

Anglian Water Gender Pay Gap Report 2020



Introduction



Inclusion is vital to the success of our organisation and being inclusive is an integral part of being a responsible business. We value diversity of thought and believe having people from different backgrounds and with different experiences stimulates innovation and improves the ways in which we work. This year, we've needed to adapt to our ever-changing environment and explore different ways of doing things to ensure we deliver on our commitment to our customers and our region.

Making sure we attract, recruit, support and develop a talented workforce is key to delivering on these commitments and our early careers and development programmes are critical to this success. Apprenticeships, internships and our graduate scheme all form part of our early careers strategy, and I'm particularly pleased that we have continued to hire for these programmes and that 55% of our interns and 44% of our apprentices starting this year are women. Ensuring diverse pipelines to enable us to hire quality candidates will continue to be a focus over this next year.

While employers do not have to report gender pay gaps this year, we believe it's important to continue our focus on eliminating the gender pay gap, on living our value of doing the right thing and demonstrating our pledge of transparency and equality in the workplace.

One of the successes of our inclusion strategy has been the launch of our Inclusion Community, allowing like-minded people from across the organisation to connect on their shared passion for and interest in inclusion. Colleagues are able to learn from other's experiences, to facilitate discussions with their teams and to support each other by being allies.



We are also working collaboratively with our external alliance partners, coming together monthly to understand best practices and share specific actions and results. This partnership has supported our participation within this year's Inclusion Week.

We are pleased with the progress made in the last 12 months and continue to work together to drive forward our inclusion strategy at all levels of the organisation.

Peter Simpson,
CEO

Susannah Clements,
Group Director of People

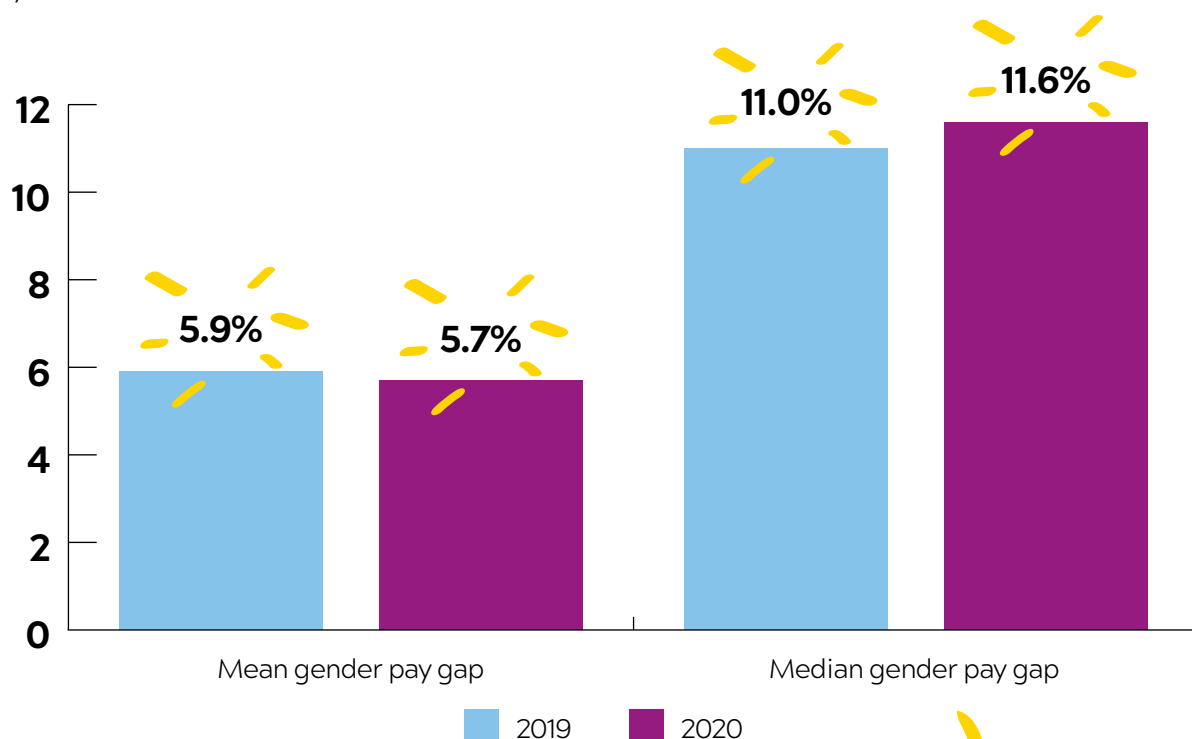
What is the gender pay gap?



