



Northern Gas Networks

Gender pay gap

April 2022

Northern Gas Networks (NGN) Gender Pay Gap Report 2022

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Reflections from Lindsey Filer, HR Director

Parliament introduced new legislation (Equality Act 2010 Regulations 2017) which requires large employers like ours to publish their Gender Pay information with effect from April 2018.

The report considers direct employees of NGN Limited and NGN Operations Limited. Our calculations follow the guidance set out in the Government legislation.

We commit to publish the report on our external website and on (<https://www.gov.uk/report-gender-pay-gap-data>) where it will be available to upload for a period of 3 years

Northern Gas Networks (NGN) purpose is to champion better work and working lives. This means we take seriously our responsibility to lead by example. We use externally recognised methodology for evaluating our roles and we have clear benchmarked salary ranges along with associated benefits for all our roles. We have additional internal rigour when creating roles or offering development opportunities to our colleagues. NGN strives to ensure that we have parity of pay benefits and opportunities to all colleagues. One of the ways we evaluate this is by reviewing and reporting our gender pay gap data.

This report covers 2022/2023, using a snapshot date of 5 April 2022.

Reporting Gender Pay Gap – An Overview

From 2017, if you are an employer who has a headcount of 250 or more on your 'snapshot date' you must comply with regulations on gender pay gap reporting. Gender pay gap calculations are based on employer payroll data drawn from a specific date each year. This specific date is called the 'snapshot date'.

The Equality and Human Rights Commission can enforce any failure to comply with the regulations.

What is the Gender Pay Gap?

It is the difference between women's and men's average monthly (full time equivalent) earnings which is expressed as a percentage of men's earnings.

It is different to "equal pay" which looks at pay for men and women who perform the same role.

What Employers must report?

Employers must report on 6 different measures as set out below, in line with the Government Equalities Office:

- Percentage of men and women in each hourly pay quarter
- Mean (average) gender pay gap using hourly pay
- Median gender pay gap using hourly pay
- Percentage of men and women receiving bonus pay
- Mean (average) gender pay gap using bonus pay
- Median gender pay gap using bonus pay

Northern Gas Networks – Gender Pay Report

Factors effecting 2022 Gender Pay Gaps

The UK's national gender pay gap is currently 14.9%. NGN's figure is at 18.6%.

NGN's median Gender Pay Gap for 2022 is 18.6%. This is an increase from April 2021 which was reported at 16.6%.

Whilst we have a workforce made up of 82% men and 18% women, our business is typical of many others in engineering and has historically attracted a higher percentage of males.

Our analysis shows that there are significantly fewer women in the professional, engineering, and senior management levels of the organisation. It is also widely acknowledged that there is a shortage of female students progressing into STEM subjects (Science, Technology, Engineering and Maths) through the formal education system, schools and universities/colleges.

Recent Factors

Over the last 12 month's (April 2022 to date) Northern Gas Networks have employed 26 apprentices; 18 Engineering positions, 3 of which are female and 8 administration positions, 7 of which are female.

Progress Tracking

Northern Gas Networks industry is traditionally perceived as a male dominated one, we are taking a range of actions to try and close the gender gap, and there is more to do. Work is being done through schools' engagement to attract more women into our organisation. We have reviewed our recruitment practices and continue to seek best practice in our approach to recruitment. This includes working with external organisations such as the Equal group and BITC.

We have established several colleague communities including a women's group, which is focussed on understanding the needs of our female colleagues and actions required to ensure we engage and retain them.

We continue to provide generous family friendly policies including paid keeping in touch days, six months full maternity pay, and a flexible working policy to encourage more women to join NGN and stay with us. The introduction of formal hybrid working arrangements has benefitted colleagues with commitments outside of work and is seen as a key retention tool.

We have seen a small increase to our pay gap from 2020 which comes as a result of organisational changes.

Snapshot data as of 5 April 2022

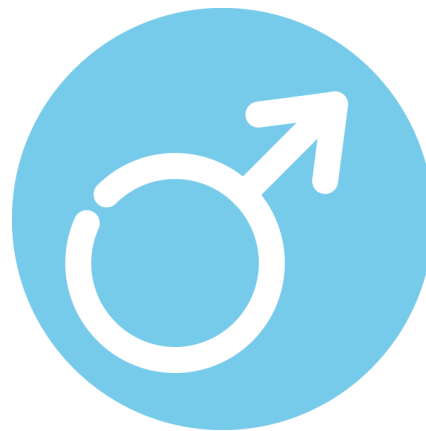
Median Pay	18.6%
Mean Pay	12.4%
Median Bonus	48%
Mean Bonus	31.5%

Average Hourly Pay (Median)

To enable the calculation for median gender gap, all colleagues are ranked by their hourly rate. We then compare what the woman in the middle of the female pay range received with what the male in the middle pay range received.

