



Gender pay report 2018



Inclusion and diversity in United Utilities

At United Utilities our commitment to equality and providing a diverse working environment for our employees is more than just a once-a-year pledge.

It's important to us that our people feel valued and included, regardless of their gender, age, race, disability, sexual orientation or social background.

We need fantastic people to enable us to deliver a great public service. We want to make sure we are reaching and recruiting from every community and then supporting employees to achieve their full potential once they have joined our organisation.

By having an overarching approach to improving diversity, we believe we can close our gender pay gap, while increasing diversity across the business.

We have a reinvigorated plan and have appointed a steering group of senior leaders from across our business to challenge and support the delivery of our ambition.

This report looks specifically at gender pay, what our gap is and what we are doing to ensure a more equal gender balance. We know that closing the gap will not happen overnight, but are encouraged by the fact that our gap is below the UK average and that despite this being only our second year of reporting we have seen improvements. We recognise that there is still work to be done and we remain committed and passionate about progressing our actions to reduce our gender pay gap and drive greater diversity within our business.

I confirm the data reported is accurate.

Louise Beardmore
Customer Services and People Director

At a glance



OUR MEDIAN GENDER PAY GAP IS LOWER THAN THE NATIONAL AVERAGE

29%

OF OUR EXECUTIVES ARE FEMALE

36%

OF OUR EMPLOYEES ARE FEMALE



23%

OF OUR APPRENTICES ARE FEMALE



OF FEMALES WOULD RECOMMEND WORKING AT UNITED UTILITIES

Our gender pay report

This report looks specifically at gender pay, summarises our current position and outlines what we are doing to achieve balance.

The 'gender pay gap' is the difference in pay between men and women which is summarised in the statistics shown in our report. This is different to 'equal pay' which is the legal requirement to pay men and women the same for doing the same job. We have a single pay and grading structure and robust processes in place to ensure that pay is set and reviewed fairly for all employees.

At present, we have a higher proportion of men at more senior roles within our organisation and more men in higher-skilled and higher-paid roles, which contributes to our current gender pay gap. In line with our overall aim to have a workforce that is representative of our region and our customer base, this is an imbalance we are striving to address.

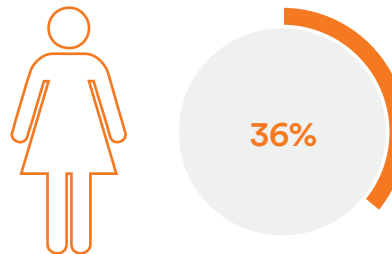
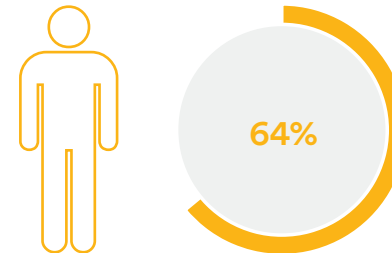
Workforce profile

Our gender pay gap is influenced by various factors, including the demographics of our workforce which is predominantly male and long-serving. Females make up around 36% of the workforce, and there are fewer women than men in senior roles. In recent years we have introduced a number of initiatives intended to address this, yet the overall composition of our workforce is relatively unchanged from last year.

We are proud to be an employer that retains and develops our people, although having very low attrition rates means adjusting our gender balance will take time to achieve. What is important is that as opportunities arise we have a gender balanced talent pool to select from. We are focusing on developing females from within that talent pool and improving how we attract females into traditionally male careers. Any meaningful and enduring change will also require changes in wider society and in particular an increase in the number of females studying Science, Technology, Engineering and Maths (STEM) related subjects and then pursuing them as a chosen career.

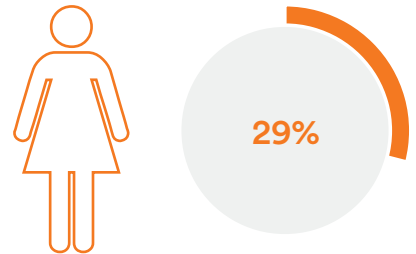
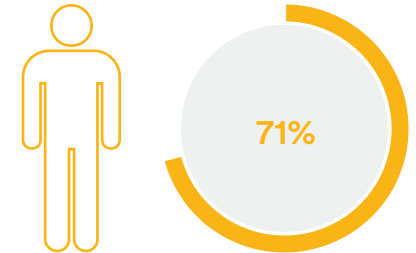
Overall workforce

(5,358 employees)



Executives

(7 employees)



Pay gap

Our pay gap has improved slightly from 2017, and we are encouraged to see our median gender pay gap is still lower than the national average.

