

# Gender pay gap report 2021



from  
**Southern  
Water** 

## What is the gender pay gap?

**The gender pay gap is the difference between the average pay of men and women working for an organisation.**

The hourly rate for women is expressed as a percentage of the hourly rate for men to illustrate the difference in how much men and women are paid. This is not the same as equal pay, which is legislation to ensure that men and women doing equivalent work receive equal pay.

Any company with more than 250 employees must publish its gender pay gap. The salary data in this report was a snapshot taken in April 2021. The Bonus information relates to the performance year from April 2020 to March 2021.



Ian McAulay  
Chief Executive Officer



## Calculating gender pay gaps

**We report the median and mean percentage gap based on data from April 2021: The gap is a percentage of the salaries of women compared to that of men.**

A positive number shows the gap is in favour of men and a negative one shows it is in favour of women. Data is shown for the median and mean of the salary data.

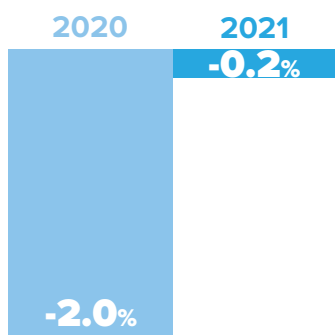
### What is median?

The median is the middle number in a list of values which has been sorted into order. We list all hourly rates for women, and separately all the hourly rates for men. The median is the middle number of each list. The median pay gap is a percentage calculated by looking at the middle hourly rate for women and the middle hourly rate for men.

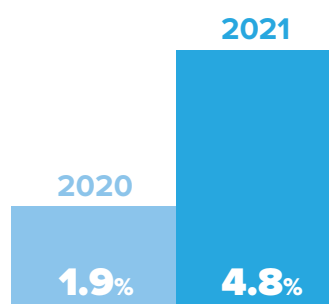
### What is mean?

The mean percentage gap is in average hourly pay for men compared to women at all levels. The mean is calculated by adding up the data in a sample and then dividing by the number of data points. We do this for the salaries of men and women and then show the percentage gap between the two.

Our median and mean pay gaps are shown in the graphs below.



Median hourly pay gap



Mean hourly pay gap

### Understanding our pay gaps:

Our median pay gap is -0.2%, meaning that it is in favour of women. The median gives a strong indicator or 'average' earnings as it is not skewed by a few individuals earning at high level (which can be true of the mean).

Our mean hourly pay gap has increased by 2.9% percentage points to 4.8%. The underlying reason for this is a higher ratio of men to women in our senior positions.

In 2020 we had some senior level vacancies which saw our gender pay gap reduce that year. We subsequently recruited a number of talented individuals – the more senior of which were men – and this has seen a widening of our pay gap.



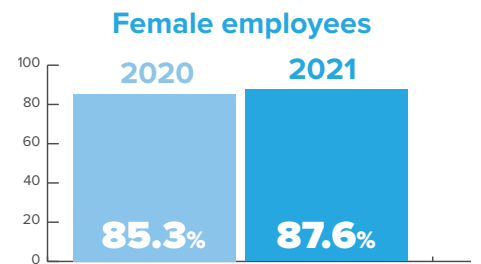
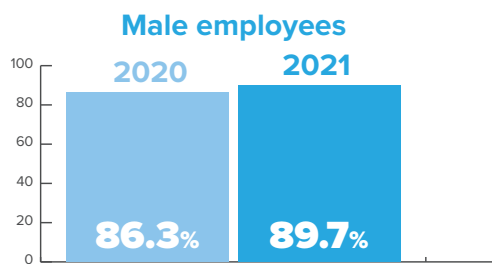
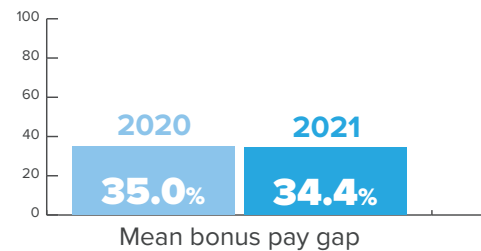
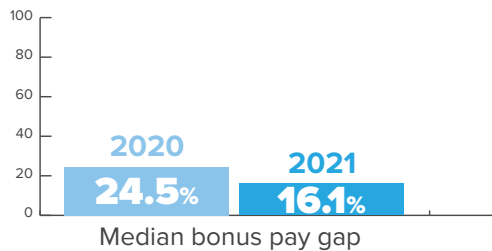
## Bonus pay gap

The bonus pay gap between bonuses paid to men and women during the year 1 May 2020 to 30 April 2021. This is reported using both median and mean statistics.

