

Gender Diversity

in Water Company
Leadership Teams
2023



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Introduction

Over the past seven years, we have been reporting on the levels of female diversity at executive level across the Infrastructure sectors.

Year on year we have seen small improvements. In 2016 25% of Transport & Infrastructure companies had zero women in their leadership teams and this year that is down to 13%.

What is noticeable, however, is that the Water sector is coming out on top. If we look at the breakdown by sectors, Water companies have considerably higher female representation on their executive teams.

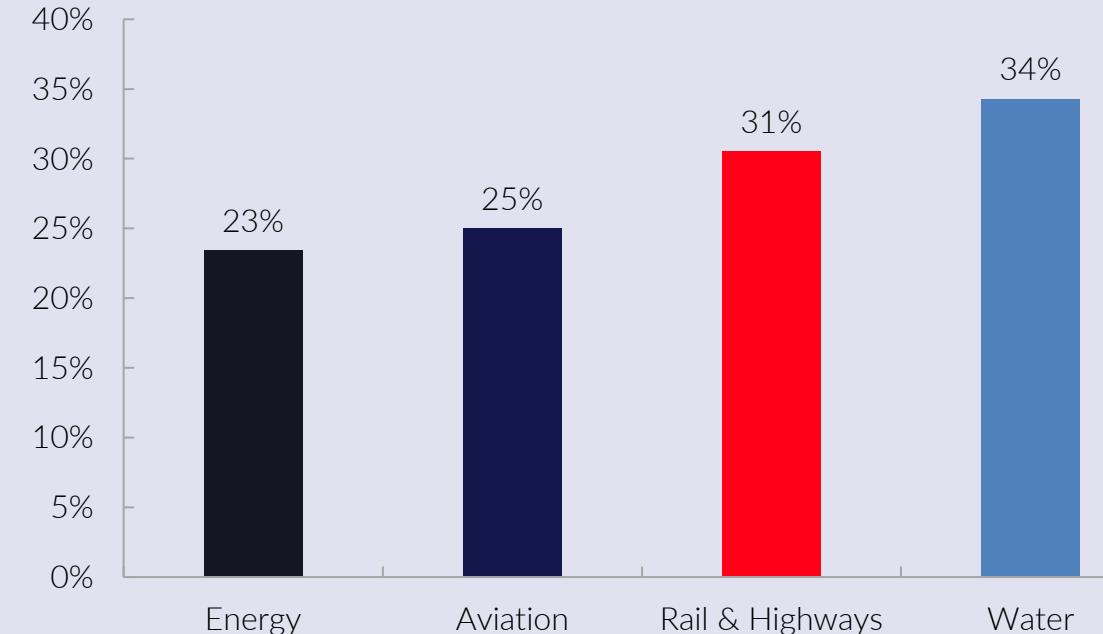
In this report, we focus on the largest of the Water client organisations and how these companies are performing, the areas that need improvement and practical solutions from experts within the sector.



In 2023, 60% of Water companies have female representation in at least a third of their executive roles

This is compared to only 37% in the wider Transport & Infrastructure industry.

% of Female Directors on Executive Teams



Findings for 2023

20%

of Water companies
have 50% or more
female Directors

60%

of Water companies
have met the 33.3%
target

60%

of CEOs in Water
companies are
female

In the government's Hampton-Alexander Review in 2021, the FTSE 350 met the target for a third of board positions to be filled by women by the end of 2020. A new target of 40% was set to be met by December 2025.

Great news is that Water companies are exceeding this target, with 60% of Water companies having at least a third of their executive teams made up of women.

Likewise, when it comes to female representation of CEO's, Water companies are in a league of their own. 6 out of the top 10 largest companies have a female CEO. This compares to only 18 female CEOs in the top 150 Transport & Infrastructure companies (6 of those being at Water companies.)

10% of Water companies still have no female representation on their executive teams, which mirrors the wider T&I industry.