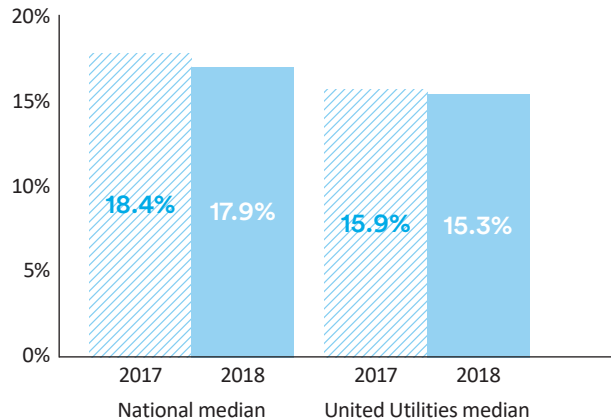
In 2018 we have seen a positive change in our overall gender pay gap compared to our 2017 report, reducing slightly to 15.3% (2017: 15.9%) and remaining lower than the national average of 17.9% (Median, ONS October 2018).

Whilst we are encouraged by this change, we recognise the success of our actions will only be demonstrated by a sustained downward trend over time.

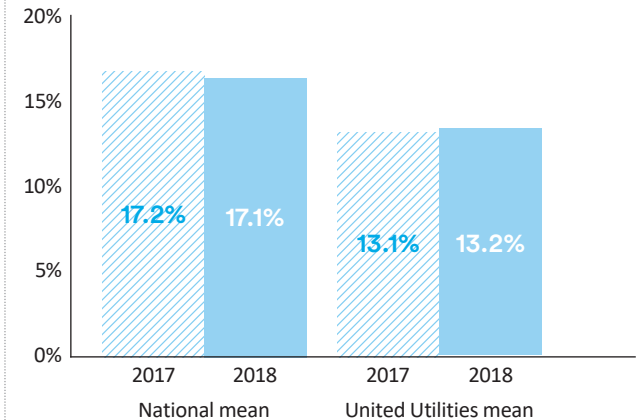
As was the case in 2017, our pay gap is due mainly to the higher proportion of males at more senior levels within our organisation and more males in the higher-skilled and higher-paid STEM-related roles. Within our top five operational roles (which require STEM skills) 97% are male. Factors driving these figures, similar to other companies in our sector, include the limited supply of females with the relevant skills available in the market; the legacy of a traditional male-oriented bias in STEM careers; and our recruitment process, in that we receive fewer applications from females than males for our roles requiring variable or non-standard working patterns (most of which qualify for additional premiums).

There has not been any notable change in the 2018 quartile splits compared to our 2017 report. Within the lowest pay range quartile we have a similar proportion of males and females, whereas we have a higher proportion of males in the three higher-paid quartiles. This is not unexpected as we still have more men in more senior STEM based roles and more men in higher-skilled and higher-paid roles.

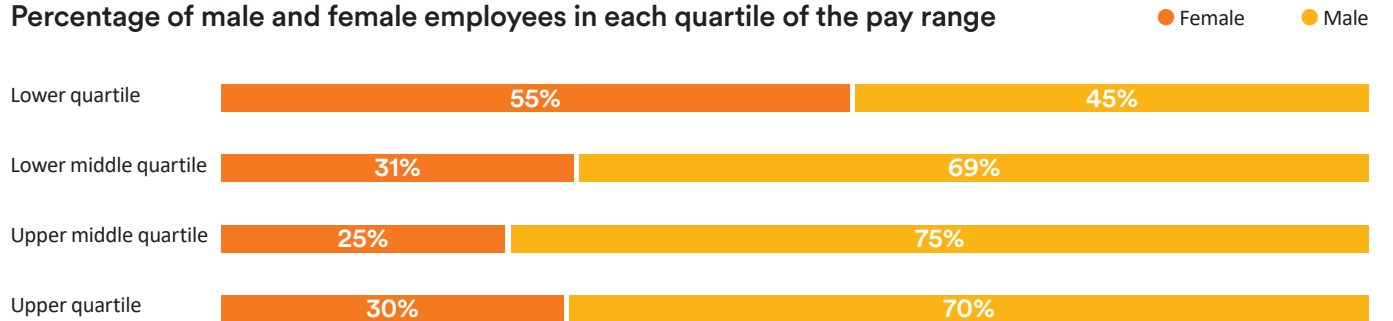
Median gender pay gap



Mean gender pay gap



Percentage of male and female employees in each quartile of the pay range



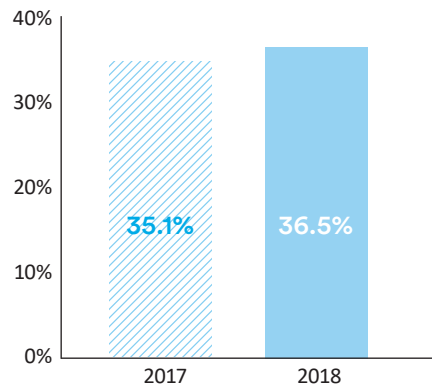
Bonus gap

We have also seen an improvement in our bonus gap, although only slightly since last year.

