Public Sector Equality Duty Reporting 2021

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Every day Scottish Water delivers 1.44 billion litres of clear, fresh drinking water and takes away 983 million litres of waste water, which we treat before returning safely to the environment. The service we provide to 2.56 million households and 153,000 business premises is essential to daily life in Scotland. The quality of drinking water that we provide has been sustained at a high level and our investment helps to support jobs and economic growth while protecting and enhancing the environment.

1. Introduction by our CEO

Douglas Millican, CEO

As a major employer and vital service provider in Scotland, we are in an influential position to positively contribute to social justice. Since our last set of equality outcomes were set four years ago we have made a great deal of progress in creating an inclusive environment in Scottish Water. However, there is much more to do if we are to successfully transform Scottish Water and achieve our Water Sector Vision of supporting a flourishing Scotland. While our sector as a whole currently employs people with a diverse range of experience, the skills, capabilities, and indeed mindsets that will be required in the future are changing and we must heighten our efforts to ensure that there are no direct or indirect barriers in place to us creating greater diversity in our workforce and to realising our people's full potential.

Scottish Water's has made a long-standing commitment to the Scottish Business Pledge, and more recently to a wider Energy and Utility Skills Sector Commitment which recognises priority areas for sector action in the areas of gender, disability, ethnicity and youth. The utilities sector in the UK is under-represented in these four areas compared to the working population as a whole and the impact of Covid-19 has further exacerbated the impact on these four groups, disproportionately impacting physical and mental health and/or working patterns and employment security.

Employee demographics do not shift quickly but we will strive to increase our proportion of employees from under-represented groups at all levels in the business. This is not only because it is the right and responsible thing to do; or just because we care about creating an inclusive environment where all our people can thrive; or even because we recognise that being valued for your differences as well as your commonalities is engaging and inspiring; but also because we know that greater diversity will be instrumental in helping us achieve our strategic ambitions and goes hand in hand with increased and sustainable organisational performance and health.

Douglas Millican
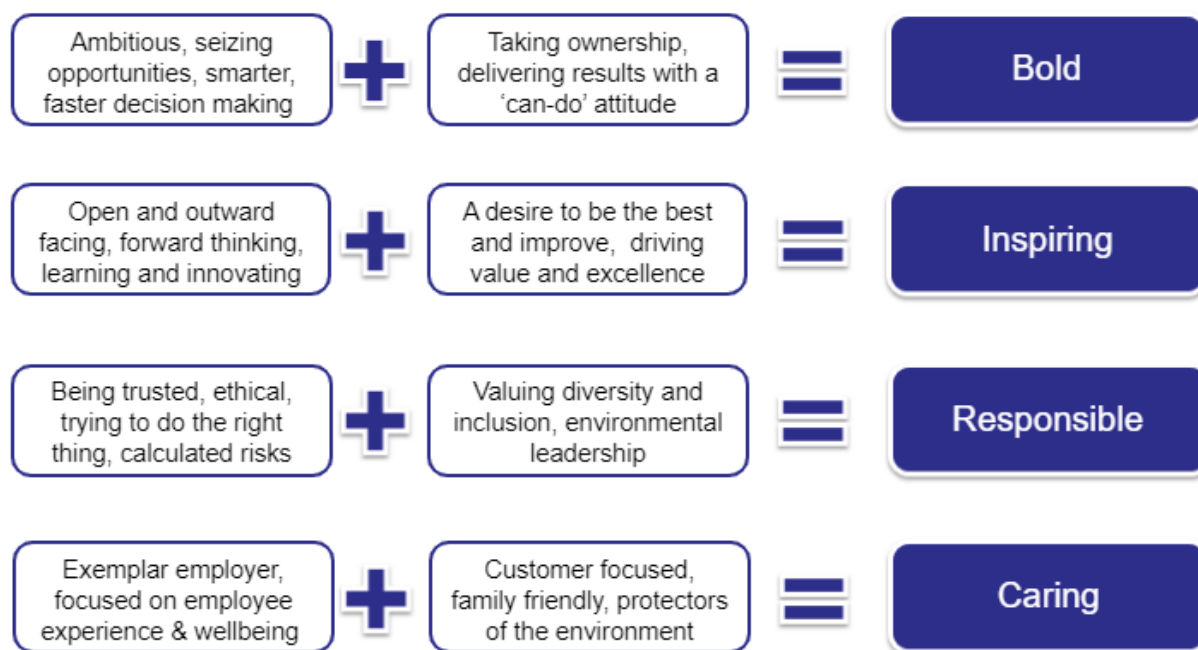
Mainstreaming Equality

Scottish Water Character

At Scottish Water we believe that diversity, inclusion and belonging are essential to the achievement of our strategic ambitions and our broader Water Sector vision of supporting a flourishing Scotland.

Throughout 2019/20 we undertook a large piece of work seeking to identify the core organisational character traits that will guide our actions and behaviours moving forward. The exercise involved conversations with over 750 people from right across the business to agree those attributes and characteristics of Scottish Water that we are proud of and would wish to retain, as well as those characteristics we believe we will need to do more of if we are to continue to be successful in the future. There was a high degree of consistency from both leaders and employees around the importance of valuing diversity, inclusion and belonging and that this should be maintained and explicitly recognised as part of our new SW Character behavioural framework.

Launched initially to our leadership community in late 2020, and more broadly to our full employee population in early 2021, our Scottish Water Character behavioural framework was introduced, providing an important 'moral compass' to guide both leaders and employees as we set out to transform the business and implement our ambitious plans for the future. The framework encompasses 4 core characteristics - being Bold, Inspiring, Responsible and Caring. These characteristics reflect the essence of what we are today and what we aspire to be in the future. Recognition of the desired characteristics and underpinning behaviours will be 'hardwired' into our people-related processes including recruitment, development and performance to ensure that it is considered throughout all stages of the employee lifecycle.

As can be seen in the below overview of the Scottish Water Character, 'valuing diversity and inclusion' forms a key part of the 'Responsible' Characteristic, while the other 3 areas provide a useful structure for the approach we can apply to the further development and deployment of our plans for our equality, diversity and inclusion programme at Scottish Water.

Ambitious, seizing opportunities, smarter, faster decision making	+	Taking ownership, delivering results with a 'can-do' attitude	=	**Bold**
Open and outward facing, forward thinking, learning and innovating	+	A desire to be the best and improve, driving value and excellence	=	**Inspiring**
Being trusted, ethical, trying to do the right thing, calculated risks	+	Valuing diversity and inclusion, environmental leadership	=	**Responsible**
Exemplar employer, focused on employee experience & wellbeing	+	Customer focused, family friendly, protectors of the environment	=	**Caring**

To support the implementation of SW Character, we have launched a 'Leading with Character' leadership development programme in 2021 comprising a series of modules to build the Bold, Inspiring, Responsible and Caring traits expected across all levels of leadership at Scottish Water. The programme will focus on effective communication, leading change, facilitating learning and maximising performance and potential and across these topics, leaders will be expected to actively contribute towards fostering a working environment which supports our organisational diversity and inclusion aims.

Customer and Community Engagement

As a vital service provider in Scotland, we recognise the criticality of ensuring all customers have an equitable opportunity to receive a high level of service provision, regardless of personal characteristics, life experiences, or any additional support requirements they may have.

We are aware that approximately 1/3 of Scotland's population has a long-term limiting health condition or disability and recognise that this statistic will be reflected our customer base. We therefore periodically review our practices and adapt our main contact methods to ensure that our diverse customer base can communicate effectively with us – both proactively on our part and also by their individual request. This includes the offer to provide alternative formats of our publications, the deployment of our Priority Services Register, and the use of ContactSCOTLAND BSL services to support British Sign Language users to be able to contact us directly through our Customer Engagement Centre via online visual interpreters.

We also proactively hold community meetings to engage with local stakeholders on key projects in their area, ensuring that any concerns regarding accessibility or equality of opportunity can be highlighted and addressed at an early stage in consultation with those who may be impacted.

More information about our approach to supporting customers with additional support needs can be found within the 'Our Current Equality Outcomes' section of this report, under Outcome 1.

Communication and Employee Networks

We are proud to have a strong suite of employee-led diversity networks within our business, each supported by dedicated Network Leads, Core Committee members and Senior Leader Sponsors. The first group was formed as far back as 2013 and the network has steadily built in size and scope in the years since then.

In early 2018, the 7 existing groups at that time were brought together under the unifying title of 'Belong', a rebranding exercise which saw the networks unite under a common purpose and identity. The introduction of the overarching Belong Network at Scottish Water emphasised the feelings of acceptance and inclusion that we aim to evoke in our employees, thereby enabling them to feel confident to bring their whole self to work and be valued for their differences as well as their commonalities.