The gender pay gap is the average difference between the pay of men and women working for an organisation. It is not the same as equal pay, where legally if men and women are performing equivalent work, they must be paid the same, or if they are not, we must be able to legally justify why there is a difference. We are confident that

we comply with our legal obligations in relation to equal pay.

The law requires any company with more than 250 employees to publish its gender pay gap. Anglian Water's gender pay gap on 5 April 2020 is set out below.



Mean gender pay gap 5.7 per cent

(down 0.2 per cent from 5.9 per cent in 2019)

Median gender pay gap 11.6 per cent

(up 0.6 per cent from 11.0 per cent in 2019)



Why is there a gender pay gap?



We have carried out a review of our pay to understand why there is a pay gap and to identify any issues that we need to address.

The underlying reason, as was previously reported, is that we have a higher ratio of men than women in more senior positions. The water industry continues to be male dominated, particularly in operational and engineering roles.

Very few companies in the water sector have reported so far this year, but when comparing Anglian Water to the average across the sector in last year's report, our pay gap appears below the sector average, with the mean falling further this year.

Most of our front-line technicians are male, in roles which attract additional payments to cover 24-hour cover requirements.

At Anglian Water we want more women in our company, particularly in operational and technical areas. We are taking steps to make this happen through several channels.

During the year Anglian Water introduced a new grading structure, moving away from the previous 15 levels to a more streamlined four levels. The new structure also provides greater transparency and opportunities for progression in both Leadership and Technical specialisms.

When applying the new framework across genders we have around 30 per cent of women in the top level, which is in line with our wider workforce split. It's in the more junior leadership and technical specialist roles where the gap is much wider and must continue to be an area of focus.

New hires



Senior manager hires





Our education team is active in encouraging girls into STEM subjects and our early careers pipeline gives young women the opportunity to enter the operational and technical side of the business. These are discussed in more detail later in the report.

As we have reported in previous years, many of our employees stay with us for a long time - indicative of our reputation as a good company to work for. This reputation is reinforced by our success in winning many national awards, including Water Company of the Year 2019 and Glassdoor UK's Best Place to Work in the UK award for 2019. The wealth of experience and knowledge of our long-serving people helps us to continue to provide great service to our customers, which is extremely important to Anglian Water and is an area in which we continue to be ranked highly across our industry. This low turnover limits the

opportunity for new recruits, including women, to move into more senior roles. It requires us all to do the right thing to ensure we always make the best long-term hiring decisions.

In line with last year, our workforce is currently around 70 per cent male. Around 40 per cent of our people have been with us for 10 or more years, 70 per cent of whom are male. As more employees choose to retire, opportunities will open up for new talent, including women. Our continued work to attract women into our early careers programmes will be key in achieving a significant shift in the gender balance.

All employees



What are we doing to close the gap?



Ultimately, we want to see equal numbers of men and women employed at all levels across Anglian Water. We continue to work on increasing the profile of inclusion across the business and to provide updates on our progress. We have created an Inclusion Community to connect people from throughout the business and to help drive positive change. Around 100 employees have volunteered to be part of the Inclusion Community and meet regularly to share ideas and explore opportunities to tackle some of the challenges we are facing.

We continually review all our communications and have recently updated our careers site to include information about inclusion at Anglian Water. We continue to ensure that our recruitment processes and our efforts to attract new employees work for women. In order to attract and hire more women our recruitment team uses gender bias decoder technology to help us analyse and make changes to language within adverts to ensure wording

isn't male dominated. We are also reviewing hiring manager training and updating interview guides.

We offer flexible working for most roles, something which is particularly valued by female employees. We have once again seen an overall slight increase in the number of women working part time. We recognise that many people wish to increase or decrease their working hours at different times of their careers and our policies are supportive of this need.

However, the number of men choosing to work part-time remains very low, and in the majority of cases male colleagues working part time are coming towards their retirement. Looking at employees who moved role in the year and progressed to a higher grade, 35 per cent were women. This is a higher proportion than the number of women across our workforce (31 per cent), which demonstrates that there are opportunities for progression and that these are being taken.

Percentage of men and women working part time

2019



2020





We are committed to supporting the career development of high-potential individuals through our Future Leaders Board (FLB), established in 2018, which brings together colleagues from all areas of the business. Since the Board's launch its members have developed strategies and commitments relating to customers, to inclusion and to sustainability.

