



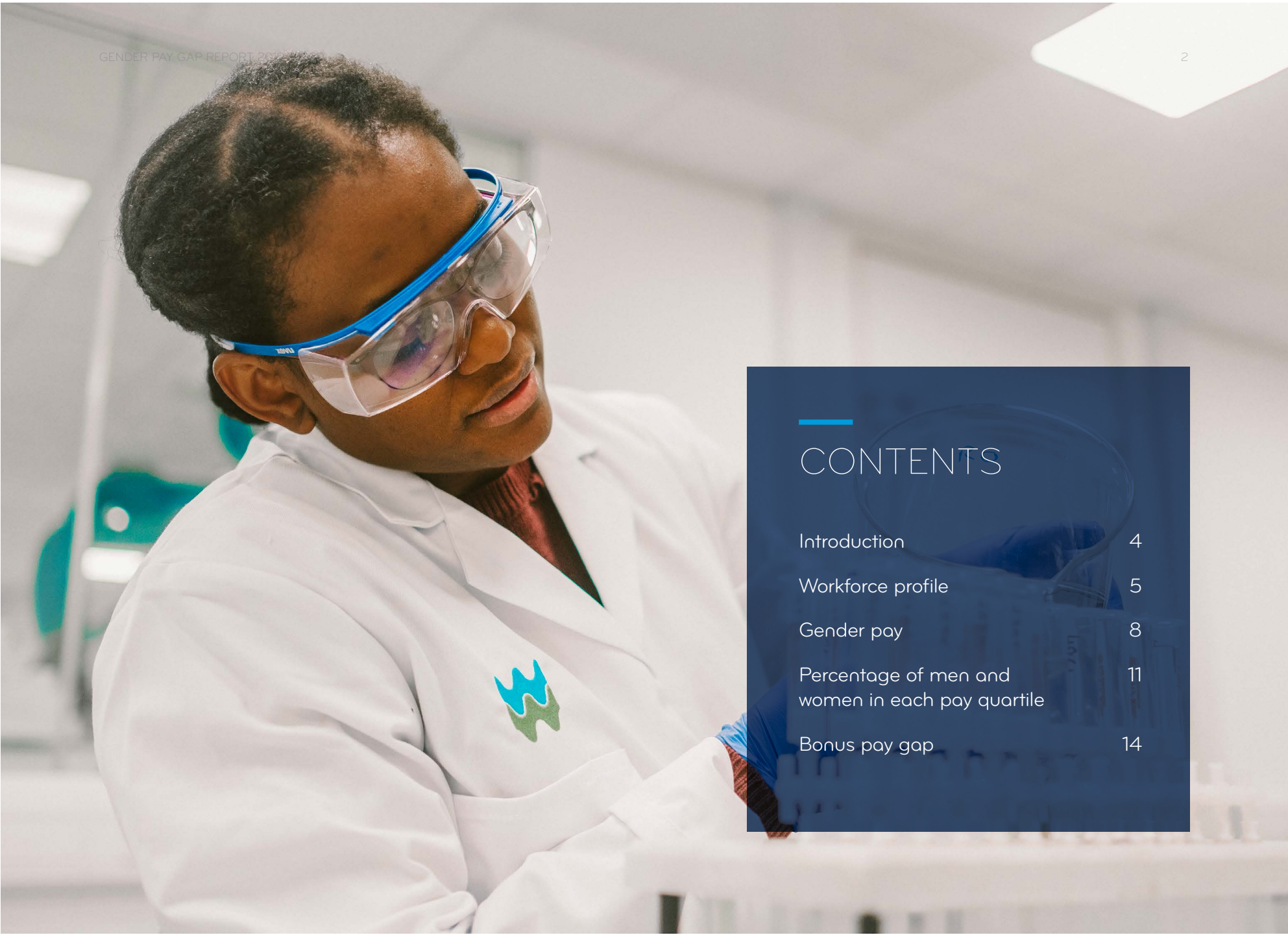
GENDER

PAY

GAP



APRIL 2020



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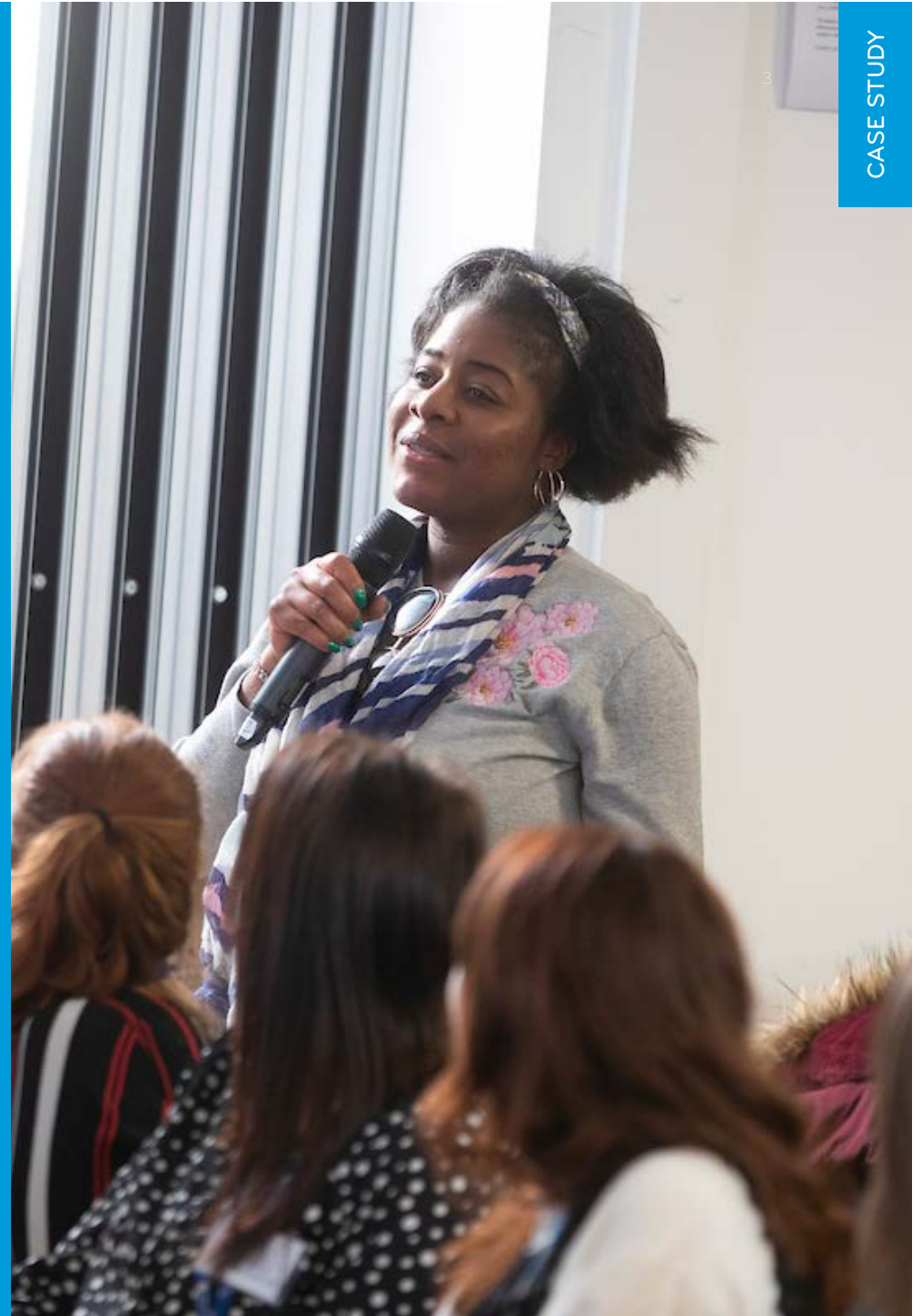
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# NKECHI ALLEN-DAWSON

**Commercial Analyst**



Greater diversity could result in significant benefits. By widening the net and employing more people from beyond the usual demographics, the water sector can go a long way towards addressing its skills shortages and open itself up to different approaches.



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## INTRODUCTION

Our people are our greatest asset – and we are passionate about creating a workforce that reflects the diversity within the communities we serve.

And as a not-for-profit company, with a commitment to work in the public interest, we know that increasing the diversity of our workforce and ensuring we build an inclusive working environment for everyone is the right thing to do.

Businesses with diverse workforces, and with cultures that allow everyone to be themselves, are more successful and efficient. That's because they include the most diverse range of talents, views, and perspectives from all areas of the communities they serve.

