



Inclusion and Belonging at NGN

November 2023

we are
the **network**

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1. Who we are

We are Northern Gas Networks (NGN), the gas distributor for the North of England. We keep 2.9 million homes and businesses cooking on gas, through our vast underground pipe network.

We are committed to providing a safe, reliable and great value service to our customers and stakeholders, while developing new technologies to deliver forms of low carbon energy, such as hydrogen, to support a greener future. Innovation underpins everything we do – whether we are replacing pipes, fixing leaks, developing low carbon energy solutions or supporting our most vulnerable customers. By thinking differently, listening to a diverse range of colleagues and stakeholders, working closely with our partners and considering our communities, we are pushing the boundaries of what a utility company is capable of.

A Regulated Business

Like other gas distribution networks in Great Britain, NGN is a regulated business and operates under a licence issued by the Office of Gas and Electricity Markets (Ofgem). Allowed revenues for NGN, including for environmental protection, decarbonisation and adaptation to climate change, are currently set by Ofgem in periodic price reviews and require submission of a detailed business plan. Between 1 April 2021 and 31 March 2026 we are operating under the RIIO-Gas Distribution 2 ('RIIO-2').

A message from our CEO, Mark Horsley

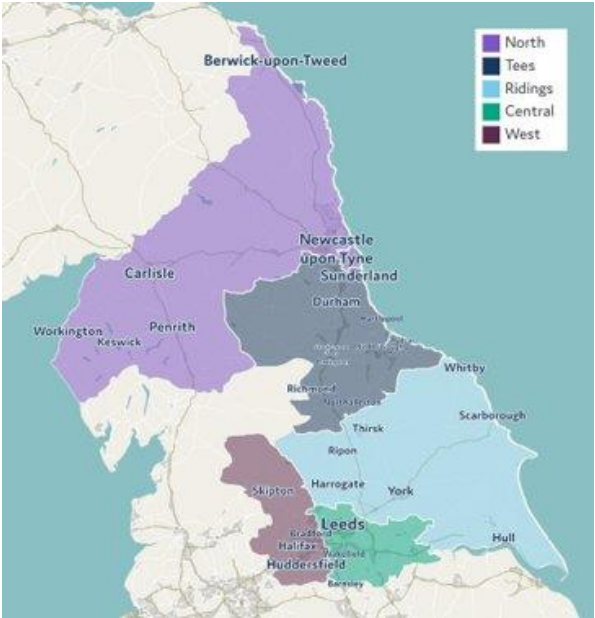
"Here at NGN we value difference, and we are committed to promoting diversity and inclusivity and creating equal opportunities for all."

We want colleagues to feel comfortable with being themselves when they come into work, without question or judgment. To do this, we must all take responsibility for addressing non-inclusive behaviors in ourselves and others.

The dedicated Inclusion training we introduced this year is the first of its kind being rolled out to all NGN colleagues right across our organisation."



Mark Horsley, CEO, Northern Gas Networks



Our network region

2. 2023 at a glance



Over 600 hours of inclusion training delivered to our colleagues



50 colleagues attended our first Inclusion Summit.



Number of colleague communities active



Executive sponsors assigned to every colleague community



570 hours volunteered by our colleagues



Joined the Business Disability Forum



Launched our foundation skills programme



Microaggressions Video created and launched



Signed Race at Work and Dying to Work Charters



Central fund for disability adaptations set up

We're now a few years in to delivering on our commitment to Inclusion and Belonging.

The purpose of this document is to continue our commitment to transparency, to tell you where we're making improvements and where we've still got a way to go.

3. Governance

Our strong governance practices enable us to integrate the principles of Inclusion and belonging across the business.

Updates to governance in 2023 include:

- A refreshed Policy Review Group. Recognising the need for wider representation of our colleagues reviewing our people policies, we have ensured a representative from each of our colleague communities is part of our Policy Review Group. Each colleague community has already made an impact, with updates to 14 people policies such as amendments to our travel and lone working policies with an increased focus on women safety and disability needs, changes to our paternity/maternity policy recognising non-biological parents, and improvements to our flexible working policy to be mindful of those with caring responsibilities and disability needs.
- Each of our colleague communities now have executive level sponsorship and support, providing a direct feed through to our internal leadership group (LRGG)
- This year we have appointed two former members of our Young Innovators Council to the CEG, ensuring the future customer voice is recognised throughout the business and at the same time providing mentoring opportunities from more established CEG members.
- By the end of 2024 anyone who sits on any of our internal governance groups will have undergone our Inclusion and Belonging training.

