

## ***NORTHERN GAS NETWORKS GENDER PAY GAP APRIL 2023***



# Northern Gas Networks (NGN) Gender Pay Gap Report 2023

## Contents

Reflections	3
Reporting Gender Pay Gap – Overview	4
Gender Pay Report	5
Snapshot data	6
Median	6
Mean Pay	7
Bonus Pay	7
Understanding our gaps and reviewing our actions	8
Gender Pay Differences – How we are closing this	10
Conclusion from NGN’s CEO	11

## *Reflections from Fiona Sweeting, 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 2023/2024, using a snapshot date of 5 April 2023.

## 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 2023 Gender Pay Gaps

The UK's national gender pay gap in 2022 was reported as 8.3%. NGN's figure is at 19.4%, April 2023.

NGN's median Gender Pay Gap for 2023 is 19.4%. This is an increase from April 2022 which was reported at 18.6%.

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 months (April 2023 to date) Northern Gas Networks have employed a further 32 apprentices; 30 Engineering positions, 1 of which is female and 2 administration positions, 2 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 we continue to focus on this. 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 Business in the Community, who provide advice on attracting female candidates.

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, as well as attracting future female talent.

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 2023*

Median Pay	19.4%
Mean Pay	10.8%
Median Bonus	59.6%
Mean Bonus	38%

### **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 19.4%. This median gender pay gap means that for every £1 a male receives a female is receiving 81p.



## 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 10.8%. This mean gender pay gap means that for every £1 a male receives a female is receiving 89p.



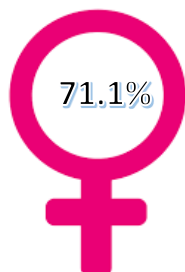
## Bonus Pay Gap

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.

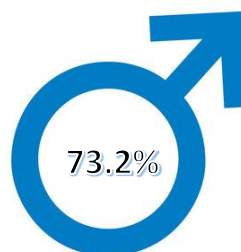
71.1% of NGNs females received bonus pay and 73.2% of NGNs males received bonus / incentive pay in the period. Northern Gas Networks operate an operational incentive bonus scheme which is predominantly paid to male colleagues.

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 a snapshot date of 5 April 2023. As at this date NGN's workforce consisted of 263 females (18%) and 1,220 males (82%).

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

Gender	2022	2023	Comparison
Male	1,124	1,220	+6.04%
Female	248	263	+8.5%
<b>Totals Overall</b>	<b>1,372</b>	<b>1,483</b>	<b>+8.09%</b>

Between 2022 to 2023 there has been an overall increase in headcount of 8.09%, however there was a greater increase in females.

#### Our Pay Quartiles - 2023

	Workforce Numbers		Workforce %	
	Male	Female	Male	Female
Upper Quartile	310	62	83.20%	16.8%
Upper-Middle Quartile	346	24	93.5%	6.5%
Lower-Middle Quartile	296	74	79.7%	20.3%
Lower Quartile	268	103	73.2%	26.8%



## Comparing Median and Mean Gender Pay Gaps

Gender	2022	2023
Mean	12.4%	10.8%
Median	18.6%	19.4%

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 since 2022

	2022	2023
Gender	% rate	% rate
Male	79.3%	73.2%
Female	70%	71.1%

NGN have had several contract changes for our industrial colleagues which now attract incentive bonus payments, this has had the effect of widening the bonus gap between males and females.

Whilst there has been a larger increase in females, only 71.1% 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 and requires us to build long-term strategies.

Despite efforts to attract females, recruitment into engineering roles at Northern Gas Works is typically male and this tends to hold the level of gender pay gap.

Our Operational roles (typically male) 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 launched our Careers Website, which clearly outlines our values and family-friendly benefits.

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 mainly stems from the nature of the business. 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 very best.

**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. We are committed to working to overcome these barriers, sustaining positive actions to attract and retain the very best and to supporting our colleagues to secure the future of all at 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**