

Gender and ethnicity pay gap report 2023



Affinity Water

About this report

This report is prepared by Affinity Water Limited ("Affinity Water") under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (the "Regulations").

The Regulations require employers with 250 or more employees to publish information relating to the gender pay gap in their organisation, including:

- the difference between the mean and median hourly pay for men and women;
- the difference between the mean and median bonuses paid to men and women;
- the percentage of men and women who receive a bonus;
- the relative proportion of men and women in each quartile pay band of the workforce.

The report also includes information on ethnicity pay gaps this year, in line with good practice guidance and our commitment to further increase transparency on equality, diversity, and inclusion. The ethnicity pay gap information includes:

- percentage of employees of Asian/Asian British, Black/Black British, Mixed/Multiple, White/White British, and Other ethnicities (corresponding to Census 2021 ethnic categories);
- percentage of employees who did not disclose their ethnicity;
- the mean and median hourly pay gaps for Asian/Asian British and Black/Black British employees compared to White/White British employees.

Pay comparisons are only included for ethnic groups where we have 50 or more employees who have disclosed that they are of that ethnicity.

The report is based on payroll and employee data during the pay period covering 5 April 2023.

What's the difference between mean and median?

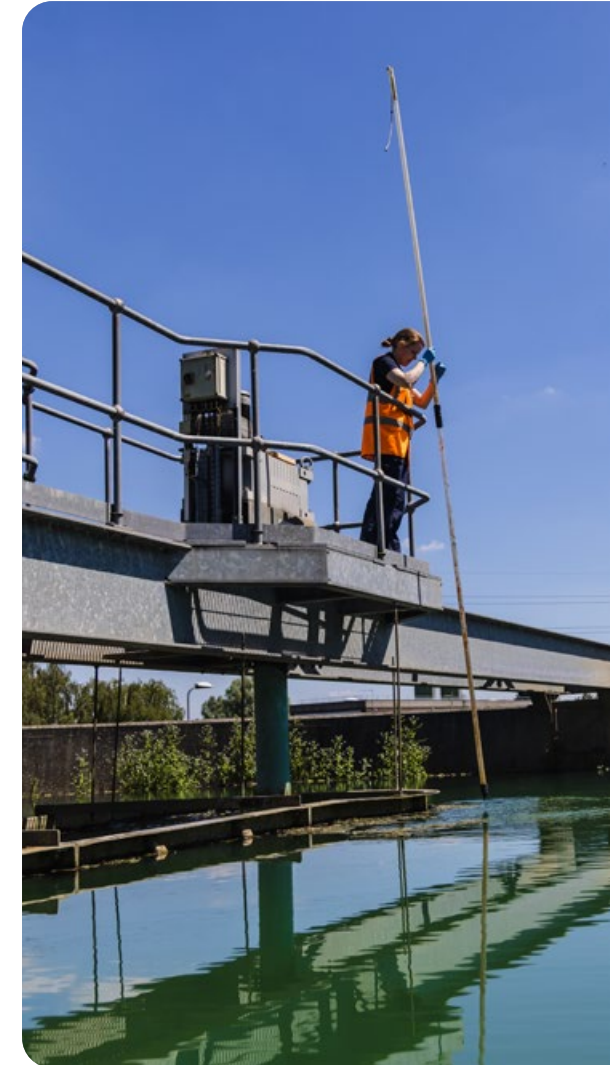
The mean and the median are two different ways of calculating the average.

Mean pay is calculated by adding up the pay of all employees and then dividing it by the total number of employees.

Median pay is calculated by lining up the pay of all employees in numerical order and then finding the middle point in the list.

Affinity Water confirms that the pay gap information published in this report is accurate.

Keith Haslett
CEO



Gender pay information

What is the gender pay gap?

The gender pay gap is the difference between the average hourly pay of all male employees and the average hourly pay of all female employees, regardless of the jobs they do. Pay includes any basic pay, bonuses, or allowances, but excludes overtime and expenses.

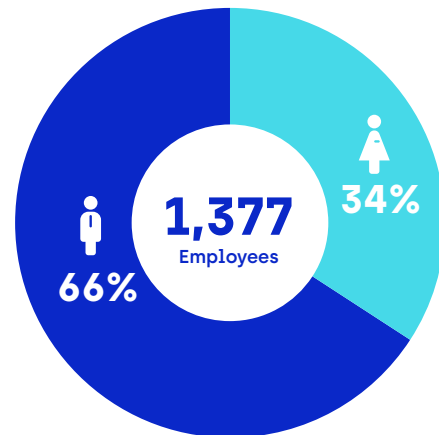
It is not the same as equal pay which compares the pay of men and women doing the same or similar jobs, or jobs that are different but of equal value in terms of things like the skills, knowledge, effort, and responsibility involved.