All our employees are eligible to receive a bonus providing they:

- were employed no later than 2 January 2020; and
- were still employed and not under notice on 31 March 2020.

The figures relating to our bonus pay gap are as follows:



Percentage of employees who received a bonus



### Understanding our bonus pay gaps:

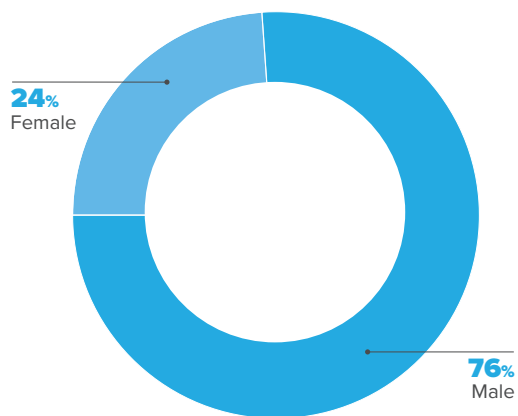
We are pleased that both the mean and median bonus gaps reduced this year. Normally bonus payments relate to both business and personal performance, but for the performance year 2020 (paid in July 2021) we removed the element relating to personal end-of-year performance ratings and paid the same percentage to all eligible employees based on company performance alone. This was in response to COVID-19 restrictions making it difficult to carry out and validate ratings in the timescales required.

For the performance year 2021, we reintroduced personal performance ratings as a measure in the plan.

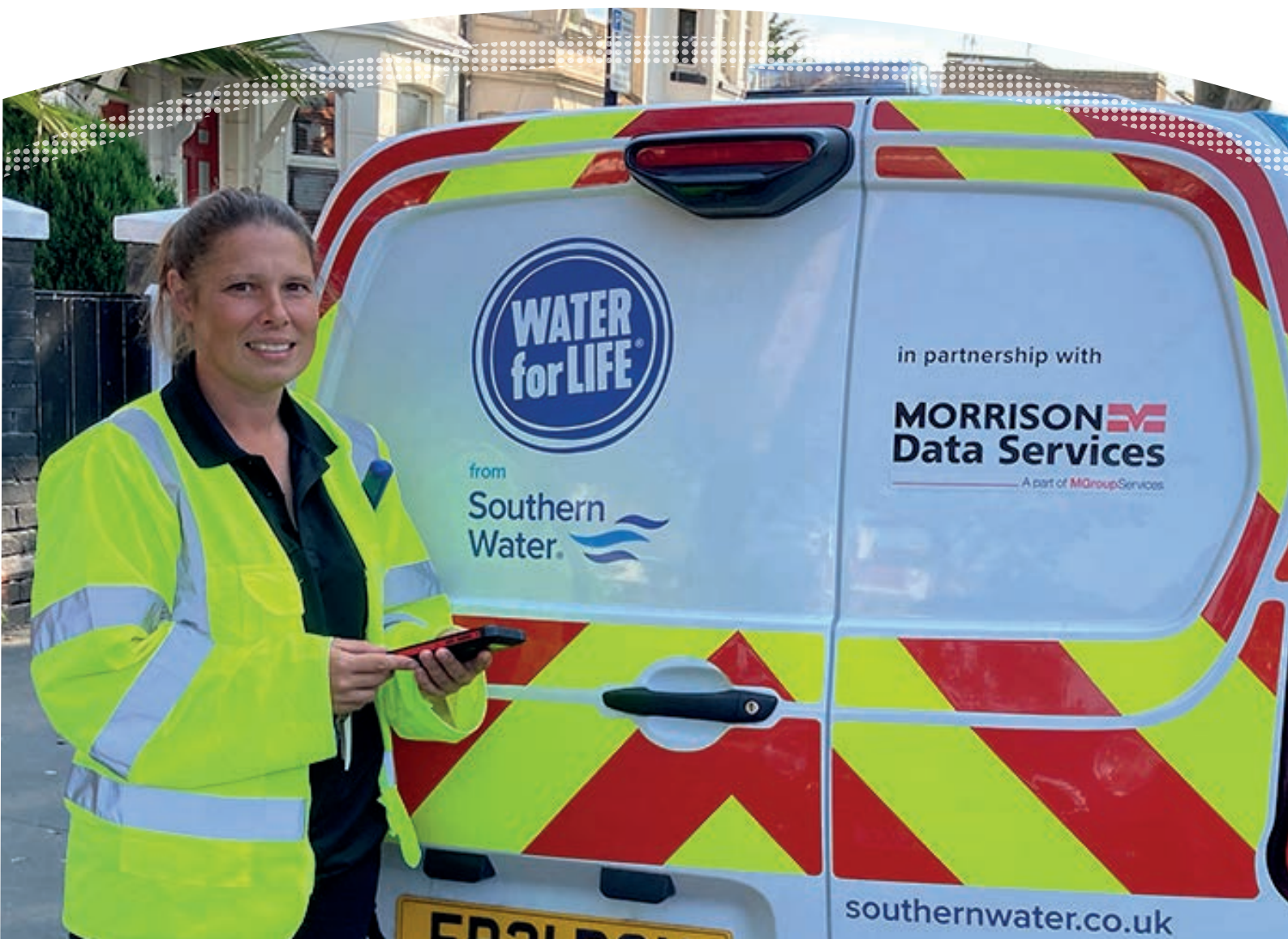
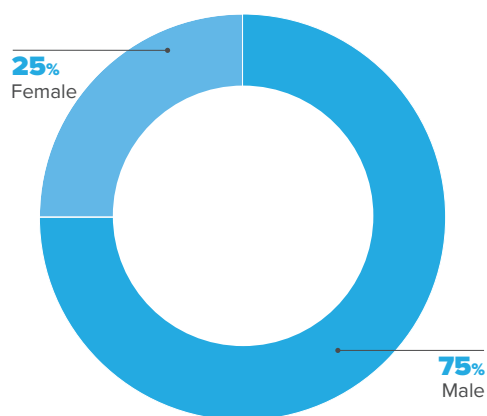
## Distribution of employees in the organisation