The difference between these two figures is the median gender pay gap of 18.6%. This median gender pay gap means that for every £1 a male receives a female is receiving 81p.

£13.79

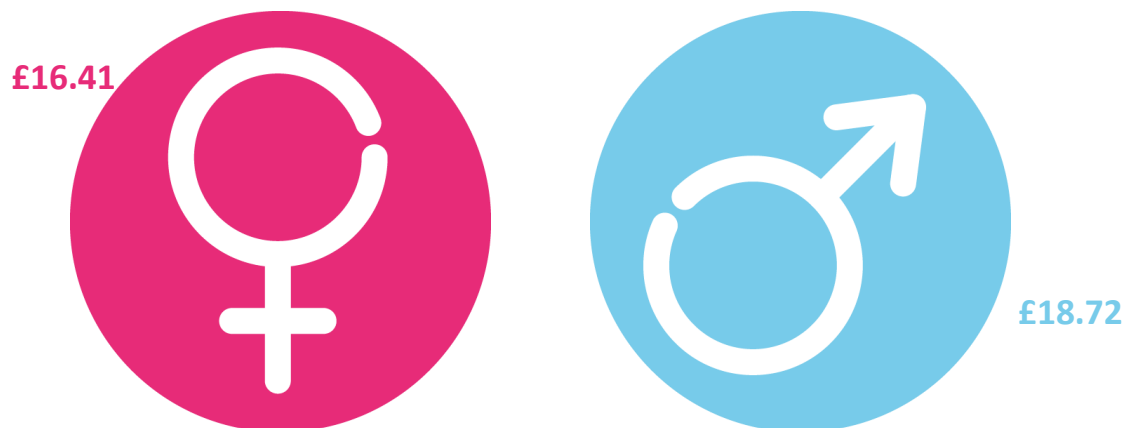


£16.96

Average Hourly Pay (Mean)

To enable the calculation for mean gender gap, we have added together all the hourly rates of pay that female received as of the snapshot date and divide by the number of females in the workforce. This is repeat this calculation for males.

The difference between these two figures is the mean gender pay gap of 12.4%. This mean gender pay gap means that for every £1 a male receives a female is receiving 88p.



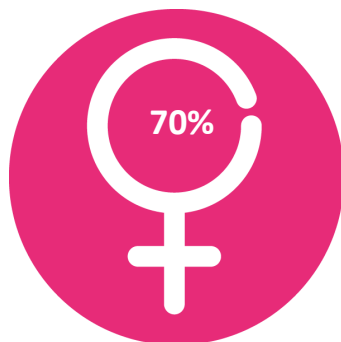
Bonus Pay Gap

The bonus pay gap is the difference between male and female mean, and median bonus pay for the period. Only colleagues who received a bonus are included within this calculation.

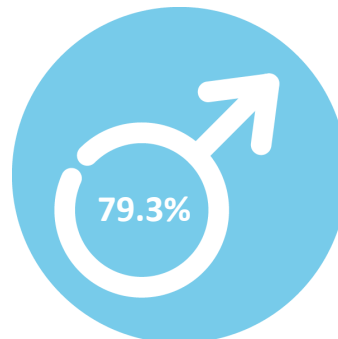
70% of NGNs females received bonus pay and 79.3% of NGNs males received bonus / incentive pay in the period. Northern Gas Networks operate an operational incentive bonus scheme which is predominantly paid to male colleagues.

Difference between male and female mean, and median bonus pay for the period.

Women received a bonus



Men received a bonus



Understanding our gaps and reviewing our actions

Our Workforce

Northern Gas Network's (NGN's) Gender Pay data was collected as of the snapshot date of 5 April 2022. As at this date NGN's workforce consisted of 248 females (18%) and 1,124 males (82%).

Understanding Northern Gas Networks manpower since our last submission of Gender Pay Gap:

Gender	2021	2022	Comparison
Male	1,118	1,124	+0.54%
Female	236	248	+5.1%
Totals Overall	1,354	1,372	+1.33%

Between 2021 to 2022 there has been an overall increase in headcount of 1.33%

Our Pay Quartiles - 2022

	Workforce Numbers		Workforce %	
	Male	Female	Male	Female
Upper Quartile	285	58	82.8%	17.2%
Upper-Middle Quartile	314	29	91.8%	8.2%
Lower-Middle Quartile	292	51	85.1%	14.9%
Lower Quartile	233	110	67.9%	32.1%

Comparing Median and Mean Gender Pay Gaps

Gender	2021	2022
Mean	11.2%	12.4%
Median	16.6%	18.6%

A mean average involves adding up all the numbers and dividing the result by how many numbers were in the list.

A median average involves listing all the numbers in numerical order. If there is an odd number of results, the median average is the middle number. If there is an even number of results, the median will be the mean of the two central numbers.