2023



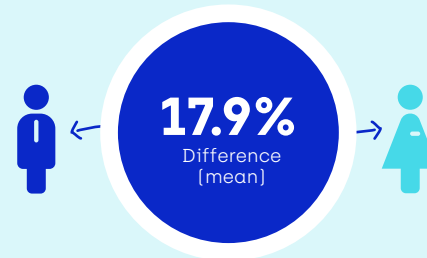
2022



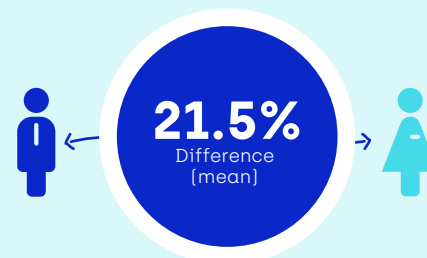
Mean gender pay gap

Our mean gender pay gap based on hourly pay on 5 April 2023 was 17.9%. The gap has decreased compared to the previous year when it was 21.5%.

2023



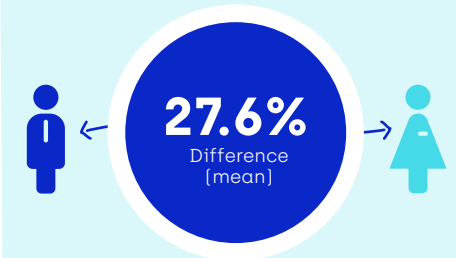
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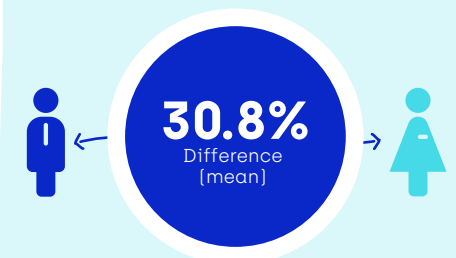
Median gender pay gap

Our median gender pay gap based on hourly pay was 27.6%. This gap has decreased from 30.8% in April 2022.

2023



2022



Proportion of male and female employees in pay quartiles

The table below shows the percentage of male and female employees in each pay quartile on 5 April 2023 and how this has changed since 5 April 2022.

It shows that women outnumber men in the lowest pay quartile. In all other pay quartiles men outnumber women.

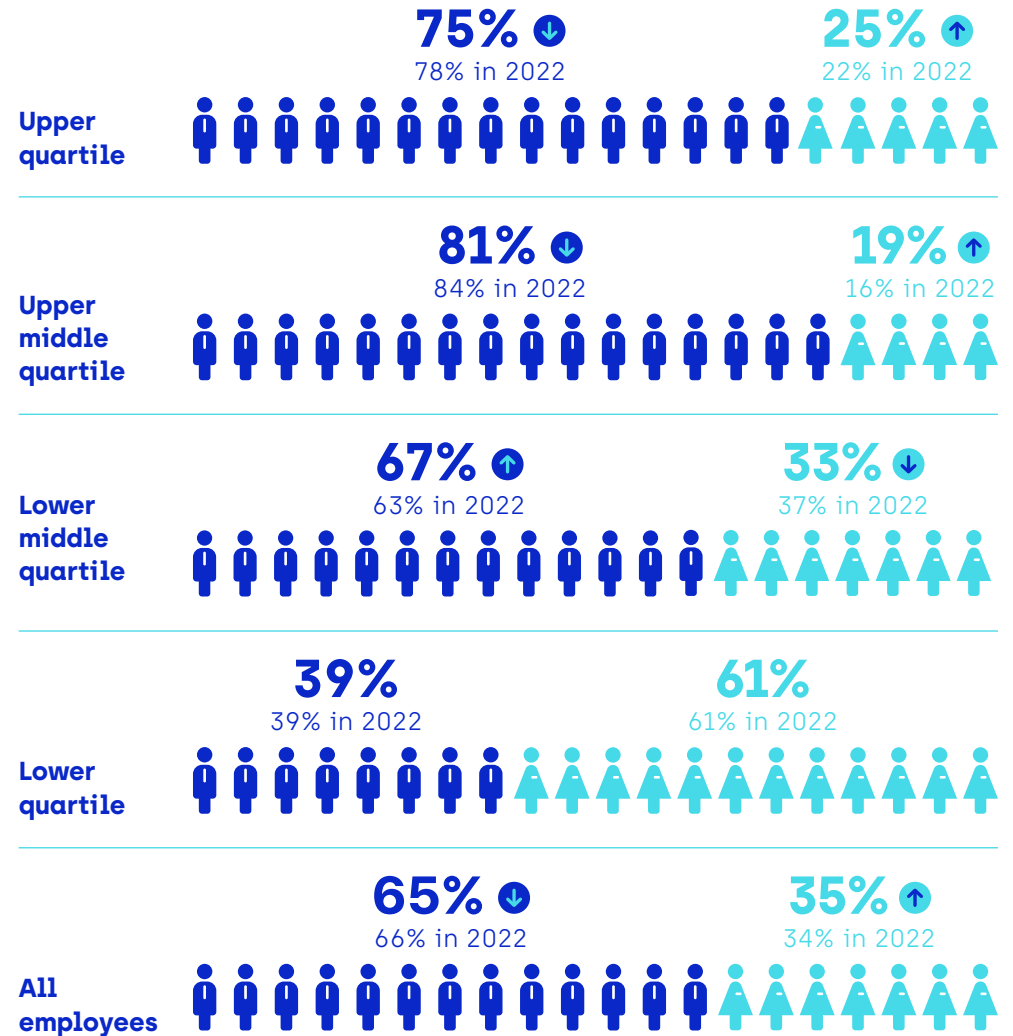
Compared to the previous year, the proportion of female employees has increased by 3 percentage points in the top two pay quartiles.