Our employee group is made up of 25% women and 75% men. This is consistent with the previous year.

Overall workforce 2020

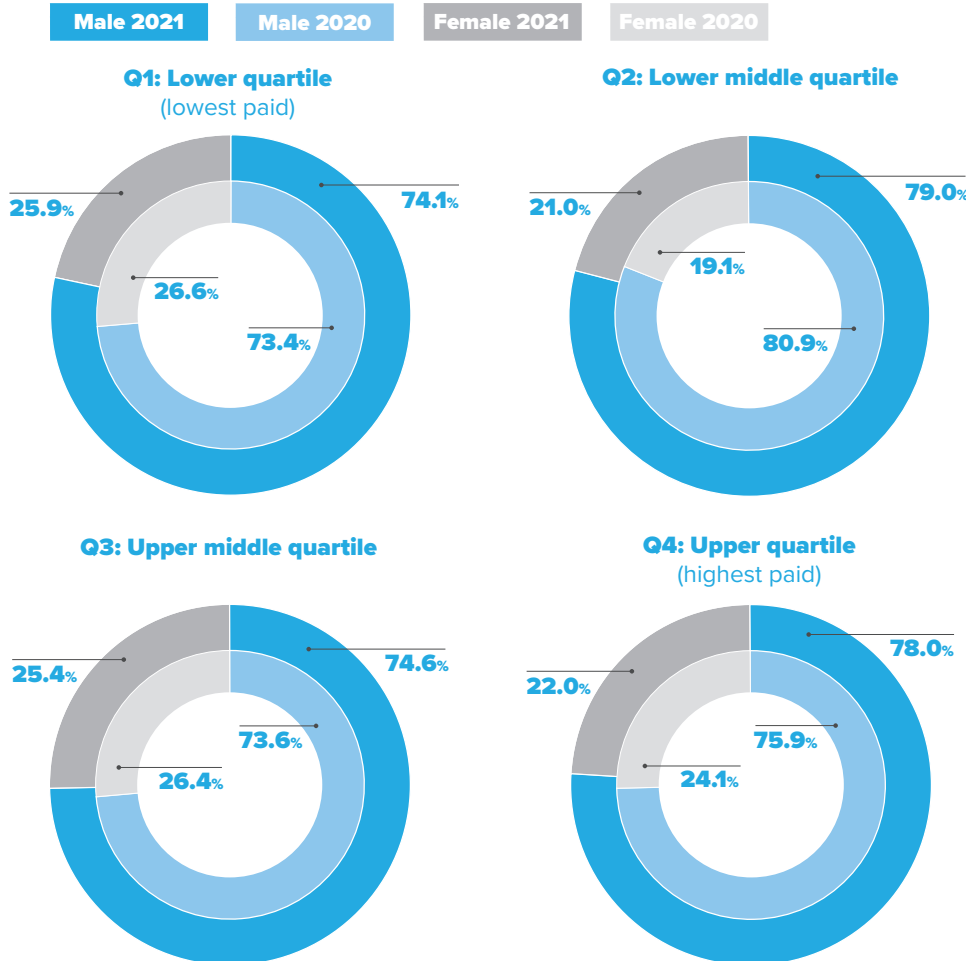


Overall workforce 2021



# Pay distribution

The graphs below show the distribution of male and female employees in each of four equal quartiles – where quartile one (Q1) is the lowest paid and quartile four (Q4) is the highest paid. We see a similar pattern for each quartile as we see for the company overall with around three quarters of employees in each quartile being male.



We also consider our gender pay gap reporting in the overall context of the male/female distribution over the four quartiles. To do this, we've examined the mean distribution of hourly pay in rank order, then split the population into four equal quartiles.

This shows that in the lowest and highest paid groups we have a bias in favour of male employees, but in the middle two quartiles, our pay gaps are in favour of women.

## Gender pay gap by quartile

	Quartile 1	Quartile 2	Quartile 3	Quartile 4
Mean	2.72%	-0.35%	-0.56%	6.37%
Median	4.37%	-1.10%	-2.11%	1.72%

The pay gap in Q1 has increased in favour of our male population, which may be due to our female population contributing more into their pensions which results in a reduction of the female hourly pay. It is possible that this is also influenced by a higher proportion of male employees in this quartile who are eligible for other payments such as shift pay which is included in the earnings calculation.

We note that the pay gaps in Q2 and Q3 have reduced but remains in favour of women. The widest mean gap continues to be in Q4 which is reflective of the higher male to female ratio in this group and by the nature of the roles in this quartile, the fact that many of the male employees are in roles with higher earning potential.

# Our continuing commitments to build a diverse workforce for the future

## We recognise the huge value that having greater diversity brings to our company.

Our Board and Executive Leadership Team are focused on ED&I, putting it at the heart of our business to provide a supportive and inclusive working environment for all our colleagues.

Over the last year our ED&I programme has been strengthened by a number of initiatives such as building our employee network groups have been put in place to include groups for neurodiversity and working parents as well as our Women's Network and LGBTQ+."