Legal and Regulatory Governance Group (LRGG)

A group consisting of our 18 senior leaders from across our business who are responsible for ensuring regulatory governance is applied appropriately across the business they are provided with regular updates related to Inclusion and belonging in all its forms.

Inclusion and Belonging Working Group

Internal working group with colleagues from across the business, including operations, senior leadership, sustainability and stakeholder who meet to discuss the direction and strategy behind I&B at NGN

Colleague Communities

Groups composed of colleagues who identify with specific communities and supported by an Executive Level colleague. Our communities include; Parents and Carers, Women’s, LGBTQIA+, disABILITY and Ethnic Minorities.

Policy Review Group (PRG)

a representative from each Colleague Community is part of our Policy Review Group as well as representatives from the wider business covering most types of roles.

Customer Engagement Group (CEG)

CEG play a crucial role in challenging our decisions, making sure we are delivering on the promises in our business plan and holding us accountable for identifying the things that really matter to the region and our customers.

Business in the Community

Every other year we take part in the Responsible Business Tracker which provides external assurance that we’re heading in the right direction and provides targeted feedback.

Stakeholder Forums

We meet with our Young Innovators Council (YIC) and our Citizens Panel regularly. They help to shape our business priorities and plans

Internal

External

Benchmarking update

We benchmark ourselves every other year via the Business in the Community Responsible Business Tracker. The last time we participated was Winter 2021.

The Responsible Business Tracker is a comprehensive survey that assesses business' commitment to sustainability and responsibility, of which Inclusive Employment and Diversity form a key part.

Around Diversity and Inclusion we scored 47%. Whilst this was a low score, it was only 1% lower than the cohort average of 48% and provided us with some targeted feedback for improvement including building confidence and awareness amongst employees. We have acted on this feedback and are currently preparing our submission for the 2023 deadline.

You can take a look at our previous report and feedback here, which details areas of best practice and areas where we need to improve:

[Responsible Business Tracker Report 2021](#)

"At NGN we value difference. We know that having an inclusive workplace brings multiple benefits to our business and our colleagues from higher rates of wellbeing, to more rounded decision making, and lower sickness rates. We believe that by creating an inclusive and welcoming workplace our colleagues can bring their whole selves to work, enabling them to reach their full potential."



Neil Whalley, Head of Environment and Sustainability, Northern Gas Networks



The Prince's
Responsible
Business Network

4. Our inclusion commitments

Through our People and Planet Strategy we are committed to Reflect the diversity of our communities through our workforce and eradicate inequality at all levels of our organisation.

You can see here how our People and Planet strategy splits this out in to short, medium and longer term targets.

Short Term (2026)	Medium Term (2030)	Long Term (2050)*
Gather workforce diversity data and produce baseline.	Senior management team is 40% female	Close gender pay gap
Embed effective Colleague Communities and provide executive level support	Reduce Gender Pay Gap by 50% from 2020 baseline.	Workforce is representative of the diverse communities we serve
Report workforce diversity annually and create action plan to increase diversity	See a minimum 1% increase in workforce diversity	<ul style="list-style-type: none">We continuously review these targets to ensure they are sufficiently challenging and driving the right behaviours.
Focus recruitment methods to encourage applications from diverse backgrounds.		

A snapshot view of our Colleagues (Nov 2023)

40 Average age of an employee

3.6% staff working part time

18% of workforce are female

98% of workforce are from the UK

5. Our data

The diversity data that we hold about our staff at NGN is a work in progress, but each year we commit to continuous improvement of what we report and how we report it.

We will be transparent about this and clearly state where we have data available and where we do not.

This year we focused on collating and reporting data that our stakeholders have told us is important to them, which includes:

- Diversity of the current workforce
- Diversity of senior management
- Current apprentice numbers and the number that lead to permanent jobs

Across the next few sections, we outline our approach and any data that we have in regards to the above.