	Water Companies	Top 150 T&I Companies	FTSE 350
Female CEO	60%	11%	6%
Companies with no Female Directors	10%	13%	4%
33.3% Female Directors	60%	37%	52%



Function

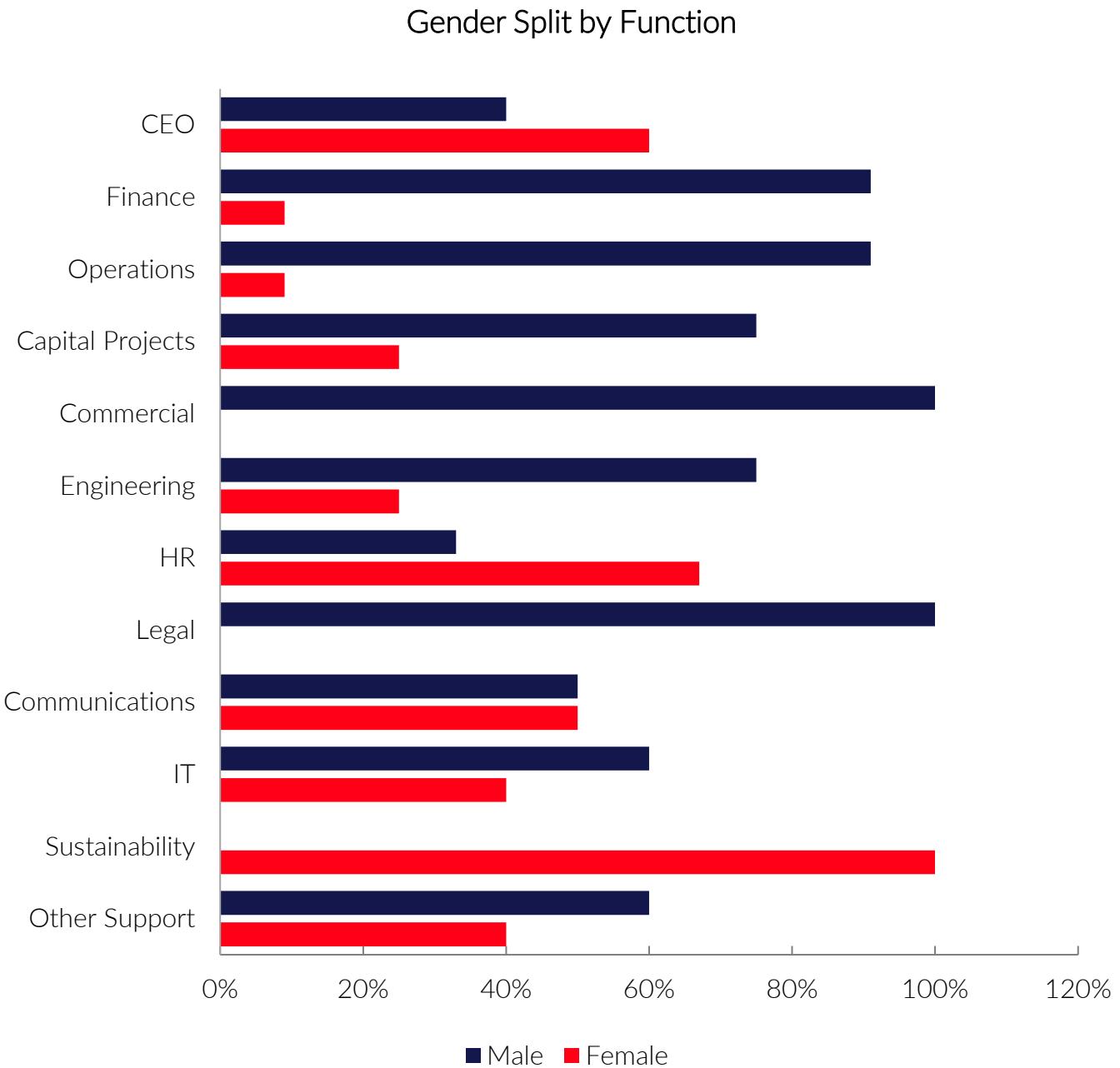
71% of HR Directors across the Water companies are women. Compared to core operational functions such as Operations, Capital Projects, Commercial and Engineering where the proportion of women are typically much lower. This mirrors what we are seeing in the wider Transport & Infrastructure sectors where 72% of female Directors sit within the HR function.