We have actively sought to provide more opportunities for people from different backgrounds through our recruitment process to increase the diversity in our organisation.

We are delighted that 33% of our new apprentices are female and that 43% of our management apprentices are females.

These initiatives have provided more opportunities for people from all backgrounds to join our organisation.

Our Equality, Diversity, and Inclusion (ED&I) training programme for all employees, highlighting unconscious bias and how to avoid this within the workplace has been completed by around 95% of colleagues and will continue to form part of our mandatory training requirements.

## The three core areas of continued focus are leadership, empowerment and knowledge.

### Leadership and accountability

Our leaders set the tone for our ED&I ambition, role modelling inclusive behaviours and setting clear expectations around what is and isn't acceptable for their teams.

Our governance group will help to accelerate our action plan and ensure that we are focused on achieving our ED&I ambition.

### Knowledge and understanding

We talk openly about ED&I, are curious about different perspectives, tackle bias and create communities to ensure everyone's voices are heard and valued. We will continue to build awareness and understanding through our ED&I training, including it on our programme for all activity and ensuring it runs through everything we do including policies, courses, recruitment, development and pay decisions. We will continue to take steps to improve our data and reporting capability through self-disclosure, as well as monitoring data collected at recruitment and surveys.



### Interventions to empower diversity and inclusion

We have identified several areas and processes that we are targeting to drive our inclusion such as our recruitment processes, access to training, our supply chain, communication channels, inclusive facilities and targeted training programmes.

The intent is to create both physical and psychological equality. In doing this, we will achieve our ED&I mission statement:

**“At Southern Water we choose to recognise and value our differences, ensuring all of our people feel they belong and that we succeed together.”**

## Final thoughts

We continue with our ambition to ensure all our employees feel supported and engaged with our organisation and our ongoing plans to increase diversity and inclusion.

I confirm that the data in this report was correct as at April 2021.



Ian McAulay  
Chief Executive Officer