The snapshot to the left shows the data that we have available about our current workforce (as of Nov 23).

5. Our data - our journey to collect colleague data

We have struggled to gather colleague data through traditional surveys, seeing low uptake. We’ve addressed this as part of our wider intranet redesign and included a function to allow colleagues to input their personal diversity data as part of their own profile. We’ve encouraged colleagues to update their profiles and personal details which has a dramatic increase in the diversity data we hold about our colleagues.

However, as you can see from the table on the right, we still only hold a complete set of data for characteristics where it is mandatory to provide this as part of the recruitment process (*).

All other aspects of diversity still have a low % of colleagues having provided their data. Following research, we have taken the decision that reporting data based on a sample of less than 75% of our workforce would not be representative and could be heavily skewed. As you can see, currently that means that this year we will only report data based on nationality, working pattern, legal gender and age (see previous page).

Aspect	% staff who have provided their data (Sept 23)
Religion/belief	12.5
Disability	1.3
Sexual orientation	12.8
Self identified gender	9.1
Ethnic group	12.0
Nationality *	100
Working pattern (part time/full time) *	100
Legal Gender*	100
Age*	100

5. Our data - senior leadership

Our stakeholders asked to see data around the diversity of our senior leadership team. We have reported here the information that we have data available for. Our senior team are also part of our drive to increase diversity data, and we hope that in future years we will be able to increase the scope of this reporting.

Progress against our targets

In line with the recommendations of the Hampton Alexander review, we have a target as part of our People and Planet Strategy that our senior leadership will be 40% female by 2030. as you can see here we currently sit at 27% female.

The membership of our senior leadership team is regularly reviewed, and diversity is a consideration in succession planning.

A snapshot view of our Senior Team (Nov 2023)

50

Average age

6%

are working part time

27%

Are female

94%

Are from the UK

6%

Have a disability

5. Our data - apprentices

Our stakeholders told us that they would like to see more data about our apprentices. Here we report the number of apprentices we employed each year (in this regulatory period), and the % of those apprentices that were female. In the future (once they have completed their apprenticeships) we hope to report how many of those apprentices went on to be full time employed at NGN as part of our commitment to creating pathways in to permanent and good quality employment in our region.

Intake year	Total Apprentices taken on	% female	Target (% of apprentices female)	Target achieved	% employed permanently at the end of the scheme.
2021	24	12.5%	20%	N	TBC in 2024 report
2022	22	31.8%	20%	Y	TBC in 2024 report
2023	32	9.4%	20%	N	TBC in 2024 report

In 2022/23 we expanded our **#Icanbeme** apprenticeship campaign and as a result received over 600 applications from a wider range of candidates than seen previously. As a result, in 2022 we recruited 22 new apprentices, almost a third of whom were female. As you can see, 2022 was the only year when we achieved our goal of at least 20% of new apprentices taken on being female. In 2022 we recruited for Business Admin Apprentices, and as such those types of roles attracted a greater number of female applicants than operational ones.

In 2023 we recruited only operational apprentices, and this could explain why we saw a return to a much lower number of female applicant.

We continue to strive to make roles within NGN appropriate for all genders, and to encourage applications from a diverse set of candidates. You can see more about this in the table on page 11 (gender pay gap challenges).

We now have 50 Level 2 and 3 apprentices in the business including eight in our new business administration apprenticeship programme.

The 2024 intake of apprentices is under review to determine the numbers required, dependent upon the business’ ability to support them effectively. Should we recruit for these roles we will ensure that we utilise a targeted campaign to encourage a diverse range of applicants.

6. Gender pay gap - summary

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Median pay gap	16.2	11.9	14.7	15.5	16.6	18.6

We have taken part in mandatory gender Pay Gap reporting since 2017/18 as shown above. You can see that our median pay gap has varied across the reporting period.

Unfortunately, the general trend is one of a widening pay gap. This is not our intention as we recognise that closing the gender pay gap is a priority. We have a long-term target to close our Gender Pay Gap by 2050, and a medium-term target to halve it by 2030 (vs. 2020 baseline). Closing the Gender Pay Gap at Northern Gas Networks is not a quick and easy fix.