Strikingly, at the time the research was conducted there wasn't a single female Commercial Director on the executive team of any of the Water companies. The Operations function is also disappointingly low at only 9%.

If we look at the distribution of Director's between the core operational roles and support function roles, it is much more balanced for male Directorships than it is for women (as shown on the next page.)

However, diversity at any leadership role is fantastic, and as the FTSE Women Leader's review 2023 states:

“ The aim of the Review has always been a simple yet important one – to improve the representation of all women in all leadership positions. The dominance of women in the Human Resource Director role and as Company Secretary is welcomed, as are their voices at the top table.

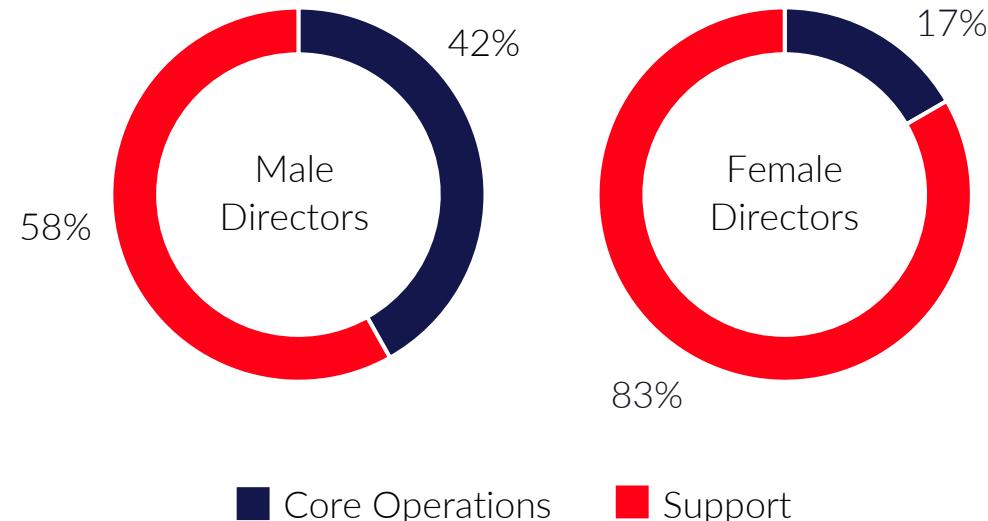


Function



17% of female Directors in Water companies are leading core operational functions compared to 23% in the wider market.

Distribution of Director's Across Core Operational Functions and Support Functions



Female Directors by Function

	Water	Rail & Highways	Aviation	Energy
CEO	60%	11%	0%	0%
Finance	9%	20%	40%	7%
Operations	9%	20%	25%	17%
Capital Projects	25%	27%	33%	0%
Commercial	0%	35%	29%	33%
Engineering	25%	20%	0%	0%
HR	67%	88%	50%	57%
Legal	0%	20%	75%	36%
Communications	50%	36%	0%	22%
IT	40%	11%	0%	33%
Sustainability	100%	0%	0%	0%
Other Support	60%	41%	0%	38%

Ownership Structure

Most of the Water companies we looked at were Private Limited companies meaning there are more data points to compare for this category. There was only one publicly owned company – Scottish Water.