The proportion of female employees has declined in the lower middle quartile and stayed the same in the lowest quartile.

Overall, the proportion of female employees increased by one percentage point between April 2022 and April 2023.



Pay quartile gender breakdown



Bonus pay

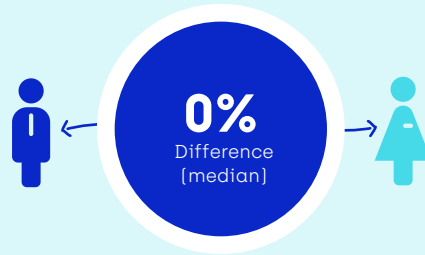
In the 12 months leading up to 5 April 2023, employees were eligible to receive a bonus if they had completed one full quarter and were still in employment when the bonus was paid in June 2023. The amount payable was based on whole company performance.

Our executive management team and senior leaders were eligible for additional bonuses based on the achievement of business performance metrics, as well as including an element of reward for individual performance.

During the 12 months leading up to 5 April 2023, 82% of male and 76% of our female employees were eligible for a bonus. The lower proportion of female employees is a result of having more female employees than male employees with short service during the bonus period covered by this report.

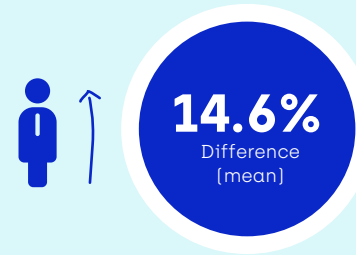
In the relevant period, there was no gender gap in median bonus pay. This is because at the midpoint (the median), all employees who were eligible for a bonus received the same amount based on whole company performance.

2023



There was a 14.6% gap in mean bonus pay for the 12-month period leading up to April 2023. This reflects the higher proportion of male employees in the senior leader and executive management bonus schemes.

2023



Influences on our gender pay gap

A range of factors influence the gender pay gap, the most significant being gender differences in occupations and seniority.

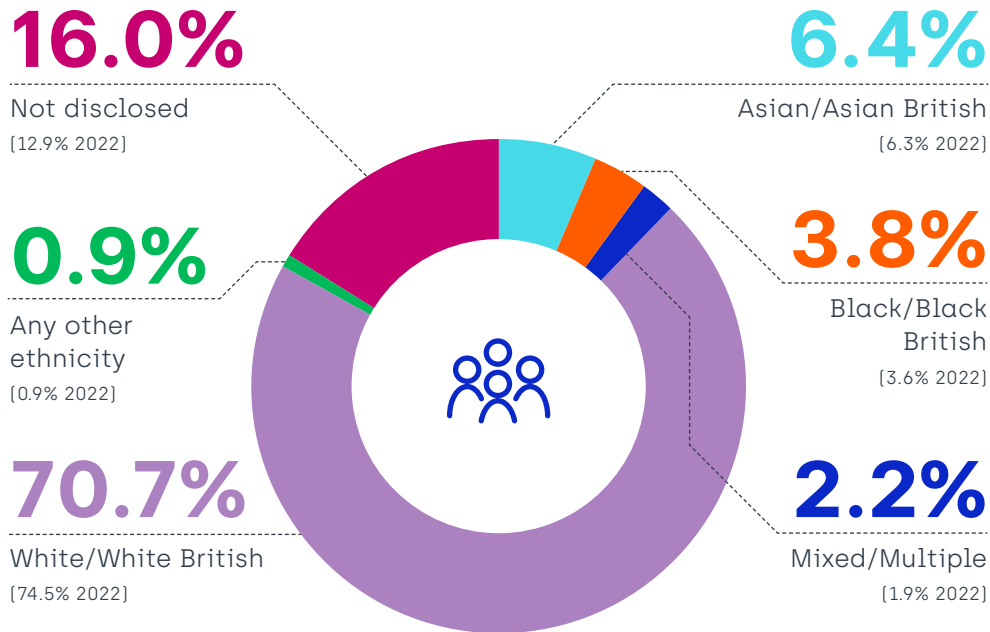
Since the previous gender pay gap report, the proportion of female employees has increased by one percentage point. We have also seen a notable improvement in the proportion of women in the two upper pay quartiles.