Photos: Belong Network rebranding event, launching our first 7 groups under the new unifying title **(Left),** Belong Network core logo **(Right)**

This rebranding activity wasn't simply a change of logo; it was the beginning of a change of mind-set within the organisation with regards to understanding the collective concept of diversity, inclusion and belonging. To accompany the relaunch of our networks, branded lapel pin badges were created for each individual network to distribute to their members. Wearing the pin badge representing their network has enabled members to proudly advocate for the groups which they are a part of, and visibly demonstrate their affiliation with a particular characteristic and network. This has helped to enhance the profile of each group and encouraged a further sense of belonging among members.

In 2019 we held our first ever Belong Conference, hosted in Edinburgh by our Diversity and Inclusion team, to bring together our members in celebration of the progress we have made with their support, include them in decision making for the future, and provide the opportunity for the groups to build strong links with each other.

In August 2020, at employee request, two additional groups into the Belong Network (Parents Supporting Parents and Generation Plus) were launched, primarily in response to challenges being created by the Covid-19 pandemic. We are proud to now have 9 groups within our Belong Network who work closely together to support each other and recognise the intersectionalities which exist across each of their areas of focus. More information about the individual Belong Networks and their recent progress can be found in section 3.4 of this report.

We actively promote diversity and inclusion through the various internal communication channels available across our business, including our intranet site Scotty, internal social media platform Yammer, and our monthly wellbeing bulletin 'SW Cares'. In parallel, we also share good news stories with our customers through our corporate social media sites and on our core Scottish Water website.

Photo: Members of our NxtGen group at the Belong Conference in April 2019

We continue to develop our external networks, and hold active memberships with Carers Scotland, the Business disAbility Forum, Stonewall Scotland and Women on Boards. In late 2019 we also joined the Employers Network for Equality and Inclusion (ENEI), giving us the opportunity to work closely with organisations across the UK to focus on collaboration and best practice, as well as benchmark our D&I approach alongside our industry peers. In May 2020 Scottish Water also joined the Valuable 500 Commitment, a global movement working to build a network of 500 of the largest businesses in a pledge to placing disability inclusion on their business leadership agendas. The Valuable 500 calls on business leaders to act on the structural inequalities against people with disabilities when it comes to accessibility and inclusion and take a proactive approach to ensure equity of opportunity for employees of all abilities.

We remain members of the Energy and Utilities Skills Partnership Sector Inclusion Commitment which we joined alongside 32 large organisations across the UK when it first launched in February 2019. Since then, a further 11 organisations have joined the pledge, and through our involvement, we have committed to ensuring that our business sector is inclusive and diverse, an objective which is underpinned by 5 key principles:

- To work collaboratively as a sector to drive change, challenging ourselves to do things differently, by sharing best practice and delivering sector priorities.

- To focus on inclusion in its entirety; however, our sector history requires targeted sector action to start by increasing gender, BAME and disability workforce representation.

- To measure and be transparent about progress in our individual organisations and as a sector.

- To ensure we create the culture we need to attract the workforce of tomorrow.

- To be inclusive in the way we attract, recruit and develop our people.

Policies and Procedures

We have a suite of complementary policies which reference Diversity and Inclusion. These are:

- Diversity and Inclusion Policy
- Dignity at Work
- Maternity, Adoption and Paternity
- Family, Carer and Special Leave
- Agile Working
- Recruitment
- Shared Parental Leave
- Health and Wellbeing.

In October 2020 we published a new Armed Forces and Reservists policy to outline our commitment to supporting ex-service personnel, reservists, and military families in our workforce. We are also currently developing a Transitioning at Work guidance document which aims to provide clarity around the support available for employees undergoing gender reassignment during their employment with us, as well as to ensure our leaders, digital teams and HR colleagues are informed on how to appropriately handle their data.

Our People Policies incorporate a structured Equality Impact Assessment framework into the development and review of both new and existing policies, ensuring that the implications of these do not create an adverse impact against any of the protected characteristics. We also use impact analysis as part of our approach to the effective management of change, and project teams are required to consider the expected impact of the change on all affected employee groupings using a range of criteria.
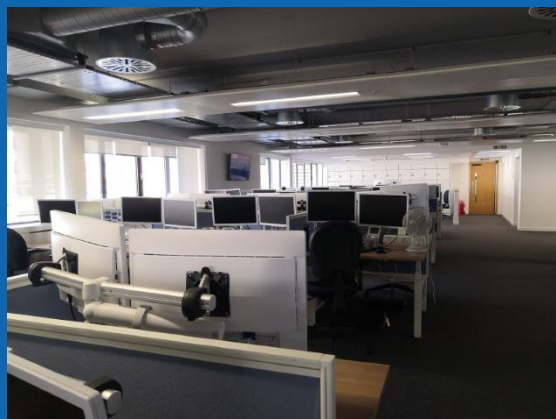
Agile/Flexible Working

We have agile working practices firmly embedded in our organisational culture to allow employees to work flexibly – at a time and location that suits them. We trust our employees to deliver on their workloads, regardless of the way they choose to work, and reviews focus more on performance and outputs rather than on time spent in the office. Being trusted to work in an agile way is important to our employees and contributes to ensuring equality of opportunity between those who share a protected characteristic and those who do not. All roles are classified as either 'fixed, fluid, field or free' and each role-holder is enabled through appropriate technology to carry out their role effectively regardless of their location.

We have long since recognised that by corporately supporting agile working, we can help our employees to achieve a more balanced approach to work and home life with the health and wellbeing benefits that can bring. For example, working from home may mean that an individual can eliminate their commute that day, therefore saving time and money, and allowing them to work in an environment they are comfortable in.

Employees are provided with laptops and mobile phones, to enable them to connect to their work from wherever they choose and are encouraged to make full use of video calling capabilities in Skype for Business and Microsoft Teams. Throughout 2019 and 2020, our digital file structures were replaced to move our documentation into cloud-based hubs on Sharepoint and OneDrive, further supporting our employees to work remotely and access files in a way that suits them – including from mobile or home devices where appropriate. In late 2020, we implemented a full-business rollout of new Windows 10 devices to further modernise our IT infrastructure, ensuring that our people could work efficiently and productively from anywhere.

During the COVID pandemic and associated restrictions on working in shared office spaces, our flexible approach to agile working allowed our business to adapt quickly and efficiently to the 'new normal'. Within days of the initial lockdown being announced, we had successfully supported our desk-based workforce to begin working from home – including all of our customer contact centre employees. We have recently been recognised as one of Scotland's Top 10 Most Flexible Employers.

'Hybrid' working plans are in development for when Scottish Government restrictions are eased and those working from home can return to Scottish Water workplaces. We aim to ensure that the level of flexibility previously enjoyed is retained, while classifying that the nature of work to be done eg project team meetings, report-writing etc should act as a useful guide as to *where* that work can most effectively be done.

Photos: An employee making use of the flexible break-out spaces in our Glasgow office in January 2020 **(Left),** Our empty Customer Contact Centre in Edinburgh following a move to home-working during the COVID-19 lockdown, March 2020 **(Right)**

Learning and Development

Our 'Diversity and Inclusion for Leaders' and 'Diversity and Inclusion for Employees' courses form part of Scottish Water's suite of essential training modules, meaning they are mandatory for all employees whether experienced or new to Scottish Water. By making these courses compulsory, this ensures that all of our employees at every level have an understanding of Scottish Water's diversity and inclusion aims and expected behaviours. Completion of these courses is required to be refreshed every 3 years, helping to embed knowledge over time and act as an important reminder of the responsibilities that each of our employees have under the Equality Act 2010, as well as under Scottish Water's corporate behavioural expectations.

In Summer 2019, we launched a new learning management system designed to improve the way that employees access training courses and review their training records. Through this platform, users now have access to a suite of over 2000 e-learning courses and videos uploaded by the system provider, Cornerstone, in addition to the specific Scottish Water courses which were already in place previously. This extension to our offering has provided opportunity for individuals to steer their learning in a way that suits them and explore topics that they consider to be important. Diversity and Inclusion are covered in depth across the videos available, and specific courses on Gender, LGBT, Disability and Race are easy to locate and launch on both PC and mobile devices.

In late 2019 we also developed an "Inclusive Teams" training session, designed to be delivered to intact teams together. The aim of this course is to increase our employees awareness of what it means to value diversity and inclusion and to better understand and support their colleagues, and uses a blend of application of legislation and policy, interactive discussion and practical action planning. Between February 2020 and March 2021, we rolled this training out to 36 full teams in Scottish Water, delivered through a mix of in-person and virtual events.