This year we have audited the pay gap to understand where we can make advances through targeted actions, but we face some challenges as detailed overleaf.

Links to reports:

[2022 Gender Pay Report](#)

[2021 Gender Pay Report](#)

6. Gender pay gap - challenges

Challenge	What we're doing to overcome this
Our industry is traditionally male dominated, and it is more challenging to recruit women into the operational workforce, and then to retain them.	<ul style="list-style-type: none">• Through our Apprenticeship schemes and some targeted recruitment activity we are seeking to attract a more diverse workforce - including advertising jobs in womens only spaces.• Working with our Young Innovators Council to refresh our recruitment strategy and redesign our careers page focusing on ways to increase accessibility and improve access to job opportunities. We now provide inclusion information on our recruitment website, including demonstrating our family friendly policies.• Appointing a dedicated education officer to design and deliver a wide-ranging net zero STEM education programme for secondary schools to inspire future careers and demonstrate the potential of women in the energy industry.• Launching a new school STEM support programme – in 2022/23 we trained seven female members of staff to deliver 1,056 STEMAZING Kids sessions with 176 primary school pupils across our network, again with the intention of raising aspirations and awareness of women who work in the energy industry.• Reviewing our approach to ensure that minority groups, including women, feel safe on our sites. This includes ensuring that we have PPE suitable for women. This is primarily being driven by our Women's Community, the largest of our Colleague Communities.• We have joined the Women's Utility Network (WUN) and have colleagues undertaking their mentoring scheme (see more about this in our case study on page 15).• Reviewing our family policies to ensure that they sufficiently support all genders.
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.	<ul style="list-style-type: none">• We have a target in our People and Planet strategy of 40% of senior leadership team to be female by 2030, we currently sit at 27% female (November 23).• The WUN Mentoring scheme - this gives access to senior female mentors from leading businesses. We have encouraged our female employees to join this scheme and promoted the benefits of it.• 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.• Working with our new CEG member on external best practice around this.
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	<ul style="list-style-type: none">• Due to our operational workforce being mostly male, it is going to be challenging to address this. However, we know that if we find a way forward with the above challenges, this one will naturally follow.

7. Evidencing progress

Our Colleague Communities

Our Commitment: *Embed effective Colleague Communities and provide executive level support*

Our progress in 2023: Our Colleague communities are well embedded within the business now and this year we held our first Community Summit, bringing together over 50 colleagues to discuss our approach. Each community has had it's own successes, and challenges.

Led by colleagues from across our five communities and senior leaders, our Inclusion and Belonging Working Group has also continued to lead the implementation of our inclusion commitments. Through this group we've engaged with stakeholders, colleagues and leading businesses to understand and adopt best practice, including:

- Establishing a collation of Community Charters outlining clear purposes and aims of our five colleague communities and aligning senior leadership sponsors to each group
- Joining the North East Business in the Community Board and the Leeds Anchors Network to share equality and diversity plans and best practice at a high level
- Strengthening stakeholder and colleague engagement, including our first Inclusion and Belonging Colleague Summit to understand success, challenges and inform our focus for 2023/4
- Delivering a bespoke training programme to all NGN Leaders specifically on Inclusion and Belonging with an agreed plan to roll out to all colleagues across our entire business.
- Each community now has a Senior Leader as their executive sponsor.

Challenges we faced: While our Colleague Communities have begun to successfully drive change across the business, we have found it challenging to gain traction with operational staff. Colleagues, particularly those with operational responsibilities, can struggle to participate fully and complete actions as well as their day job and other commitments. In a bid to address this we have included involvement in the Colleague Communities or use of volunteering days into objectives and performance reviews for 2023 to encourage positive colleague engagement across the business. The introduction of the NGN Way Objective (which is weighted up to 20%) has already resulted in increased membership in communities and increased levels of colleagues participating in volunteering.