They have also made investment decisions for the innovation seed fund resulting from our successful Innovate East innovation festival, as well as attending and participating in external events and boards. Through their membership, participants have secured career progression and increased networks. One group of FLB members worked closely with colleagues across our alliances to secure Pan Alliance Diversity and Inclusion commitments which have been written into our contractual agreements with our alliance partners for the next five years (2020-2025). The group played a key role in the successful launch of the first Anglian Water Inclusion Week last September.



We are also continuing to address the root cause of our gender pay gap by encouraging more women and girls to pursue STEM subjects and related careers, and to view us as a potential employer. Our education and recruitment teams are constantly engaging with schools and attending public events around the region to showcase the great opportunities we have, irrespective of gender.



The Education Team

As part of the work Anglian Water does with our communities, we have an active education programme. A crucial part of the Education Team's work is to help address the shortfall in STEM skills (in particular in engineering) and attract future talent to the business.

To do this, they visit both primary and secondary schools to deliver interactive and activity-led sessions during which the students are engaged in problem solving and developing critical thinking. Primary provision aims to address unconscious bias, while at secondary level, sessions are designed to encourage all young people to consider STEM subjects when making GCSE and A-level choices. The team also host and support STEM-based events.

The team also attend events hosted by others, such as STEM Peterborough, a family-focused interactive STEM event, and MK STEM, as well as other careers fairs and school-based events.

Events include

Women in Engineering event

200

primary and secondary girls had the opportunity to meet engineers

App in a day

Supported by CapGemini and AW degree apprentices

40

students from Thomas Clarkson Academy, Wisbech attended.

Fenland Secondary Schools Resilience Day

A joint event with Careers and Enterprise Company and Social Mobility Business Partnership - targeted at increasing inclusion and diversity linked to university applications.

28 students from four Fenland secondary schools attended.

Female talent - Accelerated Management Trainees



Emma Kimpton, Customer and Wholesale Accelerated Management Trainee

Emma has just started her fifth placement as a Customer and Wholesale Accelerated Management Trainee (AMT). Before joining the AMT programme Emma worked in Anglian Water as a Debt Recovery Team Leader.

“The training opportunities I’ve had - including making and giving presentations, management and leadership courses, and studies on the power of working relationships and different personality types - have taught me a lot about resilience and how to communicate in difficult circumstances. I’ve also learned about what type of team I’d like to manage and discovered a lot about the business.”



“In Anglian Water it doesn’t matter whether you’re a woman or a man - everyone should go for the opportunities that are available to them.”

Katie Howard, Water Services Accelerated Management Trainee

Katie is about three quarters of the way through the AMT programme for IMR Water Services, with a view to becoming a manager in an operational role in Water Services. Through the programme she is learning how people are managed and how operational processes work.

“I love the excitement of working in Operations. Every day is different and finding solutions to problems is really creative.

“Operations is a male-dominated environment, but women shouldn’t let that stop them working there. If we don’t, nothing will change! I’ve seen others do it and I’m really proud to be part of the movement getting women into that part of the business.”

“Diversity adds another dimension - an outside view can add value and provide a different perspective, leading to different ideas. Plus it’s fun to work in a mixed team!”



Female talent - Apprenticeship Scheme

Roseanna Morris, third year Water Recycling Mechanical and Electrical Apprentice

Rosie was named Grantham College's apprentice of the year in her second and third years and was also shortlisted for a National Apprentice of the Year award.

Rosie applied for her apprenticeship after completing her A-levels. Having studied engineering at A-level and loved it, she was keen to work in an engineering role. After looking at the apprenticeship programmes at a number of companies, she chose Anglian Water based on the content of the programme.

The apprenticeship lasts for between three and four years and involves learning at college and on work placements in mechanical and engineering roles in the business. Rosie and

her fellow Water Recycling apprentices will also complete a three-month placement in Water Services.

During the apprenticeship Rosie has been an apprentice member of the IMechE and IET and she will register for Engineer status at the end of her apprenticeship. Apprentices are guaranteed a role on successful completion.

“I’ve not noticed any difference being a woman in ops - my first manager was a woman and I just love having an interesting job in engineering that allows me to work outside. What would I say to another woman thinking about an apprenticeship in operations? Just go for it!”



Maintenance Technician Apprentice Rosie Morris with Maintenance Technician Terry Attwood

Female talent - Graduate Leaders Programme



Heather Naylor, first year Water Recycling Graduate Trainee

The graduate scheme lasts for two years, during which graduates move around the business in three- to six-month placements. Heather joined the scheme in September 2019 after completing a degree in Human Geography at the University of Sheffield.