This improvement in the progression and appointment of women at more senior levels will have helped narrow the pay gap between April 2022 and April 2023.

For more information on the actions that we have and are taking to improve equity, diversity and inclusion please see the final section of this report.

Ethnicity pay information

Ethnic diversity of employees



What is an ethnicity pay gap?

An ethnicity pay gap is a comparison of average hourly pay for all employees who have identified as being from a minority ethnic group and the average hourly pay of employees who have identified as being of White/White British ethnicity.

This report publishes pay comparisons for the Asian/Asian British and Black/Black British ethnic groups because these are the categories for which Affinity Water has 50 or more employees who have identified as being of that ethnicity.

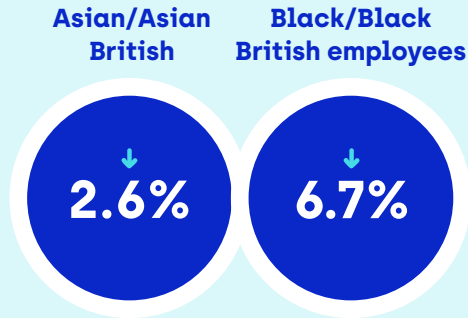
As with the gender pay gap, ethnicity pay gaps do not just compare pay of people doing the same or similar roles, it is a broader comparison.



Mean ethnicity pay gaps

For the pay period including 5 April 2023, mean hourly pay for Asian/Asian British employees was 2.6% lower than for White/White British employees.

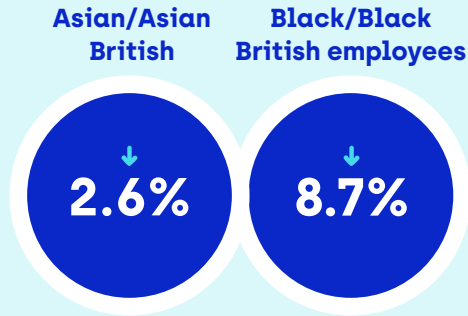
The mean hourly pay for Black/Black British employees was 6.7% lower than for White/White British employees.



Median ethnicity pay gaps

For the pay period including 5 April 2023, the median hourly pay for Asian/Asian British employees was 2.6% lower than for White/White British employees.

The median hourly pay Black/Black British employees was 8.7% lower than for White/White British employees.



Intersection of gender and ethnicity

The sample sizes are too small to publish intersectional pay data on gender and ethnicity, however, mean hourly pay for female employees was lower than for male employees in all three ethnic categories.

In addition, Black/Black British female employees and Asian/Asian British female employees had lower mean hourly pay than White/White British female employees.



Influences on ethnicity pay gaps

There are numerous factors that will influence ethnicity pay gaps. A key one will be differences in roles and seniority.

For example, there is a lower representation among managers than among all employees of Asian/Asian British and Black/Black British people. This partly reflects the greater ethnic diversity among our younger age cohorts. For example, in April 2023, 22% of our employees aged under 35 for whom we have ethnicity recorded, were Asian/Asian British, Black/Black British or another minority ethnicity, whereas 14% of those aged 35 and above are.

However, age differences do not explain all the representation gap because within the 35 and over age cohort, there is still a lower proportion of managers who are minority ethnic [8%] compared to all employees in that age group [14%].

The next section includes more information on the actions that we are taking to improve equity, diversity and inclusion.

