

NORTHERN GAS NETWORKS GENDER PAY GAP APRIL 2024



Northern Gas Networks (NGN) Gender Pay Gap Report 2024

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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.

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Reflections from Claire Allcock, HR Director

At NGN, we value our people and consider our workforce to be our greatest asset. Our values are at the heart of everything we do, leading our culture and day-to-day operations. We strive to ensure that every member of our team is passionate about the contribution they make to growing our reputation as a pioneering, effective, conscious and innovative business and ultimately delivering for customers. This is key to ensuring our continued success in developing and retaining talent, as well as attracting the next generation of workers to the industry.

We aim to embed a culture of continuous best practice and collaborative learning, our we aim to build and maintain a team of empowered, motivated and resilient team players committed to delivering a high-quality, reliable, affordable and ultimately secure gas supply.

We use external globally 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 2024.

Despite our continued commitment to reducing the gender pay gap, our latest analysis shows that the gap has widened. This is a disappointing outcome; particularly given the efforts we have made to drive positive changes.

Pay and bonus disparities persist, mainly driven by a lack of female representation in higher-paying roles rather than unequal pay for equal work. Within our industry and business, we still remain a male-dominated workforce and this fact, linked with a slower rate of female progression into senior leadership, continues to impact our gender pay figures.

We remain committed to long-term, sustainable change and will continue working towards a more balanced and equitable workplace. While this year's results are not what we aimed for, they reinforce the need for continued purposeful action and accountability at all levels of the business.

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 2024 Gender Pay Gaps

The UK's national gender pay gap in 2024 was reported as 13.1%. NGN's figure is at 26.3%, April 2024.

NGN's median Gender Pay Gap for 2024 is 26.3%. This is an increase from April 2023 which was reported at 19.4%.

Whilst we have a workforce made up of 81.1% males and 18.9% females, 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 of this report) Northern Gas Networks have employed a further 31 apprentices comprising of 28 Engineering positions, and 3 administration positions. Within this 31, we have employed 1 female engineer apprentice.

Progress Tracking

We know that diverse workplaces are more innovative, productive and resilient and our colleagues and prospective colleagues tell us that they want to work for organisations that are diverse. We are committed to fostering an environment where diverse perspectives are valued and all backgrounds and genders are represented, where we can enhance creativity, problem-solving and decision-making.

At NGN, we value difference, we are committed to diversity and inclusivity, and we strive to create equal opportunities for all to ensure that we continue to develop and maintain a resilient workforce. We want colleagues to feel comfortable with being themselves when they come into work, without question or judgement.

Snapshot data as of 5 April 2024

Median Pay	26.3%
Mean Pay	18.5%
Median Bonus	51.7%
Mean Bonus	30.5%

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 26.3%.

Pay and bonus disparities persist, mainly driven by a lack of female representation in higher-paying roles rather than unequal pay for equal work.



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 18.5%.

£20.69



£25.35



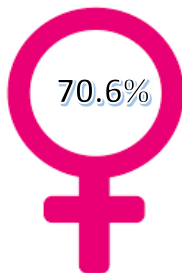
Bonus Pay Gap

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.

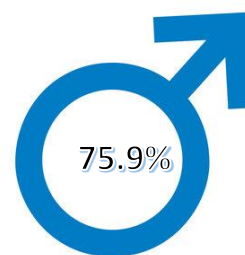
70.6% of NGNs females received bonus pay and 75.9% of NGNs males received bonus / incentive pay in the period. Northern Gas Networks operate an operational incentive bonus scheme which is predominantly paid to male colleagues and the number of males in this area of the business far outweighs the number of females.

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 2024. As at this date NGN's workforce consisted of 303 females (18.9%) and 1,300 males (81.1%).

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

Gender	2023	2024	Comparison
Male	1,257	1,300	43
Female	280	303	23
Totals Overall	1,537	1,603	66

Between 2023 to 2024 there has been an overall increase in headcount of 9.6%.

Our Pay Quartiles - 2024

	Workforce Numbers		Workforce %	
	Male	Female	Male	Female
Upper Quartile	332	52	86.5	13.5
Upper-Middle Quartile	365	20	94.8	5.2
Lower-Middle Quartile	340	45	88.3	11.7
Lower Quartile	220	165	57.1	42.9

Comparing Median and Mean Gender Pay Gaps

Gender	2023	2024
Mean	10.8%	18.5%
Median	19.4%	26.3%

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 2023

	2023	2024
Gender	% rate	% rate
Male	73.2%	75.9%
Female	71.1%	70.6%

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 70.6% of which are in receipt of a bonus payment.

Gender Pay Differences

Closing the Gender Pay Gap at Northern Gas Networks is not a quick and easy fix and requires us to build long-term strategies.

We have made progress since the formation of our Inclusion and Belonging Working Group in 2020. Our progress is published in our Inclusion and Belonging statements for each year since, which can be found on our website.

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.

We have made progress, but we continue to strive to make a measurable impact on our focus areas. To achieve this, we are developing an Inclusion & Belonging Strategy which will be underpinned by action plans to ensure we can make meaningful progress.

This includes the following targets:

- 50% reduction in the Gender Pay Gap (against 2021 baseline)
- 40% female representation at a senior level

We are still on the journey and broadening our attraction and recruitment will remain a key priority and focus. This will ultimately lead to a more widely represented workforce, with the aspiration that in time we will begin to change the course of our gender pay gap.

Conclusion from our CEO

Our purpose: To keep customers safe. Colleagues healthy and inspired. Homes warm and businesses and industry powered up. We strive to do the right thing – tackling inequality and supporting our most disadvantaged customers. By keeping our network reliable and productive, we will deliver a cleaner energy future and ensure outstanding value for everyone.

Since NGN started operating in 2005, we've been leading the way as one of the most cost-efficient 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.

It is a fact that our workforce remains heavily male dominated with our split for this data sitting at 81.1% male and 18.9% female. Gender-pay reporting assists in ensuring we remain focused on building and maintaining a diverse and inclusive workplace, however, achieving this is proving difficult especially in our industry. I would emphasise the point made in our reflections, that pay, and bonus disparities persist, predominantly driven by a lack of female representation in higher-paying roles rather than unequal pay for equal work.

I believe that diverse workplaces are more innovative, productive and resilient. We have made improving our diversity and inclusion a priority and have made public commitments. I recognise that we still have further to go but we remain dedicated to making meaningful, lasting change.

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



Mark Horsley
Chief Executive Officer
Northern Gas Networks