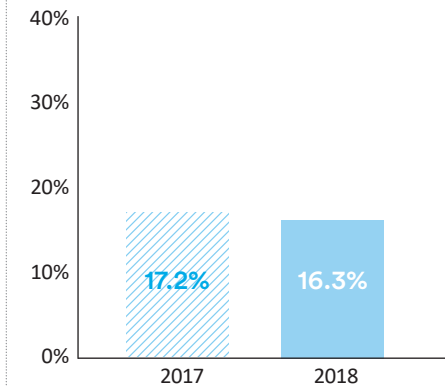
Employees at all levels in the company participate in our bonus scheme and the same performance measures apply from top to bottom. This ensures we deliver the right outcomes for our customers and stakeholders and that there is a fair and transparent approach to rewarding performance. A step change in our bonus gap will only be delivered as we create a more even gender balance across all levels of the company.

Similar to our gender pay gap, our bonus gap has improved slightly, but not to an extent where we would suggest the change demonstrates a fundamental shift. It is likely to be due to small changes to the proportion of male and females at all levels throughout the company.

Mean bonus gender pay gap

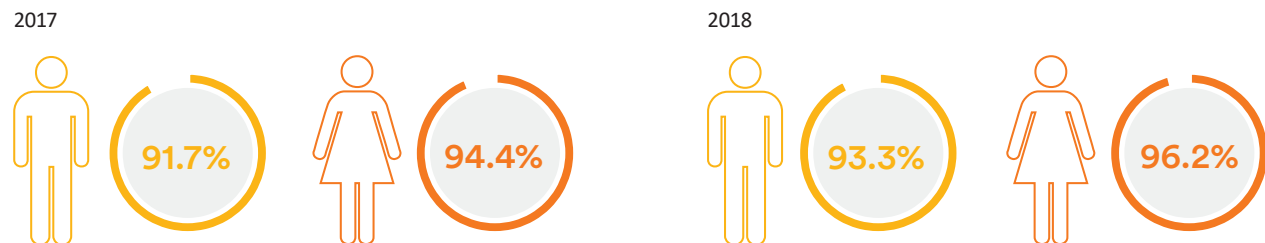


Median bonus gender pay gap



Note: There is no published national average for bonus gap so we cannot provide a comparison with our own figures

Proportion of males and females receiving a bonus



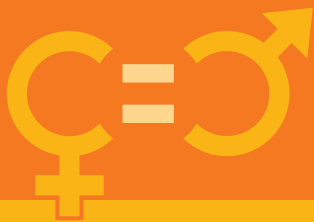
Our bonus scheme eligibility requires a minimum level of service to be completed and so some new starters during the year may not be eligible.

What we have achieved so far...

We're already making progress towards a more diverse future. Here are seven ways we are achieving this.

Thriving gender equality network:

Our thriving Gender Equality Network (GENEq) supports, mentors, develops, inspires and promotes the benefits of gender equality, including behavioural and leadership training and access to inspirational speakers. For instance, it offers the opportunity to become a STEM Ambassador to talk externally, in particular to females and young girls, about the exciting opportunities in science, technology and engineering.

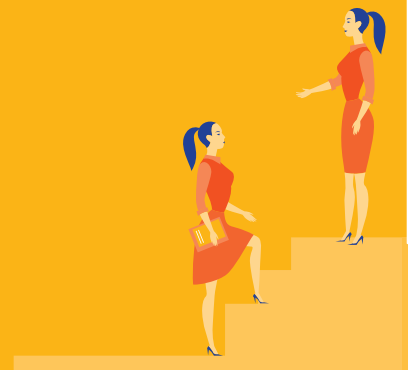


Celebrating female role models:

Our Customer Services and People Director (Louise Beardmore) made the Top 50 Power List, and an impressive four of our graduates were included on the Top 50 Future List at the Northern Power Women Awards.

Cross-company mentoring:

We are proud members of the 'Women Ahead' cross company mentoring scheme to support more females on succession plans for senior leader positions.



Board and executive representation:

We are well on track to meet our target of 33% women on boards and direct reports to boards by 2020 - we already have 30% female representation on the board and 32% females either on the executive or directly reporting to the executive.



Pioneering youth programme:

Our pioneering youth programme, developed in collaboration with our supply chain partners, helps to give young people not in education, employment or training (NEETs) the chance to realise their potential, gain hands-on experience and basic skills training in a real workplace environment. We've increased the percentage of female participants from 0% to 20% since 2014, and from the 80 young people who've taken part, we're delighted that 63 are now in paid work.



