

GENDER

PAY

GAP



MARCH 2019





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## INTRODUCTION

We want  
to build a  
workforce that  
fully reflects  
the diverse  
communities  
we serve.

We know that companies with diverse, inclusive workforces achieve the best results — because they can access the full range of talent available in their communities. Excellence at work doesn't depend on your gender, and we believe in supporting all our employees to enjoy successful careers with us. That's why we've been working hard to tackle the long-standing challenge to increase the number of women in some areas of the water industry that have been traditionally male-dominated.

But more than that — we believe creating an inclusive and supportive environment where our people can be themselves at work, and can develop to their full potential, isn't only good for our business, it's the right thing to do.

Our customers expect us to deliver high quality water and wastewater services, at an affordable price. But they also expect us to ensure we play our part in tackling some of the biggest challenges facing us, and wider society, in the coming decades. To achieve this, we need to attract and retain the best people with the skills we need for the future.

For this report, the gender pay gap is defined as the overall median and mean gender pay and bonus gap (based on hourly rate of pay at the snapshot date of 5 April 2018 and bonuses paid in the year to 5 April 2018) regardless of role or seniority.

It is important to note this is different to the principle of equal pay — where all men and women at Welsh Water receive equal pay for performing equal work.

## WORKFORCE PROFILE

### TOTAL

3,382 employees



### EXECUTIVE

11 Members



### BOARD

10 Directors



2017



2017



2017



The water and utilities sectors face the challenge of overcoming long-standing perceptions that areas of our industry are the domain of men — particularly in operational roles — and we are working hard to ensure talented women know there are opportunities throughout

Welsh Water to develop and thrive. But this challenge will take time to overcome — with 79% of workers across the energy, mining and utilities sectors still made up of men, according to figures from the Energy & Utility Skills partnership.

However, we are making progress in breaking down these long-standing cultural barriers — with the proportion of our workforce made up of women increasing from 29% in 2017 to 30% in 2018, and a total of 40% of our new starters in 2017/18 being women.

WOMEN MEN



## GENDER PAY

We are committed to reducing and eliminating the gender pay gap – but recognise it is rooted in long-standing perceptions of the type and nature of some parts of our business, which will take time to overcome.

However, we are determined to continue the progress we are making in this area, and it is encouraging that our median and mean pay gaps are below the national average.

### DEFINITIONS

#### Median

The difference between the midpoints in the ranges of men's and women's pay

#### Mean

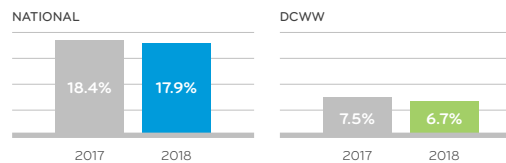
The difference between the average of men's and women's pay

### WHY IS THERE A GENDER PAY GAP?

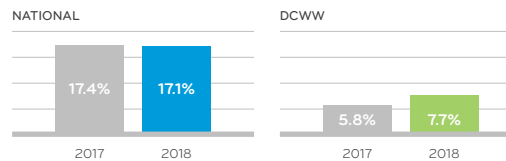
The water industry has historically been male-dominated, particularly in areas like engineering and operations where roles generally attract higher salaries and premiums connected to required skills and unsociable working hours. This is true of Welsh Water too, and as a result we currently have more men than women in senior positions at higher pay bands in the company.

We are working to reverse this profile over time – working with other utility and energy companies to increase the diversity of our workforces, and we are committed to offering women opportunities to advance and develop in the company in all varieties of roles.

#### MEDIAN GAP



#### MEAN GAP



### OUR PROGRESS

Our median gap has reduced from 2017, reflecting the efforts we are making to increase the proportion of women working at Welsh Water, and in offering opportunities for advancement of women in the company. The reduction is larger than the reduction at national level, which is encouraging.

However, our mean gap has increased, which was mainly affected by a change in the structure and responsibilities at senior executive level, with changes in remuneration having a more pronounced effect on the mean gap. This change led to a one-off effect on the figures, which we will seek to reduce in coming years.