A combination of factors attracted her to Anglian Water: the company's clear focus on protecting and enhancing the environment, its high rating on jobs site Glassdoor and the relevance of her geography degree.

Heather's experience so far has been a mixture of operational and office work with site visits, shadowing days and involvement in a wide range of projects.



“My experience as a woman in Water Recycling has been really positive - I've never felt that my gender is an issue. In my Networks placement in the Cambridge patch the Customer Liaison Manager was a woman who had previously been a field technician, so working in a more operational environment as a female didn't feel out of the norm.”



Sarah D'Arcy, Sustainability Team Manager

Sarah joined Anglian Water's graduate scheme in 2011 completing a specialist graduate programme, working in a variety of roles in the press office, public affairs and sustainability.

Sarah soon developed a particular interest in sustainability and towards the end of her placement found a permanent role in this area, initially working with the business on sustainability and volunteering. Her role has grown and increased in seniority over the years. She has also furthered her learning by completing a masters in sustainability and taking part in internal training, including the Transforming our Leadership course.



“Joining as a graduate I found everyone willing to share and help me move forward - and I've had some great female role models who've inspired me along the way. This is a company with passionate people who really care - they're driven to do the right thing and are always trying to be better.”





Some more detail

Any company with more than 250 employees is required to report its gender pay gap in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (the Regulations). This statement has been produced with reference to the Regulations and the associated guidance issued by ACAS and the Government Equalities Office, entitled Managing Gender Pay Reporting.

The Regulations require all organisations to make calculations based on employee gender on an annual basis. We will complete our annual calculations by using our existing HR and payroll records. All employees can confirm and update their records online or by contacting the HR Team at Lancaster House, Huntingdon.

We are required to carry out six calculations that show the difference between the average earnings (as defined by the Regulations) of men and women in our organisation. This does not involve publishing individual employees' data.

The results can be used to assess:

- the levels of gender equality in our workplace
- the balance of male and female employees at different levels
- how effectively talent is being maximised and rewarded.

In determining remuneration for employees, we must balance:

- the economic environment within which we operate
- recruitment and retention pressures
- market forces
- performance both in relation to individuals and the overall business
- geographical issues, which can also influence remuneration.

There are many objective reasons for pay differentials such as seniority, experience, location and, in a small number of cases, personal pay protection. The important point in any pay system is that it is fairly and equally applied considering these different factors.

Our review of remuneration and pay practices was carried out with a workforce split across 15 pay bands and each pay band was considered. In all pay bands there is a pay gap; three favour women, including the lowest band and two of our senior manager bands, which includes our highest paid employees. Of those which favour men, four have a pay gap over 10 per cent.

We will keep the position under review to prevent these gaps widening and to eliminate them over time. We act to address individual pay gaps and regularly review our policies, procedures and practices to ensure they are fair and reasonable.

As mentioned earlier in the report, this year we introduced a new role framework to replace the 15 pay bands mentioned above. The new role framework is being introduced to focus on the value each employee role brings to the organisation, to recognise technical and professional qualifications and experience at all levels and to create a much less hierarchical organisation. This does not mean a change to individual pay and benefits.

As required, we have divided our workforce into four quartiles: the lower, lower middle, upper middle and upper quartile pay bands. The table above shows the proportion of men and women as a percentage of full pay relevant employees within each quartile.

Quartile	Per cent women	Per cent men
Lower quartile	44.7	55.3
Middle quartile	29.8	70.2
Upper middle quartile	17.8	82.2
Upper quartile	30.8	69.2