Retention

Development Planning - All line managers are required to carry out a yearly development conversation with their team members, and record a clear plan of expectations for the year ahead. Within this, there is an opportunity for conversations about progression, training, or any particular aspects that the individual would like build further experience in. This is reviewed regularly, and concluded at the end of each year with a one-to-one conversation where both the line manager and employee can reflect on the progress made towards the objectives set out in the agreed plan.

We offer a variety of training courses throughout the business to support the development aspirations of our workforce. In addition to standard industry training, we also offer face to face options which are tailored for specific development goals – such as writing with influence, public speaking, or coaching others. The launch

of our new learning management system, Cornerstone, which was introduced in 2019 enabled us to extend the reach of these learning opportunities through a suite of optional e-learning modules which are available to further support the development objectives of our employees.

We have clear development frameworks which outline specific traits which employees and leaders are expected to be able to demonstrate – and each of these aspects is directly linked to a variety of online and face-to-face training courses to support where required. As we move through 2021, the launch of our new Scottish Water Character model envelops aspects of diversity and inclusion into everyday behavioural expectations among our people, encouraging them to consider the impact of their actions on others.

Workplace Adjustments Project - In late 2019, we initiated a project to explore the accessibility of workplace adjustments at Scottish Water with a view to remodelling the process for requesting, reviewing and implementing reasonable adjustments in any role in our business. We are conscious that there may be a number of reasons why our people could need additional support to continue thriving in their job – for example, due to health concerns, issues with their working environment, or other personal circumstances – and this project has sought to provide a straightforward platform through which our employees can request and receive adaptations to their ways of working.

As well as being designed to proactively help our people with additional support needs, the workplace/style changes required by the COVID-19 lockdowns throughout 2020 and into 2021 created a chance for us to reflect on how this project could also help our wider employee population as they adapted to new ways of working.

As an employer, we clearly have a responsibility to take appropriate steps to ensure that our people can be safe, healthy and productive in their roles, however in our previous adjustment process it was identified that this could sometimes being challenging in practice for both the employee and their line manager – and this is where the new project has been able to make a difference.

Identifying what is a reasonable adjustment in the individual circumstances, to what extent the adjustment will allow the employee to carry out their role effectively, how best to identify and source any necessary equipment, and how often the situation should be reviewed are all questions that are addressed as part of the new process implemented within this project, and in order to address this effectively the team engaged with people across the business to understand the lived experience of disabled colleagues and to collaborate with those teams who have an input into the related processes.

We have selected a provider and are on course to put this new process in place in May 2021.

Procurement

Scottish Water is fully compliant with our duties under equalities legislation when undertaking procurement activity. All new suppliers are screened to ensure that their policies comply with equality legislation. Where a supplier directly impacts on our equality duties, assessment of their capability to meet these duties forms a significant part of our award criteria.

Our Procurement team's implementation of the equality duty also involves:

- Guidance documents for Procurement employees
- Assessment checklist for supplier policy documents

Scottish Water promotes diversity and inclusion within our supply chain. Our framework agreement with relevant suppliers records how many graduates and modern apprentices they have committed to recruiting and we monitor progress against this commitment throughout our working relationship. Recently this monitoring has expanded to include more diversity data.

Recognition of our Achievements

We are proud to have been awarded the following: -

- **Times Top 50 Employers for Women 2019**

- **Winner of the Age Inclusive Award at The Herald and GenAnalytics Diversity Awards 2019**

- **Carers Positive Exemplary Award**

- **Winner of the Best Public Sector Employer at the Family Friendly Working Scotland Awards 2020**

- **Defence Employer Recognition Scheme (DERS) Silver Award in 2019 & Gold Award in 2020**

- **Employers Network for Equality and Inclusion**

- **Top 10 Flexible Employer in Scotland – Flexibility Works Awards 2021**

These accolades and memberships help to establish Scottish Water as an employer of choice and demonstrate that we take our commitments seriously in creating an environment where everyone can flourish and achieve their full potential.

3. Our Current Equality Outcomes

In our last Public Sector Equality Duty report in 2019 we committed to 4 organisational equality outcomes which supported achievement of our strategic objectives and overall engagement strategy; were applicable to all protected characteristics; balanced internal and external responsibilities; and would deliver long term sustainable change:

1. Ensure that disability and ethnicity are not seen as a constraint for access to our services.

2. Continue to increase our development of STEM careers for women.

3. Ensure that our recruitment and selection practices encourage applications and hires from all under-represented groups.

4. Demonstrate a positive commitment to work of our Belong Networks and support them in extending their reach both within and outside Scottish Water.

This section outlines the progress that Scottish Water has made towards achieving each of these outcomes. Each equality statement below is introduced with a table outlining the basis for committing to the outcome, the protected characteristics which relate to it, the equality aims it is designed to meet, and the expected success measures.

3.1 Outcome 1

Outcome 1	Ensure that disability and ethnicity are not seen as a constraint for access to our services				
Evidence	National customer data suggests that 1 in 3 of our customers will be disabled or close to someone who is. We know that at least 5% of our employees consider themselves disabled and 11% has caring responsibilities for a child with a disability or another adult. We also know that 4% of the Scottish population are from a minority ethnic grouping, and that some locations within the Scottish Water estate don't fully reflect local community representation.				
Characteristics	Potentially all with a particular focus on disability and ethnicity.				
Aims	**Eliminate discrimination**	✓	**Advance equality of opportunity**	✓	**Foster good relations** ✓
Indicators	Maintaining equity of customer satisfaction levels across all equality strands, optimising involvement of our disabled and minority ethnic customers, and increasing awareness of support available.				

As a public sector utility organisation, we appreciate the high reliance that the people of Scotland have on our services, and we are therefore committed to ensuring that all customers are able to access the same level of service from Scottish Water, regardless of personal characteristics such as disability or ethnic background. We seek to enable equality of opportunity in all of our customer communications and facilitate ways to engage directly with those who may need additional support.

In 2019, the Office for National Statistics reported that almost a third of disabled people in the UK are not internet users, equating to approximately 4 million people. This figure increases with age, with disabled adults aged over 75 significantly less likely to have recently used the internet, when compared to those aged 16-24 with a disability. It is therefore critical that any digital services we provide must be tailored to the needs of the most vulnerable members of the community - particularly as the population of Scotland continues to age. With the additional societal focus on shifting towards virtual and digital solutions in response to the COVID-19 pandemic throughout 2020, the importance of this commitment continues to deepen.

We also believe that it is vitally important to be able to engage effectively with customers within minority ethnic communities, where language and cultural differences can sometimes be a barrier. In the 2011 National Census, 6.2% of the Scottish population had some level of issue communicating in English – this could be either reading, writing or speaking the language (or a combination of these). 0.2% of respondents reported having no English skills at all, equating to approximately 10,000 individuals.

Communication and Community Engagement

Scottish Water is committed to effective engagement with our diverse customer base and strives to ensure that our communications are accessible and appropriate for our audience. We proactively support the growing customer preference for online and social media channels, whilst also ensuring that our other traditional communication channels are equally accessible. Our Customer Service Strategy reflects our customers' diverse range of needs and expectations and ensures a consistent level of service is received no matter which communication channel is chosen.

Following each customer transaction, Scottish Water measures satisfaction with easy-to-use survey methodology developed specifically to streamline the feedback process. This multi-channel approach has increased the amount of customer feedback Scottish Water receives and has helped to identify areas for improvement. Whilst the Customer Experience Score does not provide demographic analysis, it does facilitate collection of qualitative feedback that is used to inform significant service improvements.

To further our understanding of customer needs, Scottish Water commissioned a comprehensive research project in June 2019 focused on customer vulnerability. This research consisted of a number of approaches to discuss and explore expectations of service with a range of customers across Scotland. This included special interest groups such as disability and mental health charities, housing associations, as well as carers and customers suffering from a range of health conditions including mental health issues, visual impairment and limited mobility.

The research explored customer attitudes towards expectations of additional support services for those who need it, how and where this support should be advertised, and the management of personal information and data sharing with other organisations. The outputs from the research have been used in the development of a new vulnerability strategy which sets out commitments from Scottish Water to further enhance the service we provide to customers who may find themselves in vulnerable circumstances.

In order to ensure our services are accessible, at the start of 2020, we renamed and relaunched our previous 'Additional Support Register' as the new 'Priority Services Register' (PSR). This is consistent with the wording used by other energy companies in the UK and customers have told us this is more familiar to them. The Priority Services Register allows customers to notify us of their additional support requirements, and we maintain this information securely on the register for the purpose of proactively contacting these individuals should there be an emergency incident – for example, if a burst water main impacted water supply in a particular area we may arrange to deliver bottled water directly to the door of vulnerable customers who were listed on the PSR in that locality. During the Covid-19 outbreak in 2020, we worked to directly contact PSR customers to check in with them, signpost any further support they may require and update their information for the future.

