



Gender pay report 2019





Our commitment to providing a diverse and inclusive workforce, now and for the future, is more relevant than ever before.

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, ensuring they feel valued and included regardless of their gender, age, race, disability, sexual orientation or social background.

Diversity of thought will become increasingly important to drive innovation during our next regulatory period. There is greater competition to attract talent with science, technology, engineering and maths (STEM) skills in a traditionally male sector. Having a focused approach to improving the diversity of our workforce will play a key role in ensuring we have the skills we need to drive the business forward.

This report looks specifically at gender pay, what our gap is and what we are doing to ensure a more equal gender balance. We are encouraged by the fact that our gap has improved and is below the UK average, but as an employer who is proud to develop and retain our people, having low levels of attrition means achieving a greater and more diverse balance will take time. We recognise that there is still work to be done and we will continue to progress our plan to reduce our gender pay gap and drive greater diversity within our business.

We confirm the data reported is accurate.

Steve Mogford
Chief Executive Officer

Louise Beardmore
Customer Services and People Director

At a glance



Our median pay gap is lower than the national average

35%

of our employees are female

30%

of our Group Board are female

18%

of our apprentices are female

Almost double our 2014 figure and double the industry average for females in STEM apprenticeships

41%

of our graduates are female



44%

of employees on our aspiring manager programme are female



of female employees would recommend working at United Utilities

Our gender pay report

This report looks specifically at our gender pay gap, and shows the progress we've made over the last 12 months.

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' – the legal requirement to pay men and women the same for doing the same job. We have a number of measures to ensure that pay is set and reviewed fairly for all employees, including the operation of a single pay and grading structure for all employees, with standard pay and conditions at each level. This framework ensures that gender cannot affect the pay-setting process. We are also in the process of implementing mandatory unconscious bias training for new people managers and those involved in recruitment and selection decisions. Such steps give us confidence that gender does not influence pay decisions.

Our report focuses on the gender pay data for United Utilities as a whole group, as this provides the most meaningful picture of how we operate, and how our actions and plans for gender diversity affect the whole company. The appendix on page 9 also shows the statutory declaration for our relevant individual legal entities.

Workforce profile

The main driver of our gender pay gap is the shape of our workforce and the challenges faced within our industry when trying to attract and recruit employees.

Overall, 35% of our workforce is female. We have a higher proportion of men in more senior roles within our organisation and more males in STEM skilled trades 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 overcome.

We have relatively long-serving employees, which when combined with low employee turnover rates, means the overall composition of our workforce is broadly unchanged from last year. So adjusting our gender balance will take time. We are continuing to undertake initiatives to address our imbalance and make improvements over the next couple of years.

Overall workforce
(5,426 employees)



Group board
(10 directors)



Executives
(7 employees)



Senior leaders
(385 employees)





Focus on STEM

The utilities industry is traditionally male-dominated, with the vast majority of jobs requiring STEM skills.

That's why we're focusing on improving how we attract females into the industry, and on developing females within our existing workforce.

We want more females to see STEM-related jobs as rewarding, achievable and realistic career options for them, and as opportunities arise across the business, we seek to ensure that we have a gender-balanced talent pool to select from. As part of our diversity and inclusion agenda, our social mobility commitment and our gender equality network, we actively promote STEM-related educational paths, careers and opportunities specifically to females across the North West.

However, any meaningful and significant change in our gender balance will also require a shift in wider society and in the education system specifically. Research indicates that there continues to be significantly fewer females than males studying STEM subjects in secondary schools and universities, which of course means that females continue to be under-represented in jobs requiring such skills. Indeed, females made up only c15% of the UK workforce employed in core STEM-related jobs in 2018¹.

¹ WISE campaign summary of Office for National Statistics Labour Force Survey data.

Employees in STEM-skilled trade (1,503 employees)



Our diversity and inclusion plan focus areas

Our diversity and inclusion steering group has identified five key focus areas and uses data and metrics to monitor progress.