This is a long-term process, and it is challenging to overturn decades of perceptions about what is “men’s” and “women’s” work – and establish a culture in Welsh Water where everyone feels empowered to do any job.

We've made a big effort to attract and retain women at Welsh Water in recent years – particularly in science, technology, engineering and mathematics (STEM) roles that have traditionally been dominated by men. This has involved considerable changes in the way we recruit – and this has helped us increase the number of women employed in these types of roles. We now have nearly a third (31%) of the total workforce made up of women.

But we know there's a long way to go. It takes a long time to tackle challenges that have been decades in the making, but we are committed to creating an inclusive working environment across all areas of our business.

To build on the progress we have made to date, we've set up our new Inclusivity Working Group and have appointed Inclusivity Ambassadors, inspiring colleagues who will help us to build an inclusive working environment where everyone can be themselves.

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 2019 and bonuses paid in the year to 5 April 2019) regardless of role or seniority. It is important to note this is different to the principle of equal pay – all men and women at Welsh Water receive equal pay for performing equal work.

We will use the findings of this report to redouble our efforts to attract, support and retain more women to work in all areas of Welsh Water – for the long-term.



**Linda Williams**  
People & Change Director

# WORKFORCE PROFILE

In common with the rest of the water industry, we face considerable challenges in attempting to reverse historic patterns of male dominance in significant parts of our business – particularly in higher-paid, operational roles. This is a deep-rooted issue, and a challenge shared by other water and utility companies across the UK and wider afield.

WOMEN MEN

2019

## TOTAL

3,618 employees



## EXECUTIVE

11 Members



## BOARD

10 Directors



2018



However, our progress in recent years has seen a steady increase in the total proportion of our workforce being made up of women – bringing it up from 21% in 2012 to 31% in April 2019.

Working for a better gender representation in the company is deeply embedded in our

strategic thinking and planning – and this is why it's referenced in Welsh Water 2050 as part of our 18 Strategic Responses – meaning we're committed to continuing this trend over the long term.

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## BUILDING AN INCLUSIVE ENVIRONMENT

Having a dynamic, motivated workforce that reflects the communities we serve is a big priority for Welsh Water. We've focused efforts on building an inclusive, welcoming environment so that everyone, regardless of their background or characteristics, can be themselves at work – making us an Employer of Choice.

We have worked hard to make Welsh Water the best place possible for women to develop and thrive in their chosen careers. The measures we have introduced include insisting on gender-balanced shortlists from our recruitment partners, so that making Welsh Water an attractive place to work for women is built into the process from the very start. We have also rolled out "unconscious bias" training for new leaders through our Leadership Conference and leadership programme, as well as wider e-learning for all employees.

We have worked to ensure that job descriptions and internal and external job adverts encourage potential women applicants – considering each new job description and advert through a "gender lens" – and maximising the flexibility we have for each role, such as introducing part-time or flexible elements to new roles where we can.

### CASE STUDY: INCLUSIVITY AT WORK

We believe in doing the right thing for our customers, colleagues and the company. And we are committed to recognising and promoting equality, diversity and inclusivity and treating others with dignity and respect at all times. We have recruited "Inclusivity Ambassadors" over the past year to be part of our first-ever Inclusivity Working Group. The group – made up of colleagues across each of the characteristics protected by the Equality Act – has since been examining the company's equality, diversity and inclusivity strategy and is building an action plan.

# WILLOW SMALLBONE

**Data and Analytics Manager**



The water industry is in a very exciting time of change, realising the importance of using data as an asset to help drive investment and support decision making. Senior management and regulators are focusing on the use of data and driving to embed its use into organisations. We are seeing the world of technology and data changing at a rapid speed, the water industry is working to integrate these developments into their organisations. It is incredibly important to build an analytical team that is as balanced and representative as possible.



## GENDER PAY GAP

We see ourselves as more than just a water company – we are at the heart of the communities we serve.

Part of our wider commitment is to work to increase the diversity of our workforce and ensure the company is an inclusive environment where everyone can be themselves at work, and there are no barriers to men and women undertaking any job role.

### 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?

Historically, the water industry has been male-dominated – particularly in operations-focused roles like engineering. These areas of the business historically have attracted higher salaries and benefits as you progress through the company.

In common with other water and utility companies, these legacies mean that a much higher proportion of senior positions in these areas are occupied by men than women, meaning a greater proportion of those at higher pay levels are men.