As part of the relaunch, we promoted the register in shopping centres throughout the country, speaking directly to customers with additional requirements and encouraging them to sign up to the register. We also updated our communication materials and PSR website pages, adding an animated video showing an overview of the service to aid understanding of this important customer experience tool.

To support older customers, we have established a partnership with Age Scotland where our community-facing teams have been trained to signpost their services to customers who may require further support or advice beyond their water and wastewater services. We are currently exploring further partnership work with other utilities and charitable organisations to enhance this offering.

To ensure accessibility of information, our Customer Engagement Centre provides customers with access to translation services for anyone who does not speak English as their first language. Our customer commitment documents (Code of Practice and Charter) are available in any language or format on request to our Customer Engagement Helpline. We also work with ContactScotlandBSL, an online interpreting service which allows Deaf and Deaf Blind customers who use British Sign Language (BSL) to communicate with us seamlessly. We promote these offerings on our external website and social media alongside our standard contact information.

Equality Outcome 1: Progress Indicator	Mar 2015	Mar 2017	Mar 2019	Mar 2021
Customer Experience Score	88	90.6	92.3	94.1

"Very pleasant worker told me what was happening, explaining everything patiently. I'm 83 years old and nearly blind so he was reassuring"

"Quick, efficient and put us on priority for future due to disability and dropped off water, quickly."

Direct Customer Comments sourced from our Rant and Rave customer survey software

The Institute of Customer Service	The July 2020 UK Customer Service Index from the institute of Customer Service showed Scottish Water's score rise from 75.5 in the period Jan 2017 to July 2018 to 78 in the period Jan 2019 to July 2020.
Which?	The Which? Consumers in Scotland 2021 survey reported that the water industry in Scotland was the most trusted by consumers with 60% of Scottish people saying they trust their water supplier to act in their best interest, compared with 49% saying the same in the rest of the UK.

3.2 Outcome 2

Outcome 2	Continue to increase our development of STEM careers for women					
Evidence	Within Scottish Water, there is still a significant gender imbalance, and due to Scottish Water having a particular focus on recruiting candidates from a STEM background, we believe this continues to be an area where we can increase gender diversity. 28% of our workforce is female and 72% is male. Scottish Water has breadth of technical expertise and opportunity in STEM areas to support broad based career development.					
Characteristics	Potentially all but with a particular focus on females					
Aims	Eliminate discrimination	✓	Advance equality of opportunity	✓	Foster good relations	✓
Indicators	A greater number of females in the pool of candidates applying for roles, an increase in the number of STEM roles across the organisation, growth of the Women in Scottish Water Belong Network.					

We continue to show proactive commitment to gender equality by offering a range of opportunities to support development of science, technology, engineering and maths (STEM) related careers for women. In a predominantly male industry, we look to counteract the gender representation gap in our workforce though a range of initiatives to encourage more women into STEM careers. We do this primarily by engaging with young people to inspire an early interest in these subjects, as well as through mainstreaming activities such as employee wellbeing, agile working practices, and accelerated development programmes. These,

combined with targeted initiatives, are beginning to result in progress towards a more gender balanced future in our talent pipeline.

Educational Engagement

We believe that there are real benefits to engaging with young people at an early stage to develop their STEM skills, increase their confidence and awareness of STEM career options, and encourage them to understand the future challenges which we can all play a part in addressing, such as climate change and protecting the environment. To support a flourishing Scotland and continue to build our relationship with schools, we have created two learning hubs; one each for Primary and Secondary schools.

The education hubs seek to develop a deeper understanding of water and the water environment, empowering young people and their families to play their role in keeping the water cycle running and becoming more water efficient. They provide a platform through which we can lead learning in STEM, create greater visibility to the range of roles within Scottish Water, as well as on the climate emergency, how it relates to water and practical steps on how we can all play a part. Content on the learning hubs aim to inspire Scotland's next generation to love their water and only use what they need.

Launched in January 2021, these platforms have been developed in conjunction with some of our partner schools and hold a range of informative, interactive and inspiring learning content, and resources that teachers can integrate into their lesson plans. The hubs empower teachers and young people to learn more about the topics most relevant to them, at a time that works for them.

As part of this engagement, we have also created two central pieces of interactive learning content: Follow the Flush and The Water Cycle. Follow the Flush aims to embed understanding of the importance of responsible decision-making about what to flush down the drain (our '3Ps' campaign) and also takes the learner through the processes involved in treating our waste water and some of the roles involved.

The Water Cycle takes the learner through natures water cycle, the impact of climate change on the water cycle and what that means for our daily lives, and lastly shows how Scottish Water works with nature's water cycle to provide and treat the water we use every day.

We look forward to the opportunity this provides to build on our existing positive relationship with schools across Scotland and utilise these new tools to promote an interest in STEM from a young age – relating these subjects to real-life examples of how science, technology, engineering and maths can be applied to solve challenges of the future.

Career Ready

We work closely with Career Ready who link business with education to prepare young people for the world of work. Volunteers from Scottish Water contribute their time and skills to the Career Ready programme of mentoring, master classes, workplace visits and an internship. This programme has been hugely beneficial to the organisation and we continually work to ensure that we provide the best experience to the mentees coming into the business each year. Our employees can volunteer to become a mentor and are matched to a student for 18 months, who then undertake a 4-week paid internship with us during their summer break from school. These internships offer an insight into the world of work as well as the chance to spend time exploring our business functions and deliver meaningful projects within their placement teams.

Each mentor is supported and guided through a number of sessions which allows them to develop effective learning plans for their interns and provide valuable work experiences where the students become an active team member in their allocated Scottish Water department. In addition to the valuable work experience offered through these internships, the students also participate in Career Ready masterclasses throughout the year focussing on developing business knowledge, and enhancing career management, communication and networking skills. Employees from across Scottish Water, including members of our People Directorate and those on our Graduate programme, volunteer their time to deliver some of these masterclasses to further support the programme.

During the summer of 2019, we welcomed 11 Career Ready interns Duto our business, with 73% of these being female pupils. While unfortunately the usual Career Ready summer programme was put on hold in 2020 due to the COVID-19 restrictions, we did support their virtual work experience week in October and are looking forward to working with a new cohort of 20 Career Ready Students in 2021.

Cohort Recruitment

We take a proactive approach to monitoring and managing our employee demographics and look closely at the number of females who enter our business each year - with particular attention to our cohort recruitment including Graduates and Modern Apprentices. These programmes are typically our greatest opportunity to influence demographics within our workforce as they represent a significant portion of our new starts each year.

While our graduate, intern and modern apprenticeship intakes align to the needs of the business and therefore cover a variety of job types, our cohorts are typically made up of a majority of STEM-related roles. In 2020, 72% of our Graduate intake joined under STEM disciplines and 96% of our Modern Apprentices started in STEM roles.

We continue to monitor our cohort recruitment demographics, our average female representation for graduate cohorts for the past 3 years is 43% with the highest level of female representation in 2019 (72%). For modern apprentices the equivalent figure for the past years is 21%, again with the highest level of female representation in 2019 (24%).

In order to ensure that these women have the best opportunity to thrive in their new roles, we have a mentorship scheme in place for female Modern Apprentices who are working in traditionally male operational roles. We are committed to supporting the integration of females into these jobs and are pleased to have welcomed a further 19 young women into our Modern Apprenticeship cohorts throughout 2019 and 2020. Through this mentoring programme, participants are able to receive extra support from a female mentor from outside their team to supplement the relationship they have with their direct line manager and day-to-day colleagues. We work with the mentors to ensure that they clearly understand this role and are able to provide a high level of support for their mentees – this includes undertaking a training course provided by Equate who specifically seek to empower and support women in STEM roles.

Existing Graduates and Modern Apprentices are also encouraged to provide informal support to our new intakes, sharing their learning and perspectives while also ensuring opportunities to connect with others who have been through similar experiences. We invite current and completed members of these programmes to attend recruitment events, assessment centres and induction week activities to facilitate these networking opportunities.

Photo: Graduate cohort visiting a water treatment works during their induction week, September 2019

Modern Apprentice Intake	Female	Male	Total	% Female
2015	5	35	40	13
2016	10	41	51	20
2017	6	33	39	15
2018	11	48	59	19
2019	9	29	38	24
2020	10	35	45	22

Graduate Intake	Female	Male	Total	% Female
2015	10	10	20	50
2016	11	16	27	41
2017	9	15	24	38
2018	10	19	29	34
2019	8	3	11	72
2020	7	11	18	38

We also offer paid STEM summer Internships, targeted at those in their penultimate year of university level degrees. This has proved to provide valuable opportunities for interns to learn project management skills, build contacts, understand the water industry and careers as well as getting an insight into future Scottish Water Graduate Programme opportunities. Many of our summer interns go on to secure graduate positions with us upon completion of their degrees, and this is further facilitated by a fast-track process enabling interns to be recommended by their placement manager to be considered for future employment in our business.