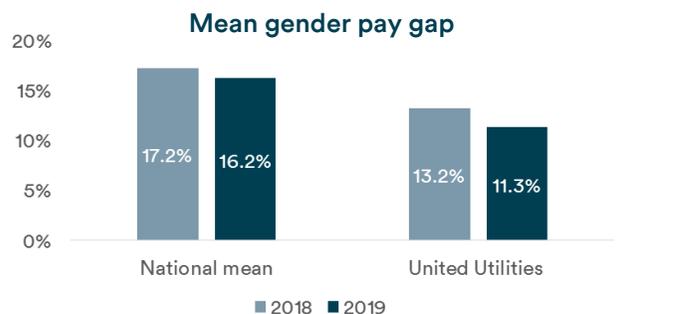
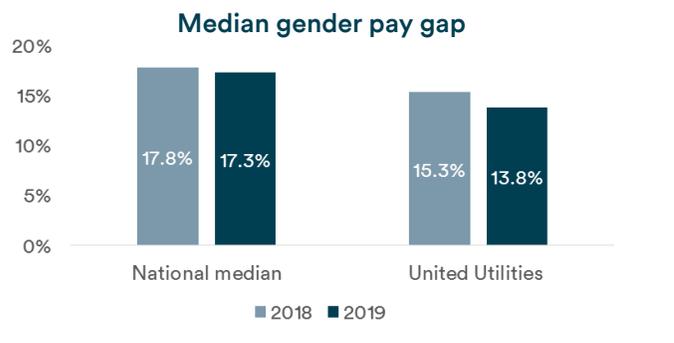
- 1 Removing barriers by working with target communities to attract a more diverse workforce
- 2 Taking positive action by evolving how we recruit employees
- 3 Providing support for all employees to ensure they feel valued and included regardless of their gender, age, race, disability, sexual orientation or social background
- 4 Developing our leaders, managers and employees to raise the importance of inclusion within our workplace
- 5 Providing flexible working opportunities so that current and future employees can control their work-life balance

Pay gap

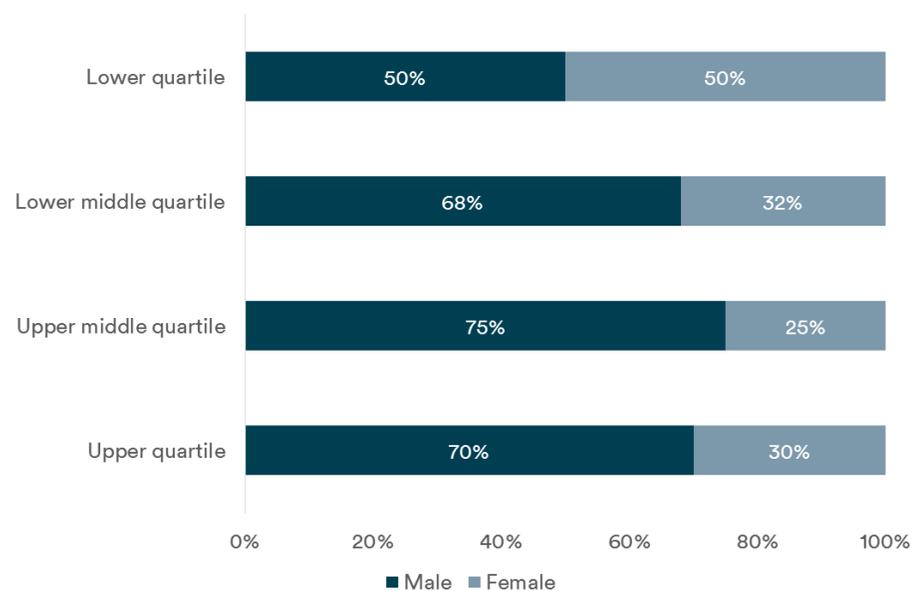
Our pay gap has reduced since last year.

In 2019 we have seen a positive change in our overall median gender pay gap compared to our 2018 report, reducing to 13.8% (2018: 15.3%) and remaining lower than the national average of 17.3% (Median, ONS October 2019). As shown in the quartile pay chart below right, there is now an even balance in the lower quartile pay range, which has helped to improve our pay gap. There has been little change in the gender balance at the higher three quartiles. The number of females in three of our pay quartile ranges is 30% or more, but is lower in the upper middle quartile range which will need focus to improve, through activities such as our aspiring manager programme.

Whilst the reduction in the median pay gap is encouraging, at this stage we aren't attributing the change to any specific company initiative, such as those outlined later in our report. It is more likely to relate to changes in the structure of the organisation as we prepare for the start of our next regulatory period in 2020. We are optimistic that in the coming years the initiatives will begin to make more of a notable difference to the pay gap.