While we are pleased to see the median gap reducing, it is clear we have a lot further to go. Indeed, for an interim period, measures we are taking to recruit more female new starters into our business could, perversely, lead to the gap increasing, as these entry-level roles may be less well-paid. However, over the longer-term, increasing participation of women in well-paid, traditionally male-dominated parts of our business will be essential to closing the gender pay gap.



AS ONE OF THE  
BIGGEST EMPLOYERS IN  
WALES, WE RECOGNISE  
WE ARE IN AN  
INFLUENTIAL POSITION

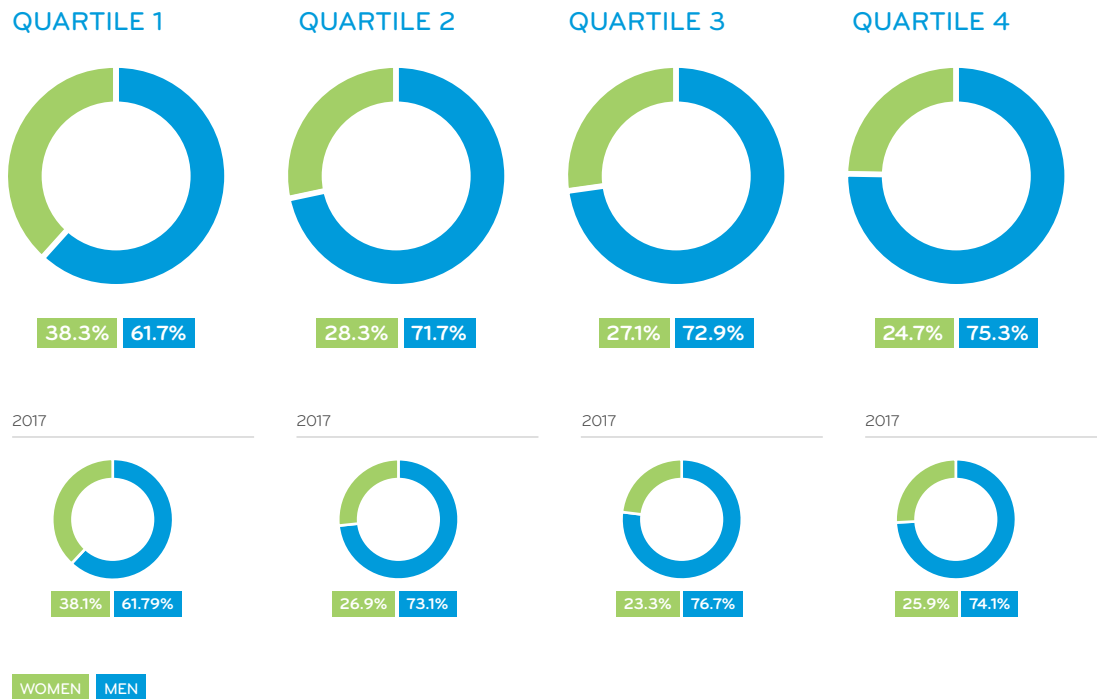


## PERCENTAGE OF MEN AND WOMEN IN EACH PAY QUARTILE

Our workforce profile is similar to that of the water and utilities industries as a whole – in that we have a higher-than-average proportion of women in the lowest quartile, while the highest quartiles have fewer women. This is the principle driver of our gender pay gap – with more men in roles which have higher salaries and premiums relating to working hours, such as engineering and operational roles, while we have more women in lower-paid roles such as administration and customer service.

### DEFINITIONS

The distribution of men and women is shown in pay quartiles which are calculated by splitting the workforce into four equal sized bands, based on hourly pay from the highest (Quartile 4) to the lowest (Quartile 1). The percentage of men and women is calculated for each band.