Through our advertising campaigns for all of our youth development programmes we send a strong message that Scottish Water embraces equality, and aim to highlight our inclusive culture a part of this. For example, our promotional recruitment videos now prominently feature female Modern Apprentices, and we include information about our diversity and inclusion programme and agile working opportunities on our external website and social media channels. Details of our Belong networks are included in our employee induction materials, and we run specific tailored sessions about our Diversity and Inclusion opportunities during the cohort induction weeks to encourage our new starts to engage with these groups. In particular, our 'Women in Scottish Water' and 'NxtGen' groups provide an excellent opportunity to learn about STEM roles in the water industry and create a platform to extend professional and mentoring networks both internally and externally.

Alongside support from the Belong groups, our employees can access further career development resources through our Women on Boards membership, which offers networking opportunities, mentoring, and a comprehensive Resource Centre which includes governance, career, and leadership guidance. In 2018/19, 168 Scottish Water employees utilised this membership for networking benefits, and a further 36 attended a 'Managing Your Career' workshop which was positively received by those in attendance. In March 2020 we ran a further 'On Track for Success' workshop with Women on Boards which was attended by 34 delegates from across our business.

Equality Outcome 2: Progress Indicators	2015	2016	2017	2018	2019	2020
Graduate Intake	20	27	24	29	11	18
Interns	8	8	10	12	12	- *
Modern Apprentices	40	51	39	59	38	45
Career Ready	10	11	11	11	11	- *

*Unfortunately our summer internship programme and Career Ready placements were not able to go ahead in the summer of 2020 due to the COVID-19 restrictions in place at the time, however we are committed to offering these programmes again from 2021 onwards.
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3.3 Outcome 3

Outcome 3	Ensure that our recruitment and selection practices encourage applications and hires from all under-represented groups					
Evidence	Scottish Water currently has areas of recruitment where a mixed candidate pool is not achieved. With specific recruitment activities in place, we can increase our candidate pools and create potential to achieve more diverse hires.					
Characteristics	Encapsulates all protected characteristics, promoting diversity in its broadest sense.					
Aims	Eliminate discrimination	✓	Advance equality of opportunity	✓	Foster good relations	✓
Indicators	Use of varied recruitment mediums, use of varied communication methods using multiple languages. Potential use of the Disability Confident Scheme. Attendance at community events such as LGBT Pride in search of candidates. Tailored campaigns that positively change our demographic					

Sector Comparison

While Scottish Water aims to achieve equity in recruitment and selection within a Scottish national context, we are also mindful of the demographics of the wider energy and utility sector in the UK, and as outlined earlier in the report we strive to support increased diversity across the sector as a whole.

Having joined the Energy and Utility Skills Sector Inclusion Commitment in 2019, alongside 31 other founding organisations and a further 13 who have joined since, we have been able to utilise this collaborative platform to better understand how our industry performs as a whole in terms of diverse recruitment and learn from the approaches of others.

The graphic below details demographics within the water industry in the UK in 2019 which makes it clear that there are areas that Scottish Water excels in and others where we must improve. For example, at Scottish Water our workforce representation of gender (28.5% female) exceeds the standards currently set out by our UK water industry counterparts, whereas we still have work to do to meet the benchmarks set on other characteristics and by the full-sector figures.
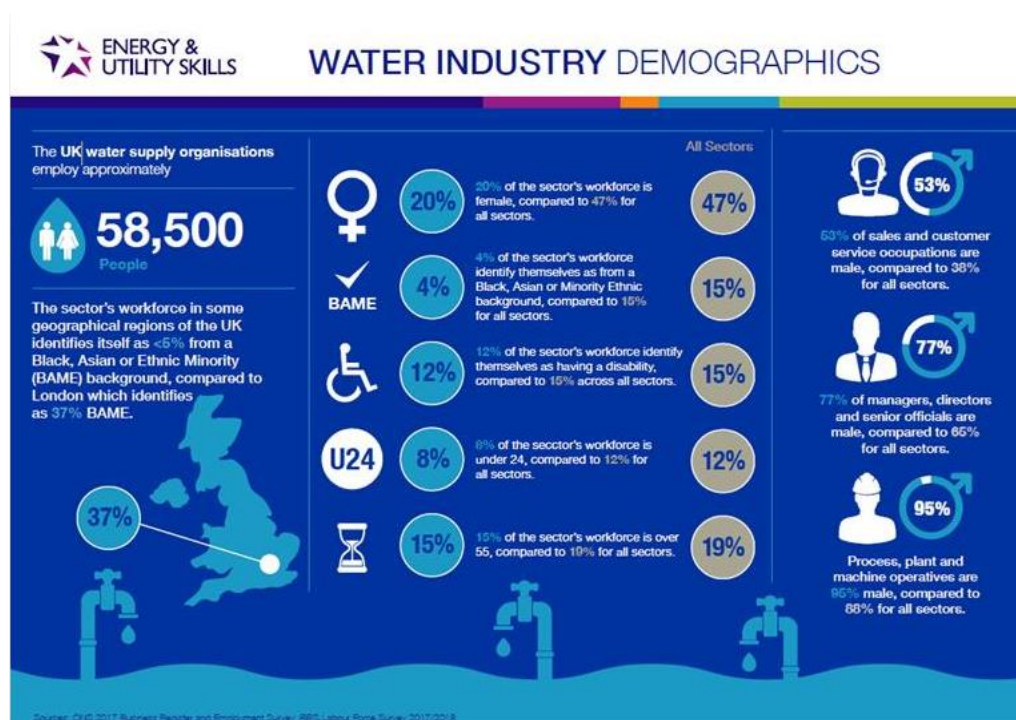
As part of our involvement in the Sector Inclusion Commitment we have taken part in initial measurement activities to understand how our recruitment of certain protected characteristics compares to that of other organisations in our sector (including not only Water, but also Power, Gas and Waste Management organisations). The below graphics show this in detail for Age, Ethnicity and Gender for the period April 2019 – March 2020:
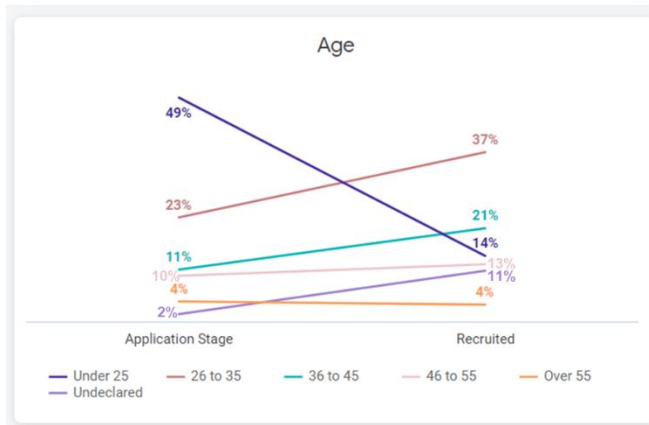
Scottish Water   **Overall EU Skills Benchmark**
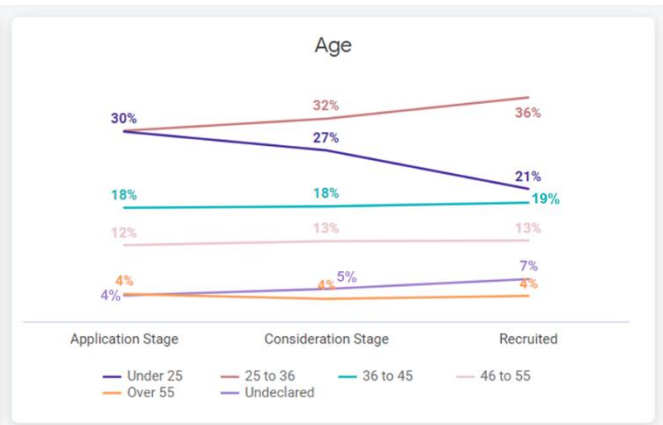
* The sharp decline from attraction to recruitment in the under 25 category at Scottish Water can primarily be attributed to the high volume of applications we get for our Modern Apprenticeship and Graduate programmes, both of which typically include a significant number of under-25s.
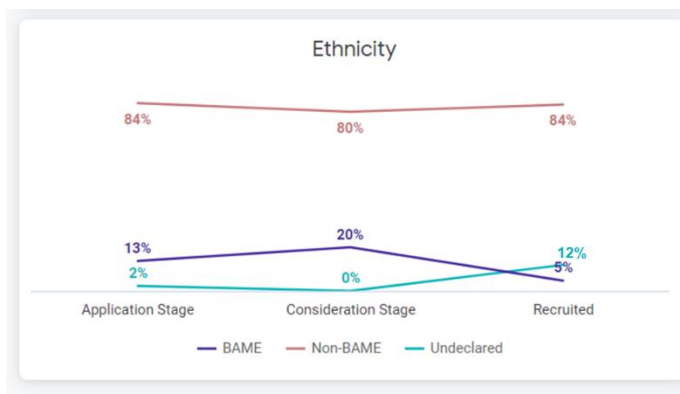
Scottish Water   **Overall EU Skills Benchmark**
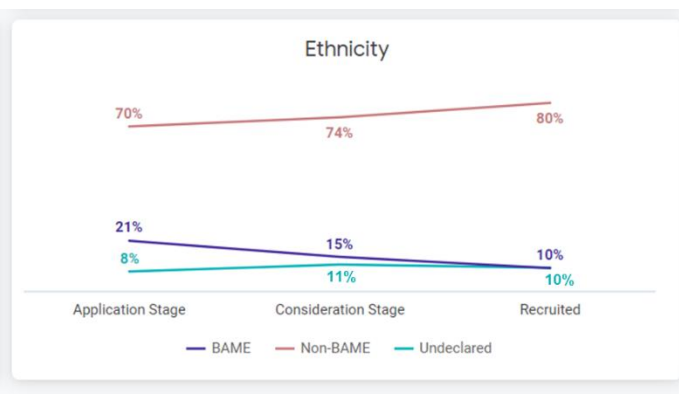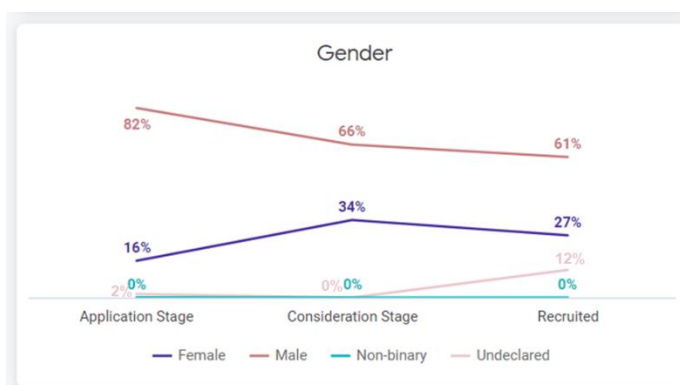
Scottish Water   **Overall EU Skills Benchmark**
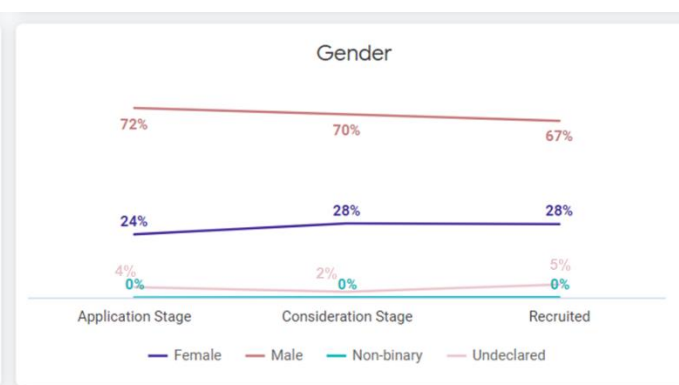
We are pleased to note that our attraction and selection figures broadly reflect the wider sector, indicating useful baseline from which to assess progress over time.