Highlights

Central fund for disability adaptations set up



Signed Race at Work and Dying to Work Charters



Joined the Business Disability Forum



Microaggressions Video created– Scan the QR code to take a look



An example from our Ethnic Minority Community: Our Ethnic Minority colleague community have signed us up to the Race at Work Charter via Business in the Community. The Race At Work Charter asks businesses to make a public commitment to improving equality of opportunity in the workplace. In 2017 The government-sponsored *Race in the workplace: The McGregor-Smith Review* found that Black, Asian, Mixed Race and other ethnically diverse people staff still encounter significant disparities in employment and progression and that greater progress and positive outcomes are needed to ensure all organisations benefit from the wealth of diverse talent on offer.

The charter asks that businesses take seven key actions and provides resources to amplify commitment to improving the quality of opportunity in the workplace.

This includes:

1. Appointing an executive sponsor for race equality
2. Capturing ethnicity data and publicise progress
3. Committing at board level to zero tolerance of harassment and bullying
4. Making equality, diversity and inclusion the responsibility of all leaders and managers
5. Taking action that supports Black, Asian, Mixed Race and other ethnically diverse employee career progression
6. Supporting race inclusion allies in the workplace
7. Including Black, Asian, Mixed Race and other ethnically diverse-led enterprise owners in supply chains.

We are showing our commitment to these principles through signing the charter and through 2024 we will embed the principles across our organisation.

An example from our Women’s Community: We know that there is a gender imbalance within our organization- with only 18% of our workforce being female. Our women’s community asked us to prioritise introduction of a mentoring scheme, and the Women’s Utility Network felt like a perfect fit.

This scheme allows women of any level to access experienced business mentors who have a wealth of knowledge, to build a relationship with them to build confidence and learn from them.

Stella Matthews from NGN is benefitting from this mentoring and said *‘This program has really helped me to understand my strengths and weaknesses, and how to build upon those. I now feel more confident in my role and in myself. Mentoring has been invaluable for me when considering the next step in my career and I recommend it to anyone’*.



Members of Northern Gas Networks’ Women’s Community

7. Evidencing progress

Inclusion and Belonging Training

Our Commitment: *All colleagues to undergo Inclusion and Belonging Training by the end of 2023*

Working closely with BITC (Business in the Community) training content was developed, initially for our leadership and management population, and this training was delivered during 2022 into the beginning of 2023. These sessions were the first of their kind within NGN, the aim being to increase the awareness of all our colleagues on the importance of equality, diversity and inclusion.

Purpose of the sessions:

- Help each attendee recognise non-inclusive behaviours in themselves and others
- Provide guidance on how these can be addressed in the workplace
- Ensure that our management community are equipped with the skills to address any reports of non-inclusive behaviours.

Following the first phase of workshops we further developed the training content for the remainder of the workforce. With the help of BITC the content was catered to non-managerial roles and the workshops were launched in July 2023, and were delivered face to face.

Adapting to feedback:

Due to the sensitive nature of this training, regular reviews of participant feedback took place. This led us to introducing more interactive sessions so that the participants had more opportunity to get involved in conversations on inclusion as opposed to the content remaining slide heavy.

These sessions continued until the end of October, but as the winter weather took hold, we made a strategic decision to pause training until the spring. Whilst our initial commitment and intent was to have all our colleagues attend training by the end of 2023 – as a responsible gas transporter our focus must remain with our customers during the winter months, ensuring a safe and reliable source of heating to the 2.9 million customer that we serve.

Within 2023, we have delivered almost 600 hours of training to our colleagues. We remain dedicated to ensuring that all of our colleagues go through this training and plan to recommence the training programme in Spring 2024.



8. What's Next?

Every year, we create a set of priorities for the following 12 months. We are due to set priorities for 2024 shortly, and expect them to include:

- Running a targeted communications campaign to ask our colleagues to provide their diversity data
- Completing the colleague Inclusion & Belonging workshops, due to recommence in March 2024.
- Providing additional support to our colleague communities
- Actioning the Inclusion Summit actions
- Undertaking a roadshow around the depots to increase the awareness of our colleague communities and those involved in the groups.
- Reviewing our recruitment strategy with the help of BITC to help diversify our applicants.
- Participating in the Inclusion Measurement Framework via The Equal Group and EU Skills.

9. Contacting us

We'd love to hear from you if you have any queries or feedback regarding this report or our work around inclusion.

Please do get in touch via email to

HR@Notherngas.co.uk