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



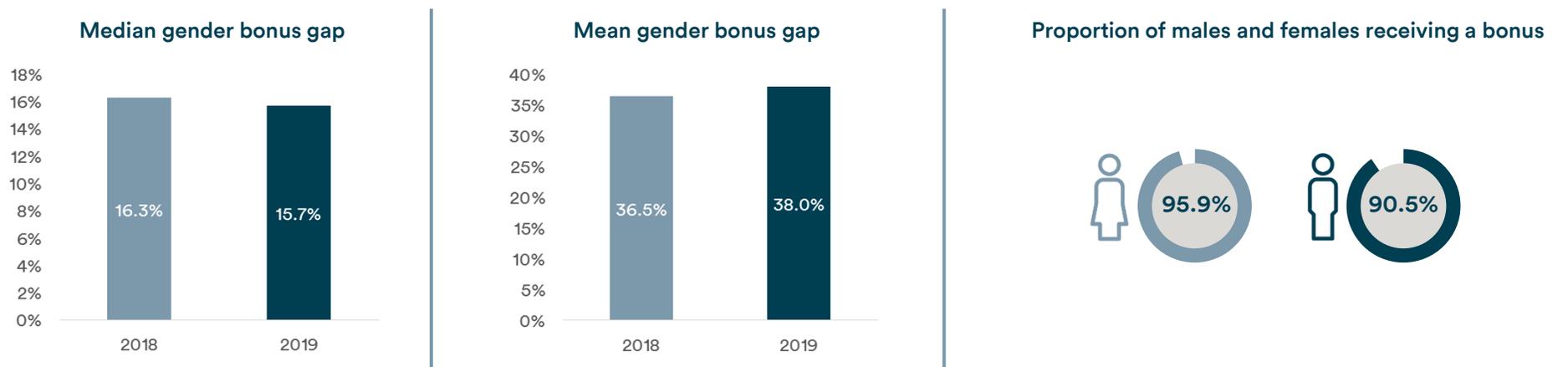
Bonus gap

We have also seen a small improvement in our median bonus gap.

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.

The main reason for our bonus gap is due to the difference in bonus quantum by seniority of role and that the bonus gap calculation does not take into account the amount of hours employees work, but 98% of men work full time whereas only 74% of women work full time. Bonuses are calculated using actual salary earned and so this affects the value of bonuses received. Also, the bonus gap includes long-term incentive payments which only apply to employees at senior levels where there are proportionally more males than females.

Similar to our gender pay gap, our median bonus gap has followed the same pattern and has reduced slightly since last year. The small increase in our mean bonus gap is an illustration of how the volatility of variable incentive payouts from year to year can affect the statistics, especially given that variable pay makes up a greater proportion of an employee's overall pay at the more senior levels in the organisation.



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

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.

We've continued to deliver our inclusion and diversity plan

Here are some of the activities of which we're most proud...

Our award winning gender equality network

Our thriving gender equality network (GENEq) continues to grow year on year, supporting, mentoring, developing, inspiring and promoting the benefits of gender equality across the organisation.



Celebrating female role models

An impressive four of our graduates were included in the Top 50 Future List at the Northern Power Women Awards. We also have a female award-winning Chartered Management Institute Apprentice of the Year.



Aspiring manager programme

We're continuing to develop our future talent through our annual aspiring manager programme, succession planning for the future and preparing our people for potential leadership roles. We're developing a more gender-balanced pipeline, with a promising 44% of females on the scheme.

Recommending United Utilities as a place to work

In response to our annual employee opinion survey, 98% of females said they would recommend working at United Utilities.



Target for 33% of females on the board by 2020

As a member of the 30% Club, we have publicly indicated our support for females holding at least 30% of board positions, and in fact we are on track to achieve our own target of females making up 33% of our board by 2020. We are also taking action in our succession plans to improve the representation of females at our executive and senior management levels.



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 and gain hands-on experience and basic skills training in a real workplace environment. Since starting the programme we've supported over 81 young people, with a fantastic 76% of them going into paid employment.



Social mobility

In 2018, we signed the Social Mobility Pledge in recognition of the work we do to support people in our communities find a pathway out of poverty, ensuring we're attracting females from diverse communities.



Award-winning apprentice scheme

18% of our apprentices who are currently on scheme are female, which is almost double the number we had in 2014. Research from the Sector Skills Council for Science, Engineering and Manufacturing Technologies shows that the average number of women in apprenticeships is between 5% and 7%.



Graduate scheme

We have a high number of females currently on our graduate scheme. 17 of our 41 graduates are female (41%).



Inspiring future generations

Our Engineering Masterclass, run with The Challenge Academy Trust schools in Warrington, aims to inspire future generations and educate them about STEM-related careers. The programme has won two prestigious awards which recognised the female representation on the programme; 67% of the students who took part were female. It's also helped change perception of STEM-related careers, with nearly half of the attendees saying they would consider a job in this field. Our aim is to build relationships in harder to reach communities and attract a diverse mix students from a wider pool.