We take a proactive approach to monitoring and managing our employee demographics, and have seen a steady increase in our female workforce each year since 2015 which is a direct outcome of our recruitment

strategy. We look closely at the number of females who enter our business each year, with particular attention to our cohort recruitment including Graduates and Modern Apprentices which provides the largest opportunity to influence demographics changes.

In 2019, 72% of our Graduate intake and 24% of our Modern Apprentice cohort were female - increases from 38% and 15% respectively in 2017. Through this monitoring, we recognise that there is more to be done to overcome pockets of occupational segregation in certain job roles across the business, and work alongside our employee-led gender equality group to break down misconceptions and encourage more women into operational jobs.

Recruitment Areas of Focus

Gender

2020 Candidate Pool in Comparison to Selection - Gender

	% Candidates Male		% Candidates Female		% Candidates Other / PNTS	
	Attraction	Selection	Attraction	Selection	Attraction	Selection
2020 Q1	73%	76%	10%	24%	17%	0%
2020 Q2**	84%	79%	11%	21%	5%	0%
2020 Q3**	78%	66%	21%	34%	1%	0%
2020 Q1 – Q3*	**75%**	**75%**	**12%**	**25%**	**13%**	**0%**

Q4 data was not complete at time of publication

*** Overall recruitment in Q2 – Q4 was significantly lower than during Q1*

Our resourcing data shows that while our attraction methods may continue to generate more male applications, of the females that do apply, proportionately more are taken to hire. The figures show that more women than men are selecting prefer not to say at the attractions stage.

Ethnic Minorities, Disability and LGBT

2020 Candidate Pool in Comparison to Selection - Ethnic Minority, Disability and LGBT

	% Candidates from Ethnic Minorities		% Candidates with a Disability		% Candidates who Identify as Lesbian, Gay or Bisexual	
	Attraction	Selection	Attraction	Selection	Attraction	Selection
2020 Q1	8%	0%	3%	0%	2%	6%
2020 Q2**	1%	5%	1%	0%	4%	0%
2020 Q3**	1%	8%	2%	0%	3%	0%
2020 Q1 – Q3*	**9%**	**5%**	**2%**	**0%**	**2%**	**1%**

Q4 data was not complete at time of publication

*** Overall recruitment in Q2 – Q4 was significantly lower than during Q1*

Ethnicity – Analysis of Ethnic Minority recruitment data has identified that this is a key area of development which Scottish Water must focus on in future. From this data we can conclude that, while we are successful in attracting applicants from ethnic minority backgrounds, the progression towards selection remains low.

Within the 2021 reporting period Scottish Water have committed to reviewing the recruitment and selection process with this in mind. Referencing the Scottish Government Minority Ethnic Recruitment Toolkit published in September 2020.

Sexual Orientation – Consideration of our role attraction rates in correlation with sexual orientation data shows that consistently 2% of those applying to Scottish Water identify as lesbian, gay or bisexual. The selection figure shows a drop from 3% hire in 2017 and 2% hire in 2018 however it is worth noting that there was a recruitment freeze in place for most of Q2 and 3 due to the pandemic.

Disability – When comparing against the water industry average of 12% disabled employees, we recognise that Scottish Water is further behind. From our attraction figures, we can see that only 2% of applicants identify as being disabled or having a long-term health condition. This suggests that we must place more focus on talent attraction within this community. Within the 2021 reporting period Scottish Water have committed to reviewing the recruitment and selection process with this in mind. Further in support of achieving equity in this space Scottish Water has signed up to be part of the Valuable 500 a global movement to support disabled workers.

Equality Outcome 3: Progress Indicators	March 2017	March 2019	March 2020	March 2021
% workforce female	27.2	28.4	28.4	28.5
% female Band C and above	14.9	16.4	16.8	18.2
% workforce from an Ethnic Minority	3.3	4.4	3.74	3.85
% workforce < 30	14.9	16.0	15.7	15.5
% workforce > 50	38.9	38.0	41.9	40.7

The indicators above suggest that our 2021 demographics have not changed significantly since the last reporting year in 2019. This can be primarily attributed to a decline in recruitment activity at Scottish Water over the past two years which has limited our opportunities to bring diverse new talent into the business.

With this in mind, our focus on internal talent management has become more important than ever – ensuring that we can retain existing employees within our business and support their development throughout a fulfilling career with us. We believe that all of our employees have talent which can and should be nurtured and deployed to best effect across the business. In parallel with this, we are mindful to consider the ways in which our working practices, policies, and overall employee experience programme can influence retention levels.