Actions to improve equality, diversity and inclusion

In September 2023, we published our EDI strategy (available on our website), which brings together and continues to build on the conscious efforts that we have made in recent years to better reflect the diversity of our local populations in our workforce, ensure equity in our workplace, and develop an inclusive culture.

The table provides an update on actions that have been taken or are underway aimed at narrowing our gender and ethnicity pay gaps.



Action	When	Impact
Recruitment		
→ Improvements to careers site and job ads to attract more diverse candidates	📅 Careers site refresh November 2023	→ We have a higher proportion of female joiners than current employees, e.g., year to date on 31 December 2023, 43% of joiners were women.
→ Name blind shortlisting and introduced gender bias language screening for all job advertisements	📅 Started January 2023	
→ Introduced training on avoiding bias for hiring managers	📅 Hiring manager training introduced 2022 and reviewed and refreshed Autumn 2023	
→ Further investigation into ethnicity and recruitment to understand reduction between shortlisting and selection of % of minority ethnicity individuals	📅 Further analysis and consultation with our ONE Network will take place in 2024	→ We are attracting and appointing a higher proportion of minority ethnic candidates than in the current workforce, however, a lower proportion are appointed than interviewed.
Improving support for parents and carers		
→ Increasing the fully paid period for maternity and adoption leave from 3 to 6 months	📅 Spring 2023	→ More male employees are taking Shared Parental Leave since full pay was introduced.
→ Introducing up to 3 months' full pay for shared parental leave to improve flexibility and gender equality in leave-taking	📅 Spring 2023	
→ A new carers policy that provides 5 full days or 10 half days of paid leave a year to those with significant caring responsibilities	📅 Spring 2023	



→ Introduction of a fertility treatment leave policy for those going through fertility treatment	📅 Spring 2023	→ We aim to improve maternity return rates for two-year period 2023 to 2025 compared to 2021 to 2023.
→ Working with our women's network to create a 'New and expectant parent pack' and an accompanying checklist for managers, with the aim of improving the leave experience and transition back to work	📅 Pack to be launched in March 2024	
→ A series of menopause and menstrual health workshops run by our women's network and occupational health provider to support our new menopause policy. Held virtually, in-person and some men only sessions	📅 Workshops hosted in October 2023 and further workshops planned in 2024	
→ Podcast on fatherhood and work featuring a Director and employee who has recently taken Shared Parental Leave	📅 November 2023	

Women's network

→ Re-launch of Affinity Water's women's network	📅 Re-launch July 2023	→ Membership of the women's network increased to 133 by February 2024, with good attendance at events.
→ Becoming a formal partner of the Women in Utilities Network (WUN) to enable our women's network to share, learn and gain access to support from a wider network of women in industry, including access to cross-industry mentoring	📅 WUN Partnership launched in December 2023	


ONE network

→ Our ONE network, which is focused on race inclusion and celebrating cultural heritage, hosted an in-person event in Black History Month with CEO	📅 October 2023	→ Event was well attended and created good engagement.
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Career development

→ Introduction of a formal mentoring programme, open to all employees	 Mentoring programme began in September 2023	→ By December 2023, 43% of mentors and 55% of mentees were female.
→ Aiming for participation of women in management and leadership development programmes at a level that matches or exceeds women in the workforce	 2024/25	→ By December 2023, 38% of participants in our development programmes were female.
→ Plan to work with ONE network to understand how we can better support and ensure equity in career development pathways	 2024/25	
→ We plan to pilot reverse mentoring to build understanding of different cultural backgrounds, and diverse lived experiences	 To be launched in April 2024	→ We have insufficient data to publish on ethnicity at present.

Grading structure:

→ Complete implementation of job evaluated grades to ensure greater transparency in reward and career progression	 April 2025	→ All roles have grades attached and communicated by April 2025.
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Why equality, diversity, and inclusion matter to Affinity Water

Supplying water to our customers is an essential public service, so we have a duty to treat everyone with fairness and respect. We must also be accessible and remain responsive to different needs.

It's vital that we attract, retain and develop talented people from across our diverse communities, giving everyone an equal chance to progress. Reflecting the diversity of our communities will help us to build trust among – and better serve – our customers.

Diversity increases the breadth of knowledge in our organisation, generating new insights and different ways of thinking. This will help us to innovate and to meet some of our biggest challenges, including supplying high-quality water to a growing population while also ensuring sustainability and achieving our net zero carbon goals.

We need to be inclusive and show that we care. When people feel valued and accepted for who they are, they feel safe sharing ideas and voicing concerns; they gain the confidence to take on new challenges; and they learn from feedback. All of this is essential to achieving high performance, safety and wellbeing at work.

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