Meet some of our impressive female rising stars



Sian Taylor

Head of Property and Grounds Maintenance

Sian has worked at United Utilities for 17 years, starting her career in the laboratories as a wastewater analyst. She is now responsible for managing the company's property portfolio – leading a team of over 150 employees.

She was sponsored through a talent programme for future senior leaders, and now mentors and coaches colleagues from across the business to help them realise their potential.

Sian is a STEM ambassador and has arranged successful careers events for local schools, as well as supporting award-winning company wide initiatives. She is also the STEM lead for United Utilities' gender equality network, which was recognised at the 2019 Northern Power Women Awards.



Kemi Akinola

Process Engineer

Kemi has almost six years' experience in the water industry, and provides process engineering experience for major capital projects and day-to-day operation of our treatment works.

Kemi joined United Utilities through the graduate scheme, and has since gained chartered status in engineering and water and environmental management.

She is the winner of several awards, including CIWEM's Annual Conference Young Ambassador 2016, United Utilities' Graduate of the Year 2017, and Northern Power Women's Future List 2018.

Kemi passionately promotes engineering amongst young people through school and university events.



Lucy Cheng

Water Network Manager

Lucy joined United Utilities through an internship in 2012, and now manages one of our water network teams with accountability for operational performance and quality.

As part of the company's Aspiring Manager Programme, Lucy completed a degree apprenticeship, integrating academic learning with on the job practical training, and enabling her to develop as a chartered manager.

Lucy won United Utilities' Aspiring Manager Learning Award 2017 and Chartered Management Institute's Apprentice of the Year 2018.

She actively promotes diversity in the workplace, is a STEM volunteer and is completing an external mentoring programme.



Jenni Croft

Process Safety Business Partner

Jenni joined United Utilities as a civil engineering graduate and now works in the health, safety and wellbeing team, delivering projects focused on process safety improvements.

She is currently working towards chartership with the Institute of Civil Engineering as well as progressing with project management and health and safety qualifications.

Jenni was awarded United Utilities' Graduate of the Year 2016, and was featured on Northern Power Women's Future List 2018 – leading to her involvement with a cross-sector mentoring programme.

Jenni is proud to have graduated from university whilst raising a child, and is a working single mother.



Katie Moffatt

Social Mobility Manager

Katie has three years' experience in the water industry, joining United Utilities on our project management graduate scheme. She is now responsible for implementing and managing projects and relationships that support the company's commitment to the Social Mobility Pledge.

Katie grew up in a very deprived area with extremely low social mobility – and is a first generation university student. She is passionate about providing opportunities, support and guidance for people from similar backgrounds.

She was a runner-up for United Utilities' Graduate of the Year 2018, and has seen two of her social mobility projects win prestigious external awards.

Gender pay report by business entity – statutory declaration

Within United Utilities Group PLC there are two employing entities. The vast majority of our employees are employed by United Utilities Water Limited (our core water and wastewater services business). Additionally, a small number of employees are employed by United Utilities PLC (typically our most senior employees and those working in central functions). Legal entities in the UK employing more than 250 employees are required to report gender pay gap data for those entities. Our report therefore shows the data for our consolidated UU Group PLC, and below we also show the data for United Utilities Water Limited.

Business entities	Headcount (as at 5 April 2019)	Description
United Utilities Group PLC	5,426	Group company consisting of all employees within United Utilities
United Utilities Water Limited	5,199	Regulated water and wastewater services business

Proportion of employees that received a bonus

Business entities	Male		Female	
	2019	2018	2019	2018
United Utilities Group PLC	90.5%	93.3%	95.9%	96.2%
United Utilities Water Limited	90.2%	93.1%	95.6%	96.0%

Hourly gender pay gap

Business entities	Median		Mean	
	2019	2018	2019	2018
United Utilities Group PLC	13.8%	15.3%	11.3%	13.2%
United Utilities Water Limited	14.6%	15.6%	10.1%	12.1%

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

Business entities	2019							
	Lower		Lower middle		Upper middle		Upper	
	Male	Female	Male	Female	Male	Female	Male	Female
United Utilities Group PLC	49.8%	50.2%	67.9%	32.1%	75.1%	24.9%	70.0%	30.0%
United Utilities Water Limited	50.9%	49.1%	67.9%	32.1%	75.8%	24.2%	70.7%	29.3%

Gender bonus gap

Business entities	Median		Mean	
	2019	2018	2019	2018
United Utilities Group PLC	15.7%	16.3%	38.0%	36.5%
United Utilities Water Limited	15.5%	15.6%	24.3%	23.8%

Business entities	2018							
	Lower		Lower middle		Upper middle		Upper	
	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%



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