We are working with a number of organisations to try and tackle this long-term challenge, including becoming a partner organisation of Welsh charity, Chwarae Teg, which works to advance and develop women in the workplace, to change our recruitment practices and provide training to women throughout the company. We also work with Women in Science and Engineering (WISE) to implement the "Ten Steps" – an action-driven framework that helps businesses in all sectors and educational establishments improve the recruitment, retention and progression of women.

We also work with other utility companies and bodies such as EU Skills to provide more opportunities to women and break down barriers for women to enter areas that are traditionally male-dominated.

### 2018: WHY WE UPDATED OUR STORY

When we produced our figures for the Gender Pay Gap at Welsh Water this year, we were surprised to see a significant increase on our findings for 2019 compared to 2018. As a result, we decided to review how we were calculating the figures to make sure everything was accurate.

Our review showed that there were parts of our previous calculations that were incorrect as we were not taking account of salary sacrifice issues. That's why, this year, we're publishing both the figures for 2019 and revised figures for 2018.

The re-calculated 2018 gap was 12.1% (median) and 11% (mean).

Our gap (both median and mean) had narrowed by April 2019 – primarily due to progression of senior women in the company. We expect this to be further positively impacted when we calculate for April 2020 – due to further progression and promotion of women at all levels in the company, including at Executive Team level.



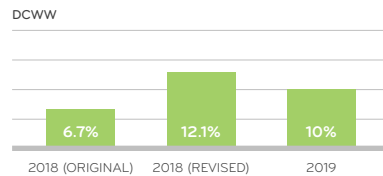
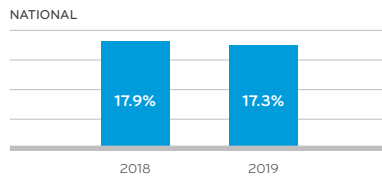
## OUR PROGRESS

We have now seen a decrease in both our median and mean Gender Pay Gaps over the year to March 2019 and it is encouraging that our gender pay gap remains significantly lower than the national average.

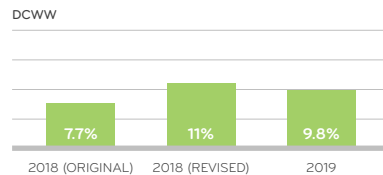
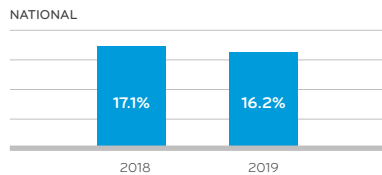
The decrease in both the latest median and mean Gender Pay Gaps reflects progression of women that have been recruited to entry-level and development roles in recent years, as well as the development and progression of senior women – particularly in specific operationally-focused roles.

This decrease is positive, and while we would hope to see this continue as more women progress at Welsh Water, these figures are naturally dependent on a number of factors, and can fluctuate year-on-year. Our long-term strategy and activity is aimed at reducing and eliminating this gap, and we are confident that this work is already bearing fruit despite very challenging historic trends which are common across our industry.

### MEDIAN GAP



### MEAN GAP



## COLLEAGUE DEVELOPMENT

Supporting and developing our colleagues is one of the best ways we have of ensuring our workforce are motivated and ready for the challenges we face in years to come. We also want to create an environment where everyone plays a part in providing customers with the best service possible – and feel empowered to act as ambassadors for Welsh Water in all areas we serve.

We've put in place measures to encourage women to develop at Welsh Water. For instance, we support women to take up non-executive director roles within other organisations. We have sponsored three "rising stars" in Chwarae Teg's "Step to Non Exec" programme, which targets women aged between 21 and 30.