3.4 Outcome 4

Outcome 4	Demonstrate a positive commitment to work of our Diversity and Inclusion Umbrella Group (now Belong Networks) and support them in extending their reach both within and outside Scottish Water					
Evidence	Scottish Water's Diversity and Inclusion groups were formed to give a collective employee voice to those who hold a particular protected characteristic. By promoting employee involvement, we believe that peer learning will become a vital educational tool. Compared to Scottish Census data, many protected characteristics are underrepresented within Scottish Water. Underrepresented groupings can find it hard to be themselves and "bring their whole selves to work" in an individual context and without group support.					
Characteristics	Encapsulates all protected characteristics, promoting diversity in its broadest sense.					
Aims	Eliminate discrimination	✓	Advance equality of opportunity	✓	Foster good relations	✓
Indicators	Increasing awareness, changes in behaviour, a gradual increase in the diversity of the workforce. Emergence of new Diversity and Inclusion Belong Networks. Also emergence of social inclusion led groups.					

Our final outcome focusses on the development and sustainability of the employee support network mechanisms in place across our business to recognize and support the diverse characteristics and life

experiences represented across our workforce. We aim to continue to build an inclusive working environment where all of our employees feel that they are respected and represented within Scottish Water.

The 9 Belong Networks we have in place provide an interactive and supportive platform for people across our business to share information and ideas, meet others with common experiences, and take proactive steps towards constructive change in Scottish Water's approach to diversity and inclusion.

We are confident that these networks create a positive addition to the employee experience of everyone working at Scottish Water, and see potential to introduce additional Belong groups in future where there may be interest and energy to do so.

Employee Networks and Communication

It is important to us that our employees feel a sense of belonging at Scottish Water, and we seek to encourage everyone to feel comfortable to bring their whole self to work. We value the different perspectives that each of our employees bring to the business, and see the importance of ensuring that colleagues can come together to work towards common diversity aims that are important to them.

In support of this, we began developing our first employee-led networks at Scottish Water in 2013, expanding to 7 groups by early 2018 when we brought these platforms together as our collective Belong Network. Bringing each group together under this collective banner helped to bring a sense of collaboration and define a clear partnership between all members. Since then, we have launched two new additions to our network in 2020, helping to increase the opportunities available to our people and furthering our inclusive culture.

Participation and interest in these groups continues to increase, while the scope of their focus steadily broadens to encompass new topics and activities. These groups now have a broad membership of subscribers, participants, and core committee members from across Scotland representing all 7 of our Directorates.

Armed Forces Network

The Armed Forces network brings together employees who have an affiliation or interest in the Armed Forces. Many members of this group are ex-service personnel or currently serve as Reservists, while others have family or friends with an association to the military.

In October 2017, Scottish Water signed the Armed Forces Covenant to pledge our commitment to support serving and former military personnel and their families and subsequently attained the Defence Employer Recognition Scheme (DERS) Bronze Award. Through the proactive commitment of our Armed Forces Network, working alongside our internal teams at Scottish Water and external organisations including the Highland Reserve Forces and Cadets Association (HFRCA) and the Career Transition Partnership, Scottish Water has since achieved the DERS Silver Award in 2019 and the Gold Award in July 2020.

Recent work undertaken by our Armed Forces Network which contributed to these achievements include hosting water industry insights sessions for military leavers seeking to transition into civilian work and working

with our internal People Policy team to develop an Armed Forces and Reservists policy which was launched in November 2020.

Carers Network

The Carers Network acts as a support group for employees who have caring responsibilities for elderly or disabled relatives. They do this by providing information, sharing learning, and encouraging conversation among colleagues.

In 2019, Scottish Water achieved Exemplary status in the Carer Positive initiative, following our achievement of Engaged status in 2011 and Established status in 2016. This recognises our commitment to creating a supportive and flexible working environment where those with caring responsibilities can thrive at work. Following this, our Carers Network have been proactive in their approach to supporting the experience of carers within our business. This has included holding monthly drop-in sessions, and working with Carers Scotland to introduce two new information and support portals to our business – one for carers and another for line managers.

disAbility Forum

The disAbility Forum offers a platform for advice, awareness and assistance for employees with an impairment or long-term health condition. As well as providing a support mechanism for disabled people across the business, the group also engage with project teams to input and influence on business changes.

As an example of this, the disAbility Forum have played a key part in supporting the development of our Workplace Adjustments project in 2020-21, which aims to streamline the process for implementing reasonable adjustments at Scottish Water, creating a positive experience for those who require amendments to their existing workstyle of equipment due to a disability or health condition.

Generation Plus

In August 2020, we launched our new Generation Plus group aimed at those in our business who are later on in their careers. Following a series of focus groups, this network developed naturally in response to a desire to provide more tailored support for older employees. We recognise that the needs and goals of those in this group can vary significantly – with some planning for retirement, while others may be looking for their next career challenge, and Generation Plus aims to give consistent support across the range of objectives held by employees in this age group.

Initial areas of focus for the network include peer support, career/transition planning, mentoring/skill sharing, and reducing bias. In the short time since the group's conception the Generation Plus committee have been proactive in working towards these aims, having hosted a virtual discussion panel session on the topic of 'Age Inclusive Language' in late 2020, and more recently working in partnership with our NxtGen group to forge a strong relationship across the age spectrum at Scottish Water.

We look forward to further developing this positive addition to our Belong Network over time, building on the work we have done previously in this space which contributed to Scottish Water winning the Age Inclusive category at the Herald and GenAnalytics Diversity Awards 2019.

LGBT and Allies

The LGBT and Allies Network bring together employees who identify as lesbian, gay, bisexual, or transgender, as well as those who commit their alliance to support the LGBT community. One of the largest movements that the group prepare for each year is attendance at a growing number of Pride festivals across the country - creating an opportunity to actively engage with the public, promote Scottish Water as an inclusive employer, and bring together LGBT employees and Allies. In 2019, the group partnered with our Corporate Affairs team to promote customer initiatives at Pride events across Scotland, and alongside marching in the parades, this has involved hosting stalls, handing out water bottles and engaging members of the public in discussion.

Unfortunately due to COVID-19, Pride events across the world were cancelled in 2020 – however our LGBT and Allies group were innovative in finding new ways to celebrate, and highlight both internally and externally Scottish Water's commitment towards supporting the LGBT community. This included hosting a virtual Pride quiz among group members, creating an engaging video which was shared across our business, and posting a series of blogs to our external website and social media channels about what Pride means to some of our employees.

The LGBT and Allies Belong group have also been working closely with our People Policy team to develop a Transitioning at Work guidance document which we aim to launch by Summer 2021. This document will detail the support available for any employees who may be undergoing gender reassignment and the clear processes that the business will follow to ensure that their experience at work is a positive one throughout their transition. This includes information for our HR team and for line managers, as well as for the individual themselves.

Photos: Scottish Water colleagues attending Edinburgh Pride, June 2019

Multicultural Network

The Multicultural Network recognises the varied landscape of cultures that exist across Scottish Water and aims to bring people together regardless of their background, ethnicity or homeland. The group seeks to increase understanding of the traditions, language and history that each cultural context can offer and celebrate the broad range of heritage represented within our business. In addition to this, the network provides a support network and resource hub as a point of reference for cultural learning.

Each year the Multicultural Network make use of national campaigns such as Inter-Faith Week, International Migrants Day, and World Day for Cultural Diversity to share tailored communications with colleagues through our internal communications channels. In 2019, this included publishing recipes from member's home countries and producing a series of videos from employees who had migrated to Scotland from elsewhere in the world.

In 2020, while the Black Lives Matter movement became prominent in the news at a global level, the group took a focussed interest in the topic of racial equality and diversity. Through proactive research, members were able to share valuable resources and ignite discussion on the topic through our Yammer internal social media platform and SW Cares all-company bulletin to engage the wider business in this subject, creating opportunities to educate colleagues and positively influence best practice within Scottish Water – something which the group aim to continue building on over time.

NxtGen

NxtGen are the oldest of the Belong groups at Scottish Water, having originally formed in 2013. Their core audience is employees who are early on in their careers, or are new to our business or industry. They support this internal community through 3 main branches – Learning, Networking and Idea Exploration, and have a structured committee of sub-leads who steer the direction of each of these outlets.

NxtGen deliver a range of offerings both business-wide and at a local level to facilitate professional development, network building and education on a range of topics relevant to the water industry. In 2019, this included developing a 'Day in the Life Of' catalogue to allow employees to volunteer their time to show others in the business what a typical day looks like for them, and hosting an event on the topic of Climate Change at Scottish Water. Informal networking sessions have also become a staple on the NxtGen calendar, providing opportunities for members to meet people from other teams in Scottish Water and build strong connections for the future.

In early 2020, the Chair of NxtGen also worked with the Business disAbility Forum to speak on a panel at their annual Scottish conference on the topic of employee networks and the benefits they can bring to

organisations – further securing the group's external links and setting the scene for a future focus on intersectional needs within our Belong Network.