Award winning apprentice scheme:

23% of our apprentices are female and we now have nearly three times as many female apprentices than we did in 2014. Research from the Sector Skills Council for Science, Engineering and Manufacturing Technologies shows the average number of women in apprenticeships is between just five and seven per cent.



30% club public pledge:

We signed up to a public pledge through the '30% Club' which campaigns for greater representation of women on the boards of FTSE 100 companies with a target of a minimum of 30%.

Our commitment to inclusivity and diversity

LEADERSHIP FROM THE TOP ON A COMMITMENT TO CHANGE

Though we are heartened to see progress being made on gender pay in only our second year of reporting, we know that improving diversity will not happen overnight. It requires a commitment to long-term strategic actions and cultural change. The approach we have set out to achieve this consists of a number of key strands.



TARGETING RECRUITMENT AND ATTRACTION

- Building relationships in 'harder to reach' communities.
- Forging relationships with universities with a diverse mix of students to attract from a wider pool.
- Setting targets to recruit a more diverse employee pool that better matches our community demographics, especially with apprentices and graduates and our customer service teams.
- Equipping our managers with the knowledge and skills they need to drive diversity throughout the organisation.



DEVELOPING AND SUPPORTING OUR PEOPLE

- Continuing to develop our future talent through our annual Aspiring Manager programme.
- Encouraging employees to update their records to help us to provide the right support for our people.
- Introducing a mentoring programme to support career progression.
- Creating the right environment through our diversity networks, with a calendar of activities that celebrate difference.



SUPPORTING OUR COMMUNITIES

- Continuing with our pioneering Youth Programme, providing opportunities for young people currently not in employment or education.
- Delivering engineering masterclasses in local schools to promote STEM careers.
- Mentoring first generation university students to inspire and harness potential.

UNDERPINNED BY DATA AND METRICS TO MONITOR PROGRESS AND DRIVE CHANGE

Every six months, we will track our performance on diversity within each business area via an evaluation dashboard, and will implement action plans to ensure progress is being made.

APPENDIX

Gender pay report by business entity

Within United Utilities Group PLC there are two employing companies. The vast majority of our employees are employed by United Utilities Water Limited (our core water and wastewater services business) with only a relatively small number employed by United Utilities PLC (typically our most senior employees and those working in central functions).

Business entities	Headcount (at 5 April 18)	Description
United Utilities Group PLC	5,358	Group company consisting of United Utilities Water Limited and United Utilities PLC
United Utilities Water Limited	5,108	Regulated water and wastewater services business
United Utilities PLC	250	Typically includes our most senior employees and those working in central functions

Hourly gender pay gap

Business entities	Median		Mean	
	2018	2017	2018	2017
	United Utilities Group PLC	15.3%	15.9%	13.2%
United Utilities Water Limited	15.6%	15.2%	12.1%	12.3%
United Utilities PLC	15.6%	16.7%	40.0%	36.7%

Gender bonus gap

Business entities	Median		Mean	
	2018	2017	2018	2017
	United Utilities Group PLC	16.3%	17.2%	36.5%
United Utilities Water Limited	15.6%	17.6%	23.8%	26.1%
United Utilities PLC	33.6%	33.8%	78.4%	71.9%

Proportion of employees that received a bonus

Business entities	Male		Female	
	2018	2017	2018	2017
	United Utilities Group PLC	93.3%	91.7%	96.2%
United Utilities Water Limited	93.1%	91.4%	96.0%	94.0%
United Utilities PLC	98.4%	97.8%	100.0%	100.0%

Proportion of males and females in each quartile of the pay distribution

Business entities	2018							
	Lower pay quartile		Lower middle pay quartile		Upper middle pay quartile		Upper pay quartile	
	Male	Female	Male	Female	Male	Female	Male	Female
United Utilities Group PLC	45.0%	55.0%	69.3%	30.7%	75.5%	24.5%	69.7%	30.3%
United Utilities Water Limited	45.7%	54.3%	69.4%	30.6%	76.1%	23.9%	71.0%	29.0%
United Utilities PLC	29.5%	70.5%	55.7%	44.3%	60.7%	39.3%	59.0%	41.0%

Business entities	2017							
	Lower pay quartile		Lower middle pay quartile		Upper middle pay quartile		Upper pay quartile	
	Male	Female	Male	Female	Male	Female	Male	Female
United Utilities Group PLC	46.4%	53.6%	68.8%	31.2%	72.4%	27.6%	69.8%	30.2%
United Utilities Water Limited	47.1%	52.9%	69.1%	30.9%	72.7%	27.3%	71.2%	28.8%
United Utilities PLC	26.2%	73.8%	60.0%	40.0%	58.5%	41.5%	60.0%	40.0%



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