## CASE STUDY: WOMEN IN THE FOREGROUND

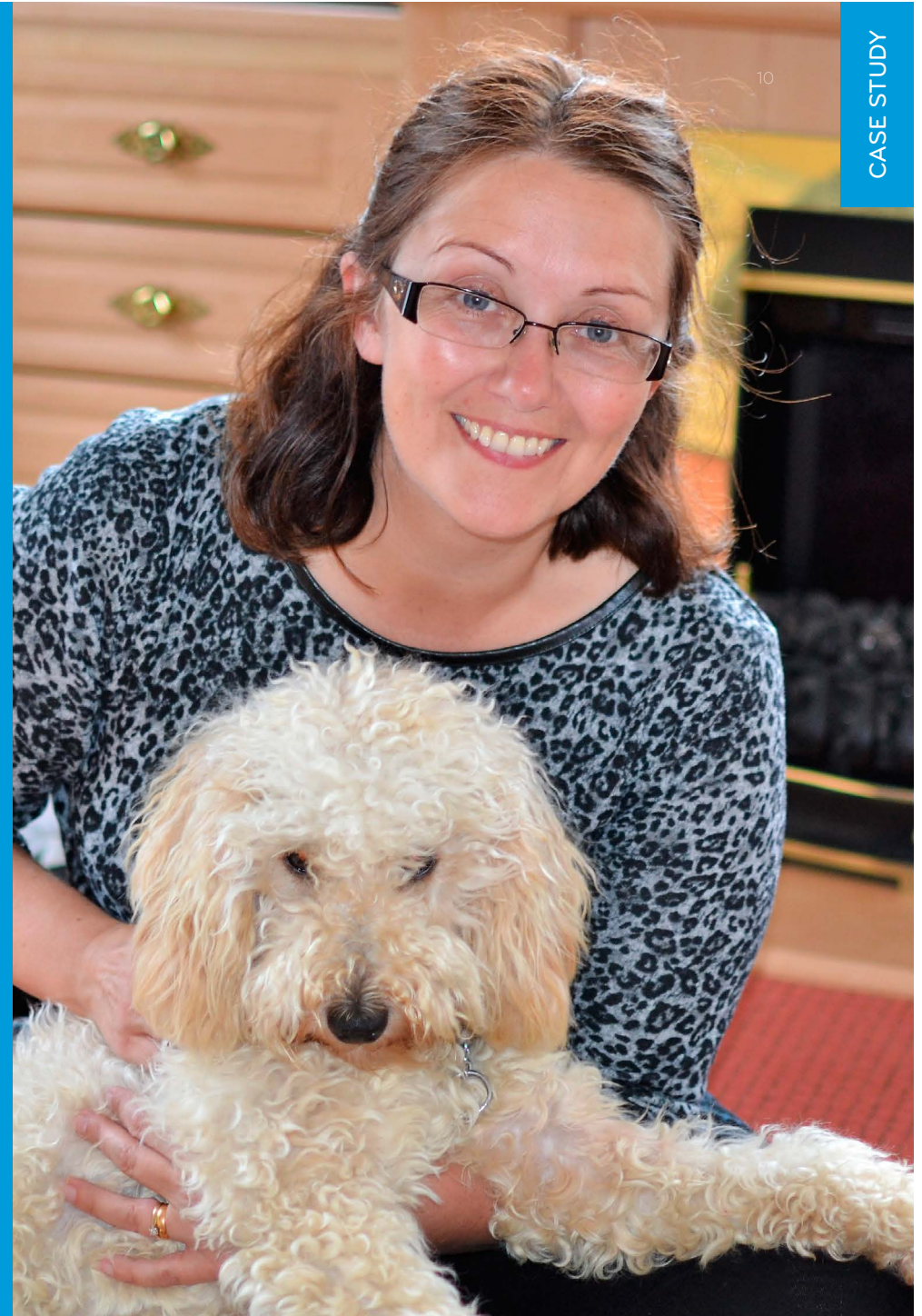
Through our What Are You Made Of? campaign, we have sought to promote women throughout the company in our recruitment campaigns – with prominent and successful women in Welsh Water fronting our communication and recruitment campaigns, our website, and internal communications platforms.

# SHARON ELLWOOD

Head of Wastewater Assets



I've always been really practical and had a mathematical mind. I always wanted to make the environment a better place to live and was focussed on climate change from my late teens. I had poor career advice in school, and never understood that I could go into a STEM career like this and enable my life and career aspirations to be met. That's why it's important for senior women at Welsh Water to go out in schools and let young women know about the options open to them – so we use our experience and our perspective to encourage and inspire young girls into these rewarding careers.