### OUR PROGRESS

The proportion of men and women has narrowed in each of the three lower quartiles, partly reflecting the overall increase in the proportion of women working at Welsh Water, and an increase in the recruitment of women starting their careers here. This is reflected in the recruitment of apprentices and graduates, with 29% of this group now made up of women. However, the difference in the highest quartile has increased – driven mainly by changes in management structure. We remain absolutely committed to reducing and eliminating these gaps throughout each quartile as soon as possible.



## BONUS GAP

Welsh Water operates a bonus scheme which rewards all eligible employees for the company's performance during the year – meaning each has a stake in how well we deliver services for our customers.

### DEFINITIONS

#### Median

Difference between the midpoints in the ranges of the bonuses paid to men and women

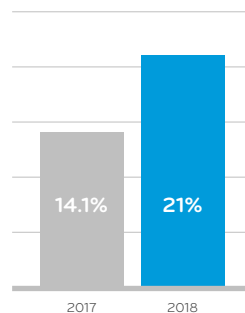
#### Mean

Difference between the average of the bonuses paid to men and women

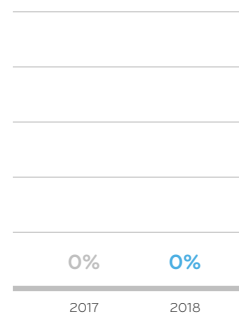
This scheme is linked to annual performance measures are universally applied to all employees, with the bonuses of managers and the Executive Team also linked to personal performance.

Because we award bonuses to all of our employees, regardless of gender or any other characteristics, through the same performance criteria, we have no median bonus gap. Our mean bonus gap is again mainly due to the higher proportion of men in more senior roles attracting higher salaries.

### MEAN GAP



### MEDIAN GAP



### OUR PROGRESS

The growth in the mean bonus gap is primarily down to the way the company's bonus scheme works. Every eligible employee receives a bonus, linked to the overall performance of the company, with some employees on higher pay bands receiving a bonus linked to personal performance. As the company performance was better than the previous year, the payment to all employees was higher – and this was correspondingly higher for those on higher pay scales.

Also, with more women working part-time, their bonus pay is calculated pro-rata. As the gender pay gap reporting regulations do not allow for the pro-rated nature of a bonus payment to be taken into account, this impacts on the bonus gap.

The gap is also affected by the proportion of employees ineligible to receive a bonus under the scheme rules – for instance, women make up a higher proportion of our new starters, and therefore do not receive a bonus until they are with the company for a set period of time – but will become eligible for bonuses in future.

For this reporting period 86.6% of men and 76.8% of women received a bonus payment. This was an increase from 86.1% and 73.9%, respectively, in the previous reporting period.



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## WHAT ARE WE DOING?

### EDUCATION

We continue to expand and build on our education programme — ensuring that our future bill payers know how to be water efficient and how to protect the environment around us. In the past year, we welcomed 69,000 pupils to one of our four Discovery Centres or through our employees and teachers visiting schools across Wales and Herefordshire.

These sessions link to the national curriculum with focus on science, technology, engineering and maths (STEM).

### STEM IN SCHOOLS

We work in partnership with STEM Cymru and Engineering Education Scheme Wales (EESW). This partnership offers experience days to young women (Years 7-9, Key Stage 3) across Wales raising awareness of Welsh Water and showcasing career opportunities within STEM industries. In 2018 we held three events with role model female speakers at each, who spoke to many pupils about their career. We plan to build on this work in 2019.

### ENGINEERING EDUCATION SCHEME WALES (EESW)

We have built a partnership with the EESW and have sponsored the Engineering Education scheme annually since 2011. The scheme provides students with an opportunity to sample professional engineering in the workplace with particular focus on 'girls in engineering'. Over the past two years, we have worked with pupils from schools across Wales on an energy-neutral water and wastewater treatment project, including two schools new to the programme in 2018 (one in north Wales and one in south Wales).

#### IN BRIEF

We are delighted the group of sixth-form girls from Aberconwy won £500 for the school and £50 each for winning 'Best Energy Appreciation Project' in the EESW Awards which were set up to encourage young people to consider engineering as a career.