Using these two different types of average is helpful to give a more balanced overview of the overall gender pay gap:

- **Mean** averages are useful because they place the same value on every number they use, giving a good overall indication of the gender pay gap, but very large or small pay rates or bonuses can 'dominate' and distort the answer. For example, mean averages can be useful where most employees in an organisation receive a bonus but could be less useful in an organisation where most of the bonus pay is received by a small number of board members.
- **Median** averages are useful to indicate what the 'typical' situation is i.e. in the middle of an organisation and are not distorted by very large or small pay rates or bonuses. However, this means that not all gender pay gap issues will be picked up. For example, a median average might show a better indication of the 'middle of the road' pay gap, but it could also fail to pick up as effectively where the pay gap issues are most pronounced in the lowest paid or highest paid employees.

Our Bonus Pay Gap

Comparison of bonus gap since 2021

	2021	2022
Gender	% rate	% rate
Male	73.5%	84%
Female	72.5%	77%

NGN have had several contract changes for our industrial colleagues which now attract incentive bonus payments, due to this it has widened the bonus gap between males and females.

Whilst there has been a larger increase in females, only 73% of which are in receipt of a bonus payment.

Gender Pay Differences – How we are closing this

Closing the Gender Pay Gap at Northern Gas Networks is not a quick and easy fix.

It is found that how the challenge of fulfilling an engineering role at Northern Gas Works, this still falls predominantly to males and tends to hold the level of gender pay gap.

Our Operational roles attract a higher proportion of additional pay through incentives and bonus meaning that these roles attract a higher overall level of pay. Through our Apprenticeship schemes and some targeted recruitment activity we are seeking to attract a more diverse workforce. These will have longer term effects on our Gender Pay.

Recruitment and Retention

As mentioned elsewhere in the report we have created our colleague communities, one of which is our women's group. This group has taken several different actions over the last 12 months. This includes holding an internal 'bounce' meeting where the group reviewed the factors affecting female colleagues within our business.

We have recently appointed two females into more Senior roles in the business, however our most senior roles are currently still held by male colleagues. This directly affects our gender pay gap when looking at the upper quartile as all the most senior members of the business are males.

In preparing our succession plans we are focussed on ensuring that, longer term, we are seeking to appoint the most suitable candidates whilst challenging ourselves to ensure this includes female colleagues.

Pay Transparency

When advertising our roles, we aim to be transparent in sharing salary data, promoting our benefits and ensuring candidates are aware of the working arrangements applicable to our roles.

Flexible Working

The gender gap within Northern Gas Networks is mainly around the business nature. The industry does not, generally, attract a large population of females into Engineering roles, however, we find that more females are moving to flexible working and reduced hours when they come close to retirement or become a new parent for example, where males remain on their full-time working hours as evidenced by our flexible working data.

Within Northern Gas Networks we have 46 females and 7 males working flexible hours

Northern Gas Networks have a flexible working policy in place which provides opportunities for all colleagues to apply at any point in their employment. Flexible working is also available for new recruits, in line with the requirements of the role.

Conclusion from our CEO

Leading by Example

Since NGN started operating in 2005, we've been leading the way as one of the most cost-efficient of the UK's eight gas distribution networks. We deliver great value for money to our customers, as well as a whole host of social and economic benefits to our region.

We're recognised as a dynamic, passionate, conscious and people focused team that safely and reliably delivers gas to over 2.7 million homes and businesses across the Northeast, northern Cumbria and much of Yorkshire.

Our dream lies at the centre of everything we do, and has been translated into a unique set of values that reflect and reinforce our culture:

Trail Blazing – we're putting people first and championing collaborative thinking and revolutionary practices every step of the way.

Intellectually Curious – We believe in the power of combining intelligence, experience, and curiosity to deliver innovative, invigorating, future-proof and sustainable ideas.

Community Focused – We're loyal, supportive, and respectful towards one another and the community we live and work in.

Empowered - We encourage individuality, teamwork, passion, courage, new experiences, growth and change.

Heartfelt - We want everyone to be recognised for their passionate, proud and heartfelt desire to do their own.

Happy – We're committed to becoming a dynamic caring and rewarding business that empowers everyone to feel good about what we do.

Gender pay reporting assists in building and maintaining a diverse and inclusive workplace, however, achieving this is proving difficult for most organisations. Challenges are mainly around cultures and practices that have evolved over the years but providing commitment to sustain positive actions and supporting our colleagues with the ability to retain them and secure the growth of NGN.

I confirm that the data contained in this report has been generated by NGN systems;
checked and validated as accurate and fully audited.

A handwritten signature in black ink that reads "Mark Horsley". The signature is written in a cursive style with a horizontal line underneath the name.

Mark Horsley
Chief Executive Officer
Northern Gas Networks