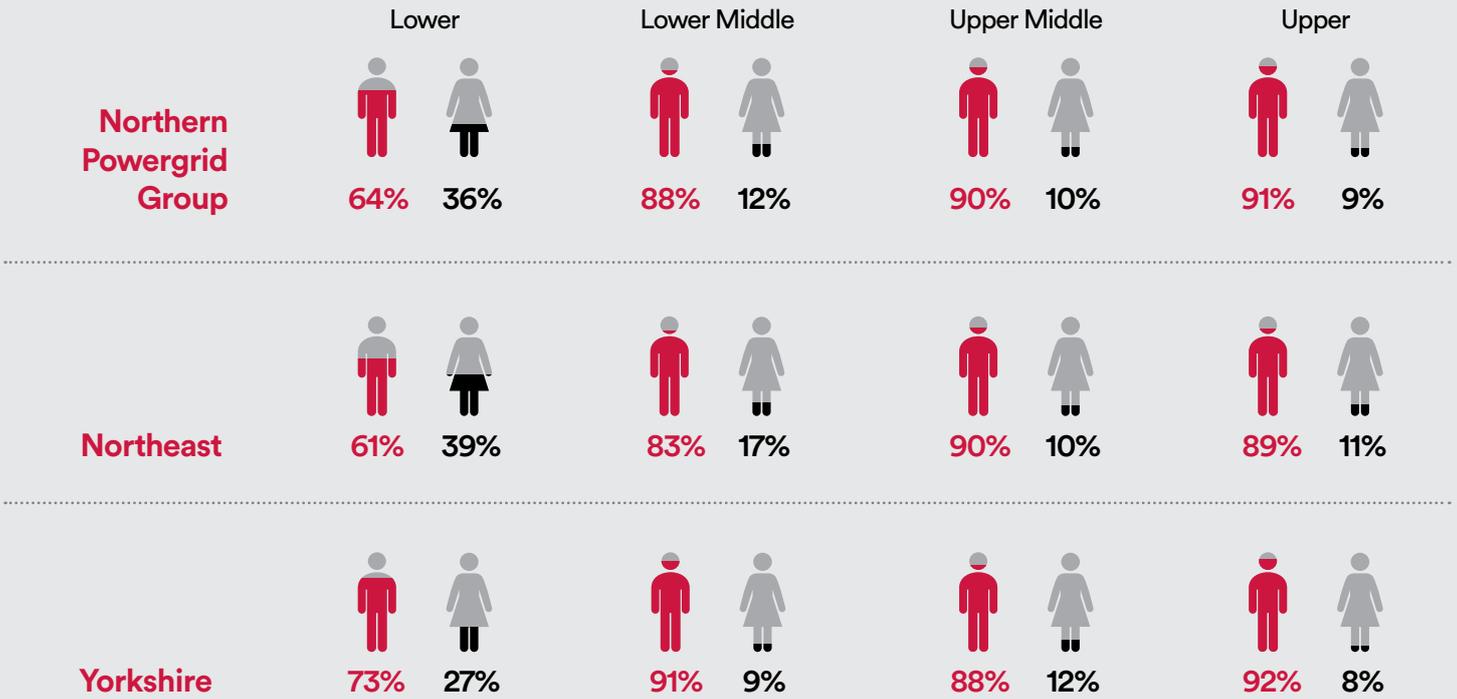
To ensure that our people are paid equally regardless of gender or background, we have robust policies, processes and working practices. If you do the same job, you're paid the same.

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.

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 pay and bonus gap and will continue to be a key feature in our gender pay results.

As a business, and part of the wider energy industry, we know that for a variety of reasons technical roles have predominantly attracted men leaving women to be over-represented within administrative type roles which are typically in the lower pay quartile. As a business with a very low colleague turnover rate, any significant change to this is going to take time and we recognise we have a part to play in supporting this change now and in the years ahead.

We want to work towards closing our gender pay gap by taking proactive steps to attract women into roles in our business as part of our inclusion, diversity and equity practices and, furthermore, ensure that they have access to career pathways and promotional opportunities that complement their skills and talent.

The energy network sector is evolving as a result of the growth in low carbon technologies and new smart network innovations. Consequently, career opportunities in our business will continue to change to reflect the needs of a rapidly changing technology environment and increasingly digitalised network. We know that bringing people into our business with diverse skills will be key to enabling us to respond to the changes and the challenges ahead and this is recognised as we build on our Emerging Thinking for our new business plan for 2023 and beyond.

To demonstrate commitment to being part of the solution, we pledged our support to the 2020-2025 Energy & Utilities Skills Partnership 'Workforce Renewal & Skills Strategy' - an industry collaboration aimed at creating work ready apprenticeships that deliver the safe, skilled, diverse and sustainable workforce needed to deliver essential services to the public.

We also remain committed to working with our partners such as Ahead Partnership and WISE to support and promote our business to primary school aged children, ethnic minorities and women to encourage more of those underrepresented groups to consider a career in engineering and help create a more gender and ethnically diverse group of engineers to choose from in the future.

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 reflect what we already know, that it is going to take time to close the gap. 2020 has been a challenging year but by remaining focused on being a progressive employer, actively targeting our recruitment across all of society and continuing to support 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