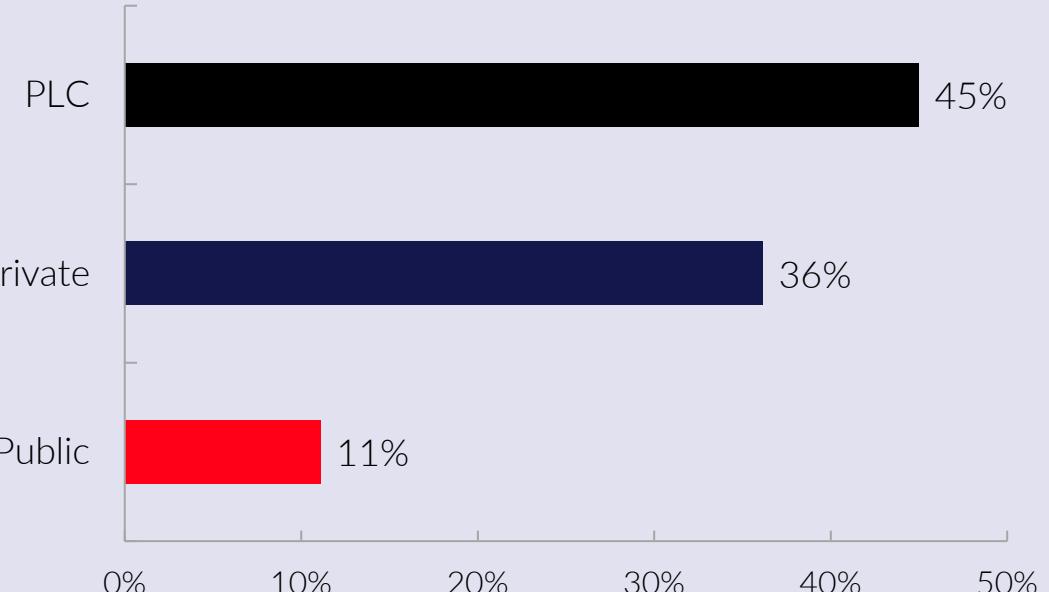
However, there is a clear trend that PLCs are outperforming when it comes to diversity amongst their executive teams. This could indicate that targets are being set by shareholders or that shareholder involvement is having some influence on diversity numbers within Water companies.

The breakdown of female Directors by ownership structure for the water sector is dramatically different from the wider Transport & Infrastructure findings. For the past few years, public sector organisations have been significantly outperforming other company types, with PLC's lagging behind.



Water companies that are PLCs are dramatically outperforming the wider industry with 45% female representation compared to 26% in the top 150 T&I companies.

% of Female Directors by Ownership Structure



How can we increase diversity?

We spoke with Kathryn Greenwood, Head of Resourcing and New Talent for Severn Trent Water, Lila Thompson, Chief Executive of British Water and Kay Penney, Group HR Director at Northumbrian Water. These established experts within the water sector shared their first-hand experiences and ideas on how we can increase diversity across the Water sector.

Collaboration

It is in everyone's best interest to be able to bring more diversity into the sector, not just on an individual water company basis. There needs to be more opportunities for the sector to join up their thinking and collaborate. Sharing strategies, techniques and materials.

“ Companies doing great things in the water sector, are those that are proactively seeking out opportunities and ways to support people who have protective characteristics.

Lila Thompson, British Water

“ There's an opportunity for more joined up working. We're all out investing energy in what we can do to change diversity for the future, there's an opportunity for the sector to join up more in doing so.

Kathryn Greenwood, Severn Trent

Some of the best companies in the sector when it comes to diversity are those that encourage employees – not necessarily at senior level – to become champions for their organisation. These individuals take the initiative to organise events, or webinars. To write blogs and share their experiences within the company with the wider sector.

In turn, you get lots of different organisations coming together to brainstorm and promote best practice. British Water is a great forum for this, providing a network for exactly this type of non-competitive collaboration.

“ It's thinking about how do we solve problems together; how do we bring people together?

Kay Penney, Northumbrian Water

Inclusion

There are few companies left who don't recognise that increasing diversity is the right thing to do, and that it is good for business. One thing that has become apparent this year is the shift from not just attracting diversity – but now on retaining it by creating the right cultural environment.

“ We need to be creating cultures that give people a sense of belonging, because often you will get women join the industry, but they are not staying.