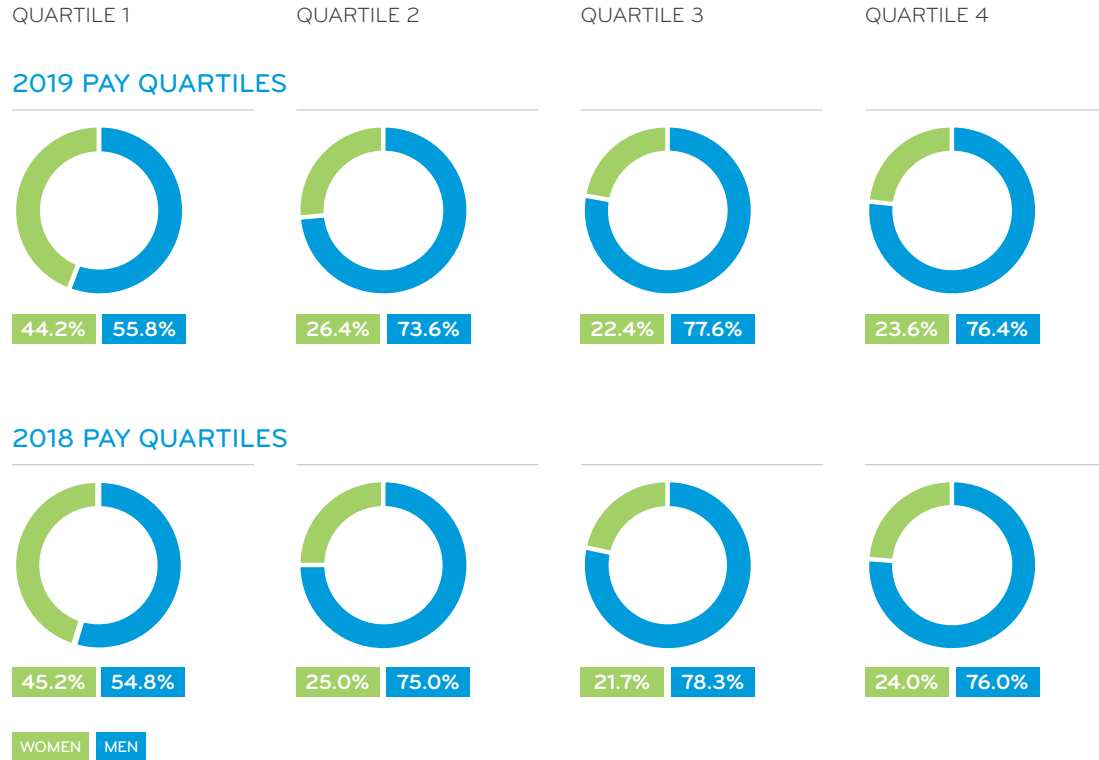
# PERCENTAGE OF MEN AND WOMEN IN EACH PAY QUARTILE

## OUR PROGRESS

The number of women employed in the lowest quartile increased significantly in 2018, so that women made up nearly half (45%) of the total workforce in the lowest band. This reflected our success in recruiting more women into entry-level and early developmental roles, including 19 women joining our apprenticeship and graduate programmes in 2018 and 2019, and into seasonal roles in Visitor Centres and at our Contact Centre.

### 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.



However, the proportion of women in the lowest pay quartile has decreased slightly in the past year, contributing to the narrowing of the pay gap figures and reflecting the progression of those who joined in entry-level, graduate or apprentice positions the previous year – particularly in our contact centre. This progression is also reflected in the slight increase in representation of women in the two middle quartiles.

We remain committed to continuing our efforts to recruit and retain talented women at all levels of the company – supporting them to develop their careers at Welsh Water and develop to more senior positions. This process should result in the pay gap narrowing over time.

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## PLANNING FOR SUCCESSION

The water industry, along with many other operationally-focused parts of the economy, faces challenges of an ageing workforce, and one that has had a male-dominated workforce. As part of our Welsh Water 2050 plan, we are working to ensure our workforce is ready for the future – ensuring our long-serving colleagues can pass on their knowledge to the next generation of workers.

As such, we are embedding the responsibility for managers to develop their teams and succession plans at every level in the business as part of our long-term Welsh Water 2050 plan. But we have also sought to ensure prominent, senior women in the company take leading roles as mentors and as role models in the business – holding International Women’s Day and International Women in Engineering Day events across the areas we serve – with inspiring female leaders joining prominent women in the company contributing to the day.

Our efforts in recent years have also meant we have the highest-ever number of women in our succession plan – particularly in the pipeline for our Executive Team, Heads of Service and entry-level talent.

