

## Responsible Employer

# The gender pay gap in the UK

The UK Government has introduced a requirement from 2018 onwards for companies with over 250 employees to annually disclose their gender pay gap as at 30 April.

The gender pay gap differs from equal pay as it is not exclusively about men and women doing the same job but being paid differently. When calculating the difference in average earnings, the gender pay gap takes into account all jobs, at all levels and all salaries within an organisation. This means the gender pay gap

can result from many different factors, some of which will be discussed here for SSE's business.

SSE believes collecting and reporting data on gender pay will help inform businesses and wider society to tackle the issue. It therefore welcomes the new UK Government regulation and

will meet this requirement in full according to the guidelines, once finalised. In the meantime SSE has calculated its gap between men and women's pay according to the draft guidance, two years ahead of the proposed deadline for reporting

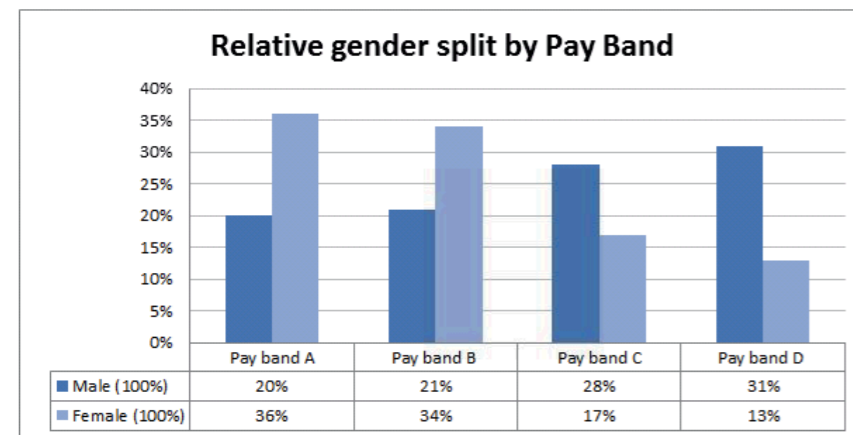
### Reporting SSE's gender pay gap

The draft requirements state companies must show the overall mean and median gender pay gap based on hourly rate<sup>1</sup>, as well as breaking this down to show the gender distribution across four equally sized quartiles based on pay range. Each quartile contains approximately 5,000 employees. Companies are also required to show the relative

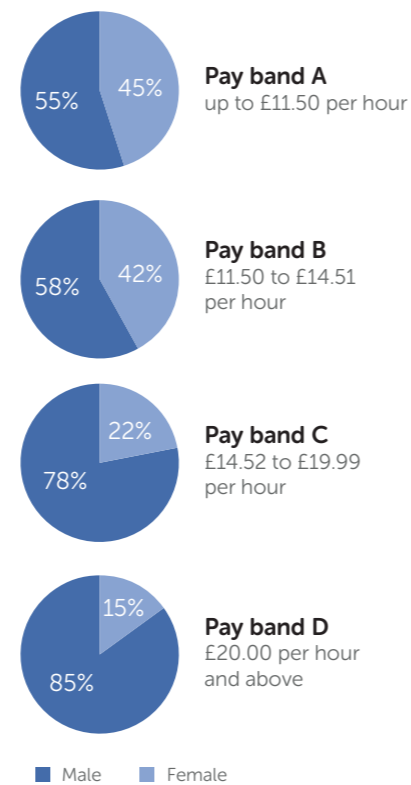
proportion by total gender (ie men = 100%, women = 100%) in each of the four pay bands.

As of 30 April 2016, the overall gender pay gap within SSE was:

Mean pay difference between male and female employees	23.4%
Median pay difference between male and female employees	19.4%



### Gender split by pay band



<sup>1</sup>Pay to include base pay, paid leave, maternity and paternity pay, sick pay, area allowance, shift pay, bonus and other allowances (car, on-call, stand-by, clothing, first aider, fire warden) and excludes overtime, expenses, salary sacrifice, benefits-in-kind, redundancy, pay arrears and tax credits.

Currently within the draft requirements, companies must also disclose the proportion of men and women who get paid a bonus and the average gross bonus paid to each gender in the 12 months before the assessment date.