THROUGH A RANGE  
OF INITIATIVES, WE  
ARE COMMITTED TO  
CLOSING THESE GAPS  
AS SOON AS POSSIBLE





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## WHAT ARE WE DOING?

### WOMEN LEADERS

As part of our commitment to supporting women in the workplace, we provide opportunities to learn from peers and to network with other women working in the industry. We do this by supporting International Women's Day (March) and International Women in Engineering Day (June). This has involved inviting inspirational female speakers to come and talk to employees about their experiences, as well as providing networking opportunities for female employees from across the areas we serve to meet and share ideas which can benefit them and the company. To improve the advice and guidance available for our female employees we also offer mentoring, with a focus on our rising stars to support their future development.

### WORKING IN PARTNERSHIP

Continuing our work with Women in Science and Engineering (Wise), we signed up to their Ten Steps campaign. The Ten Steps is an ambitious, industry-led campaign to ensure women in science, technology, engineering and manufacturing have the same opportunities to progress in their career as their male counterparts. As an industry leader and signatory, we have undertaken a commitment to:

*Work to achieve better gender balance in the science, technology, engineering and manufacturing workforce by using the Ten Steps framework to help us recruit, retain and develop women within our own organisation and also encourage others in the wider industry to do so*

Building on the success of being Chwarae Teg's Employer of the Year in 2017 in their Womenspire Awards, in March 2019, we pledged to become a FairPlay Employer — enabling us to continue to benefit from Chwarae Teg's expertise in creating working environments where women can achieve and prosper. This will support us to deliver gender equality in Welsh Water.

### APPRENTICES AND GRADUATES

Attracting and retaining talented people is key and our 2018 apprentice and graduate recruitment campaign saw more women apply to join one of our programmes than in previous campaigns. Our graduate programme saw the biggest increase with 43% of applications coming from female applicants.





## NEXT STEPS

Our people are our best assets – and that's why we're working towards building the most inclusive, diverse workforce possible. If we reflect the diversity of the communities we serve, we believe we're able to work in a way that best suits them – and delivers the best services possible.

Over the past 12 months, we've made steady progress in ensuring that more women work at Welsh Water, and in tackling long-standing challenges in attracting women to jobs traditionally associated with men. This has seen more women applying for our graduate and apprentice positions, as well as seeing nearly a third of our workforce now made up of women. Our aim is to build on that in the coming year as we work towards offering more opportunities than ever to women at Welsh Water, as well as continuing to reduce the gender pay gap.

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## NEXT STEPS

### SOME OF THE AREAS WE WANT TO BUILD ON INCLUDE:

#### Equality, diversity and 'unconscious bias' training

In 2018 we piloted a new e-learning module to employees in north Wales, which will now be rolled out to all employees during 2019. It covers the importance of equality, diversity and recognising unconscious bias — and will also signpost employees to our Code of Conduct for further guidance. All our leaders participated in an unconscious bias workshop to highlight the importance of making objective decisions at work.

#### Promoting diversity

In 2018 we joined the EU Skills Diversity Group. The group was set up to share and listen to ideas from companies across the energy and utility sector. This will create greater collaboration across the utility and energy sectors on how we can diversify our workforces. In February 2019 we signed a group-wide commitment to increase inclusivity in the workforce. We will also continue to work with groups such as Chwarae Teg and WISE to promote opportunities for development and advancement for women in the workplace, including an event with Chwarae Teg to celebrate International Women's Day in March 2019, in which employees will hear from its Chief Executive, Cerys Furlong. This will be followed by an event to celebrate International Women in Engineering Day in June 2019.

#### Engaging young people

We will use our education outreach programme to support workshops that provide young people with key skills that are relevant to our business, through our dedicated Welsh Baccalaureate resource — so we can inspire young girls to take up STEM subjects and consider careers in the water industry. We will encourage our leaders and aspiring leaders to mentor young women to help develop their interest in working in our industry.

We confirm that the information in this report is accurate and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



**Chris Jones**  
Chief Executive



**Linda Williams**  
People and Change Director