### CASE STUDY: WOMEN AS LEADERS

Women at Welsh Water have been working as trailblazers in an industry that has traditionally not provided the most inclusive environment for women to thrive in all areas. In recent years, this can be seen by senior women working as leaders for the wider industry – with our People & Change Director, Linda Williams, becoming the first-ever woman President of the Institute of Water in Wales. She will be succeeded in 2020 by our Head of Wastewater Assets, Sharon Ellwood.

## KARMANN JAMES

Apprentice, Technical Process Operator



When I finished college, I didn't want just a job, I wanted a career. I chose Welsh Water as I could see an opportunity to develop new skills and to work for a company whose ethics matched my own. A company which prides itself on its people being the best they can be – which is what I strive to achieve every day for myself.



## BONUS PAY GAP

Welsh Water’s bonus scheme is there to incentivise and motivate all our colleagues to deliver the best services possible for our customers – and does not operate or discriminate on the basis of seniority.

Our bonus scheme is linked specifically to our company-wide performance targets which are applied equally from the highest to the lowest grades. However, managers’ and directors’ bonus pay is also dependent on personal performance.

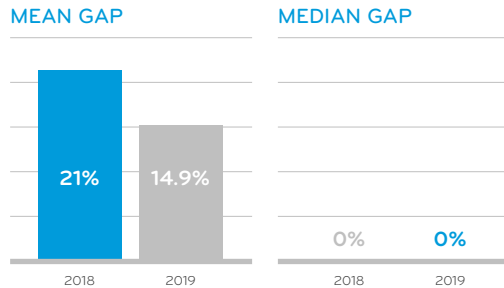
### OUR PROGRESS

As our policy applies a bonus policy equally for all our workforce – with no discrepancy based on gender or any other background characteristics – there continues to be no median bonus gap. However, we have a mean bonus gap which is primarily down to the previously-mentioned proportion of men occupying the most senior (and well-paid) positions in the company.

Gender Pay Gap reporting regulations do not allow for the pro-rated nature of a bonus payment. Therefore when reporting bonus for part-time employees we use actual bonus payments.

We are encouraged that the mean bonus gap has been reduced in 2019 compared to 2018 – narrowing from 21% to 14.9% this year. This partly reflects the company element of Annual Variable Pay and colleague reward being lower in 2019 than the previous year, but also more women – those who may have been ineligible in the previous year as new starters – being eligible for payment. As more women progress to senior roles in the company, and our efforts to create more opportunities and development paths for women develop, we would expect this gap to narrow further.

For this reporting period 88.6% of men and 80.3% of women received a bonus. This was an increase from 86.6% and 76.8% of women, respectively, in the previous reporting period.



### 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

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## WORKING WITH YOUNG WOMEN

One of our biggest responsibilities is to ensure our young people both understand the water cycle and our wider purpose, but also to encourage and nurture young talent to join us in the future.

As such, our work in our four “Discovery Centres” across the areas we serve provide a platform to educate our future bill-payers in the work we do, but also provide opportunities to hear from inspirational women who work in science, technology, engineering, and mathematics (STEM) careers – inspiring young women into careers which previously under-represented women. This includes our work with the Welsh Baccalaureate resources, as well as representation at high-profile events such as the STEM Women Careers Fair.

### CASE STUDY: WOMEN AS PARTNERS

We have developed a strong partnership with Education and Engineering Scheme Wales (EESW) – in addition to our work with Chwarae Teg – to provide opportunities to young women and female leaders at Welsh Water. This includes events throughout the year for prospective engineers to hear from women leaders, such as Catrin Phillips (Water Asset Manager), about working in the water industry. As part of a wider strategy to promote careers at Welsh Water in local schools and community groups, we have also rolled out more work experience placements, with 13 women participating across the past year – nearly a quarter of all applicants.

# IMOGEN BROWN

## Head of Water Distribution



Welsh Water provides great opportunities for women to work in exciting and fulfilling roles across a wide number of disciplines. The water industry is still seen as a predominantly male environment – but since joining Welsh Water I have received a huge amount of opportunities and support from both senior leaders and colleagues, and it's great to see how many women are progressing their careers and ending up in senior roles. It's really important to have a diverse workforce that is representative of our customer base to ensure great customer service, and I would recommend Welsh Water as a brilliant place to work.





## DECLARATION

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.



**Peter Perry**  
Chief Executive



**Linda Williams**  
People & Change Director

3 April 2020