Proportion of male and female employees receiving bonus	
Male	34.2%
Female	12.3%
Average gross bonus paid to employees	
Male	£4,791.69
Female	£3,258.49
Difference in mean bonus between male and female employees	
	32.0%

### Understanding SSE's gender pay gap

SSE's gender pay gap of 19.4% for 2015/16 is broadly in line with the UK gap of 19.2%<sup>2</sup>. SSE operates within the energy industry; a traditionally male-dominated sector which consists of 18% women<sup>3</sup>. While SSE's proportion of female employees is around 30%, SSE still has a lot of work to do. To close its gender pay gap, SSE must work to attract more women into its business, and must ensure many of the roles women come into have good earning and progression potential.

SSE's analysis supports the view that under-representation of women in highly skilled and highly paid roles is the key reason for its gender pay gap. Within the top ten operational job categories at SSE<sup>4</sup>, there are over 6,000 men and fewer than 200 women. As well as generally lower starting salaries, the salary progression in administrative and advisory roles occupied by many women typically span three pay levels in SSE's grading structure, compared to five for operational roles. Over time, through on-

going attainment of skills and experience, employees in technical operational jobs therefore have the potential to progress to higher salaries.

Under-representation of women in operational roles is driven by a number of factors. These include things like the flexibility of working hours offered. But most importantly, there is a serious shortage of women with the skill requirements for these jobs. This is the result of proportionately very low numbers of girls and women studying STEM (science, technology, engineering and maths) subjects at school and university. Men continue to dominate undergraduate degrees in Engineering & Technology (86%) and Computer Science (83%). Women who then go on to pursue a career in STEM drops further: just 13% of employees in STEM-classed occupations are female<sup>5</sup>.

<sup>2</sup>ONS, April 2015 figures.

<sup>3</sup>ONS, Labour Work Force Survey 2015.

<sup>4</sup>Engineer, Electrician, Meter Operative, Technician, Meter Reader, Linesman, Apprentice, Craftsman, Operative, Joints.

<sup>5</sup>WISE UK Stats 2014, The talent pipeline from classroom to boardroom.

### Taking action on SSE's gender pay gap: IN, ON and UP

Unfortunately there is no quick fix to the gender pay gap, but SSE is taking a series of measures now and in the long-term to promote a diverse and inclusive workforce. SSE's gender diversity strategy focuses on three key elements: encouraging women **in**, supporting women to stay **on**, and helping women to progress **up**. In 2015/16 SSE committed to a number of key actions in line with its diversity strategy:

#### Education

SSE is building a more co-ordinated approach to the work it does in schools to promote engineering careers, including a £100,000 partnership with the educational charity Teach First to specifically support more STEM teachers in schools and encourage young women to consider a career in this area.

#### Recruitment

Changes to SSE's recruitment positioning in 2015/16, including using women employees within its adverts, video blogs and

webpages, resulted in a 44% increase in women applying for its apprenticeship programme. For its graduate engineering programme, less than 1% of offers were made by SSE to women in 2014/15. This increased to 23.5% in 2015/16.

#### Flexibility

SSE is undertaking a process of assessing its culture, policies and processes to attract more women into the company, as well as keep them there. Key to this is addressing agile and flexible working practices. Through investment in technology and working design, SSE's new offices in Reading will pilot and evaluate the benefits of flexible and agile working arrangements.

#### Back to work

SSE is encouraging 'returnships', where women with STEM skills are returning back to work following a career break, through its partnerships with Prospect and Equate Scotland. A higher proportion of women also take

career breaks, largely for family reasons. SSE has therefore introduced a range of advanced career support during and after parental leave.

#### Pay

SSE is committed to increasing the number of women in the most senior positions within the company. It has therefore set a target to more than double the proportion of women earning over £40,000 a year, to at least 25% by 2025.

#### Society

As a complementary activity, SSE is targeting its sponsorship activities towards female sport. Research shows woman who participate in sport are generally higher achievers in business, and SSE sees its participation in this area as creating potential pipelines of future talent. Examples include the SSE Women's FA Cup and sponsoring 'next generation' athletes through Sports Aid, 60% of who are female.