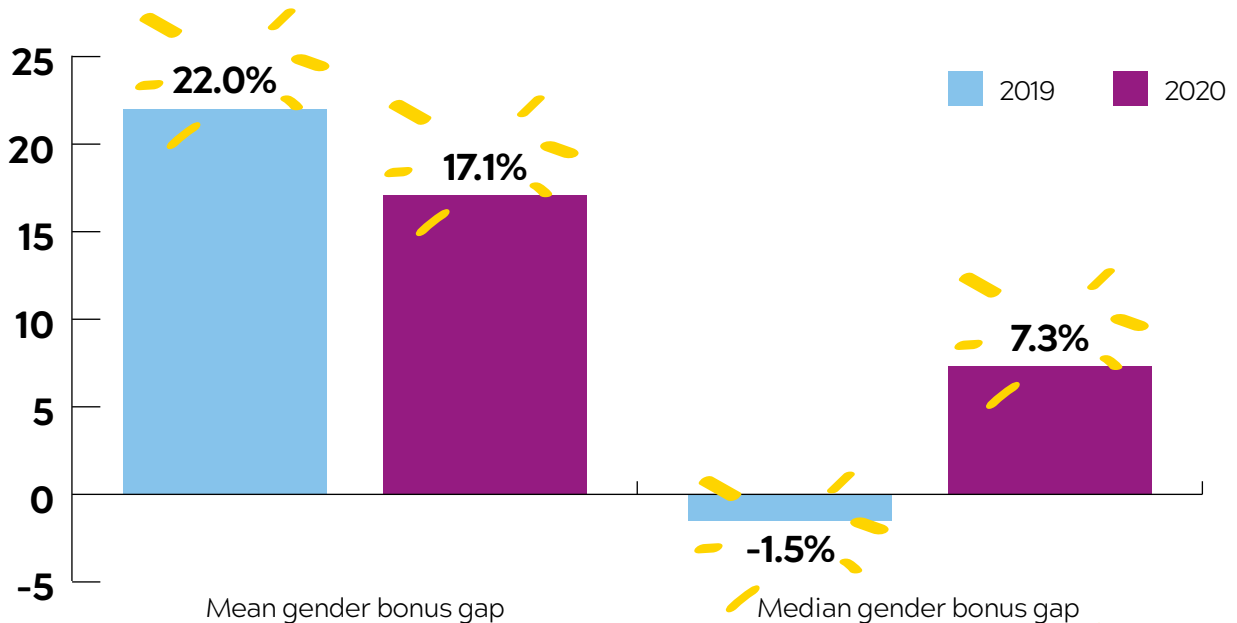
When comparing the make-up of our workforce to the Government benchmark we can see we have an average of 24 per cent female representation in the two higher quartiles, against a benchmark of 29 per cent, reflecting, as described earlier, that we have a higher number of men in more senior roles.

Employees can obtain further details about how we intend to tackle our gender pay gap by talking to their line manager or visiting the pay and benefits section on the company intranet.

Bonuses



There is also a gender gap between the bonuses paid to our male and female employees.



Mean gender bonus gap 17.1 per cent

(down 4.9 per cent from 22.0 per cent 2019)

Median gender bonus gap 7.3 per cent

(up 8.8 per cent from -1.5 per cent 2019)*

A key reason for the disparity between the mean and median figures is that more women than men exceed their annual performance targets (34 per cent as opposed to 26 per cent).

Our review found gender bonus gaps that favoured women in two of our 14 pay bands. As mentioned above, one reason for our bonus gap is the traditionally male-dominated nature of the industry and our low turnover of employees, which means more men are eligible for awards linked to long service.

In addition, 22 per cent of our female and just 3 per cent of male employees work part time. The Regulations do not allow us to make calculations on a pro-rata basis to take account of part-time working.

With 18.4 per cent of women in senior roles working part-time, and with higher performance levels and bonus potential, if the bonuses are calculated as a full-time equivalent this makes a significant difference to the median bonus amount for women.

Overall, the mean gender bonus gap would decrease to

12.5 per cent,

and the median would favour women by

-0.7 per cent.

Adjusted bonus gap per FTE

In the 12 months to 5 April 2020, 97 per cent of employees - irrespective of gender - received a bonus, including additional payments for long service and other payments.

As mentioned earlier, almost three-quarters of recipients of long service payments were men, and typically they received £400 compared to women, who received £318, reflecting lower service milestones achieved.

Number of males and females receiving long service payments

2019



153 males



67 females

2020

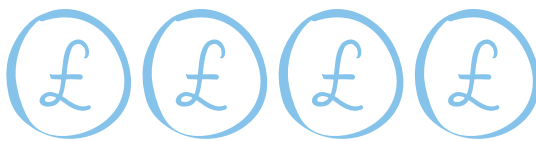


161 males



57 females

Average value of long service payments



£400 for men



£318 for women

Although the overall percentage of employees receiving a bonus is very similar, the average bonus amount has increased for women, and decreased for men (compared to last year's report).

While the average male annual bonus amount is still 17.1 per cent higher due to higher base pay than the female annual bonus amount, the mean bonus gap has reduced from 22 per cent since last year's reporting data.

Declaration



You can learn more about Gender Pay Reporting by visiting www.acas.org.uk/genderpay

I confirm that this statement is true to the best of my knowledge and belief.

Signed:

Susannah Clements,
Group Director of People



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