Lila Thompson, British Water

Webinars and events are a fantastic start, but there now needs to be demonstration that companies can create an environment for diversity to thrive. When you walk into an office, you need to see people with protective characteristics in the workforce, attending the meetings. People won't stay at an organisation, if no one else shares their opinions and values.

“ Inclusion doesn't mean that we all think the same, inclusion means that you appreciate differences and you're creating space for that difference.

Lila Thompson, British Water

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You can do all the work you want to do on diversity and trying to introduce people to your organisation, but it won't stick unless you've got a truly inclusive environment.

Kathryn Greenwood, Severn Trent Water

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Severn Trent's executive teams are reverse mentored by different individuals across the organisation, from different protected characteristics. This gives leaders a much more rounded understanding of different people's experiences and fills in those blind spots that they had before. The mentors are rotated every couple of years to provide a variety of perspectives.

Employee networks are another initiative that Severn Trent have introduced. Employee groups provide support and community for one another, and a voice to share ideas or reforms that could make the business a better and more inclusive place.

However, feedback from employee groups must be heard. There must be clear communication channels with leadership so that initiatives are introduced, or very clear justification is given as to why it can't happen.

Each group within Severn Trent meets with the executive board annually to present ideas, and FTSE board members regularly attend the groups to meet them and hear what they have to say.

Selling the sector

The water sector is undergoing huge transformation, and it's an extremely exciting time to be a part of this industry with the significant increase in investment planned for AMP8. There are so many opportunities in terms of digitalising and modernising the industry, that requires a vast array of skillsets.

It's so important for companies to sell these opportunities and really promote the water sector for the exciting career opportunities it can offer.

Northumbrian Water have an active communications team who work to build the brand as one that is an innovative, forward-thinking business. They run an annual "Innovation Festival" which brings together people from all over the globe with different skills and knowledge and they work together to produce solutions and viable outcomes.

“

We are an organisation that's constantly looking to be better. That's never quite satisfied with the status quo and always think there's a better solution.

Kay Penney, Northumbrian Water

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Companies need to ensure that they are raising awareness to people outside of the Water sector to attract key skills from sectors that traditionally have more diversity.

Many companies, including Severn Trent and Northumbrian Water are also working with schools and communities to promote these opportunities to the next generation.

Northumbrian Water are in the process of establishing an online skills academy, and Severn Trent host "Discovery Days" at an operational training centre where school children can come in and use the equipment and see real life examples of what it means to work in this environment. They specifically target schools that have the diversity that they don't see coming through within the business.

Both businesses also utilise role models who are leaders within the core operational and technical functions, to host talks and events with communities to raise awareness of the career opportunities available.



Data

Decisions are made based on data. To get strategies, policies, targets signed off it is important to use the data available.

Surveys are a great way of understanding how inclusion is really being felt within the organisation. Policy makers may feel that they are doing all the right things, but employee perception may vary. Data received from employee feedback can be used to support additional training or support.

“ We have an employee survey, which I think is really important and it's done on quite a regular basis and that gives us feedback on people's experience of inclusion. So, we know if there are hotspot areas that we can target.

Kathryn Greenwood, Severn Trent

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Data also feeds into Severn Trent's core targets. As a geographical business they try and mirror local demographics when setting goals. Using census and ONS data they can set targets that are aligned to the diversity in the local population.



Methodology

We compiled a list of the top 10 Water companies and identified the senior executive team of each business within the UK as of July 2023.

Where we have discussed the statistics of the CEO role, this has been the CEO or the nearest equivalent in the most senior executive leadership position.

For the purposes of this report a Core Operational leadership role in the executive team has been a direct report to the CEO who leads either Operations, Engineering, Commercial or Capital Projects.

A special thank you to Kathryn Greenwood, Head of Resourcing and New Talent for Severn Trent Water, Lila Thompson, Chief Executive of British Water and Kay Penney, Group HR Director at Northumbrian Water for their invaluable insights.



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