Throughout 2020, NxtGen continued their activities in a virtual setting which enabled them to offer the same level of learning opportunity despite the restrictions on face-to-face gatherings brought on by the COVID-19 pandemic. This included supporting Learning About Work Week through a series of webinars on topics including the waste water treatment process, sustainability in Scottish Water, and telemetry, as well as producing content on 'How to Level Up Your Video Meetings' to support our people to make the most of our remote communications options.

Parents Supporting Parents

Launched in early 2020, our new Parents Supporting Parents Belong group aims to create a community of people at Scottish Water who have an active role in the life of a child, either as a parent, grandparent or other caregiver. Forming naturally from grassroots conversations among parents in our business who were facing similar challenges, the group has quickly become a vehicle for sharing information, ideas and reassurance - and proved particularly valuable during the COVID-19 lockdowns when home-schooling and childcare became key concerns for many parents across the UK, as well as parental and adolescent mental health.

In addition, neurodiversity has been a topic of interest during the early days of the group's rollout, with their first open webinar being on this subject to examine the range of conditions this can encompass, how parents can support neurodiverse children, and also the impact this can have in the workplace – both for the parent, and also for the child as they grow into working age. Through looking at this topic in detail, Parents Supporting Parents have been able to secure strong connections with our disAbility Forum and aim to continue this discussion over time. Other areas of intersectionality for this group include conversations about fertility and parental leave experience with our Women in SW group, and links with our Carers Network to support parents who care for a child with a long-term health condition.

Women in Scottish Water

Women in Scottish Water is another of our largest Belong groups, with a primary focus on promoting gender equality both in and outside of our business – doing this through hosting events, facilitating local discussion forums, and engaging with the wider business on key initiatives.

Both male and female colleagues are encouraged to become involved, so that everyone can benefit from the opportunities posed by the group. Men are considered by the group to be important allies in the journey to gender equality, and therefore the perspectives and participation from all genders are highly valued.

The Women in SW network has gone from strength to strength over the past few years, having grown in membership and momentum as gender issues have taken a central place on the national and global stage.

Over the past year, this group have broken taboos to tackle a range of important issues in the workplace, including menopause, fertility, and parental leave – opening an informative and productive discussion on these subjects and taking the time to educate line leaders and colleagues on how best they can support. They have done this through hosting events (both face to face and via video call), as well as creating information hubs, developing surveys, and prompting conversations on our Yammer channels.

Photos: 'Each for Equal' International Women's Day event hosted by Women in Scottish Water, early March 2020

COVID-19 Response

In response to the changing circumstances presented by the COVID-19 pandemic, our Belong groups have remained committed to developing our inclusive culture in support of our employees who may each have been facing new and varied challenges. The network have been proactive in designing a response to the situation, continuing to engage our workforce as part of the Scottish Water community. Examples include:

- Development of a Belong Support Initiative designed to match together vulnerable, shielding, or self-isolating employees together with local colleagues who could support with essential tasks. This platform launched internally in April 2020, with over 100 people signing up to offer support to colleagues.

- Launch of a 'COVID-19 and Me' campaign on our internal social media platform Yammer, showcasing stories from employees across Scottish Water to share how the COVID-19 situation impacted both their work and family life. This series ran from April to June 2020, and 21 employee stories were shared during this time.

- Introduction of virtual network sessions, using virtual conference call platforms to bring together small groups of colleagues who may otherwise not have met. The purpose of these has been to give our employees the chance to get to know other people in Scottish Water and learn more about different parts of the business, at a time where informal opportunities to meet new people have been inhibited by the lockdown restrictions.

- Publication of a 'Thank You' card from the Belong Network, bringing together drawings from members and their children to show appreciation for our key-worker and frontline employees during the COVID pandemic.

Support and Collaboration

All 9 of the Scottish Water Belong Networks work closely with our dedicated Diversity and Inclusion (D&I) team within our People Directorate. The team actively engage with each group to enable them in maintaining direction, progressing their aims, and learning from each other. The Belong Networks have a named contact in the D&I team who can provide advice, guidance, and structured support whenever required. In addition, the team engage within our internal and external environment to identify and facilitate relevant development and networking opportunities for group members to benefit from.

While each group operates within their own area of interest, Belong Networks are encouraged to collaborate with each other on key areas of overlap, and share their experiences to the benefit of others. The Network Leads meet monthly through our Belong Advisory Group to discuss progress and plan ahead for the future, with a specific focus on working together and helping each other thrive.

Outcome 4: Progress Indicators	Nxt Gen	WiSW	Carers Network	disAbility Forum	LGBT & Allies	Armed Forces	Multi-cultural Network	Gen Plus	PSP
2021 – Mailing List	757	138	116	21	22	21	18	9	6
2021 - Yammer Members*	279	457	144	59	101	70	111	69	176

We have encouraged members to migrate to the Yammer Platform, this means that a live conversation can take place, where others can join in. Email will be used for confidential advice, direct communications and diary invites.

4. Our Updated Equality Outcomes

In the four years that have passed since our last set of equality outcomes were set, we have made great strides in creating an inclusive environment in Scottish Water. Our work with young people, our Future Leaders Development Programme, our efforts to promote greater gender diversity and our flourishing employee-led Belong Network are all examples of best practice in D&I and have resulted in a number of external awards and accolades.

However, there is still much more work to be done in support of a flourishing Scotland. and in our contribution to improving social justice. We will uphold the principles of the Scottish Government Fair Work Action Plan and contribute where we can towards creating opportunities, both internally and externally, to improve social justice.

The utilities sector in the UK is under-represented in the areas of gender, disability, ethnicity and youth compared to the working population as a whole and the impact of Covid-19 has further exacerbated the impact on these four groups, disproportionately impacting physical and mental health and/or working patterns and employment security. Scottish Water has is part of a wider Energy and Utility Skills Sector Commitment which recognises priority areas for sector action in these four areas and has a long-standing commitment to the Scottish Business Pledge. While recognising that employee demographics do not change quickly, we will continue to strive to increase our proportion of employees from under-represented groups at all levels in the business.

We believe we will best be able to demonstrate the impact of our diversity and inclusion initiatives over the period 2021-25 by focussing on the four new equality outcomes below. While they can be viewed as stand-alone objectives, there are clearly relationships and synergies between them. Our business-wide transformation activities provide an ideal opportunity to revise processes and practices that will us achieve the desired outcomes. The skills, capabilities, and indeed mindsets that will be required in the future are changing and we must heighten our efforts to ensure that there are no direct or indirect barriers in place to us creating greater diversity in our workforce and to realising our people's full potential. Reviewing job design, recruitment & selection processes and onboarding practices in particular represent key inputs to achieving all of the four outcomes we have set out.

A further requirement to be able to demonstrate the impact of our actions is the ability to accurately measure and report on personal characteristic data. For this to be achieved we will need to build further an environment of psychological safety, so that our employees feel comfortable to share their personal characteristic data with us and believe that we will use this information to ensure equitable opportunities for all.

Outcome 1	Be renowned for creating opportunities for young people, particularly from areas of social deprivation
Background	As a major employer in Scotland we recognise the important role we play in supporting a flourishing Scotland. We have already gained a strong reputation for the broad range of youth employment and development programmes we offer and we intend to build on this further both internally in our own talent pipeline but also through our wider support for initiatives that create opportunity for young people from areas of social deprivation. We have committed to supporting the Young Person's Guarantee, which is about connecting young people with opportunities whether they are in employment, training or education and we will work with partner organisations such as those working with young care experienced individuals and with those from SIMD postcode areas.
Characteristics	Focusing on age and socioeconomics but also encapsulates intersectional characteristics (i.e. young people with disabilities or ethnically diverse young people etc).
Indicators	Successful cohort recruitment and selection campaigns, the modern apprentice and graduate schemes, feedback from candidates and hiring managers about their experiences. Recruitment % of those from SIMD postcodes. Partnership activities in place e.g. with Barnardo's, Princes Trust, Career Ready.

Outcome 2	**Increase representation in our workforce of women, BAME, young people and those with a disability**
Background	Scottish Water currently has areas of recruitment where a mixed candidate pool is not achieved. With specific recruitment activities in place, we can increase diversity within our candidate pools and create potential to achieve hires more representative of the Scottish population as a whole. Further to this, the wider energy and utilities sector is presently deficient in employee representation of these 4 characteristics, and more broadly in society these same groups have been found to be most impacted by unemployment due to the COVID-19 pandemic.
Characteristics	Potentially all but with a particular focus on gender, ethnicity, age and disability.
Indicators	Representative candidate pools at attraction stage, improvements in conversion rates from application to hire among these groups, overall increase in diversity within our workforce, leavers data and insight from our Career Transition Programme. Potential use of Disability Confident scheme, attendance at community events (e.g. LGBT Pride) to promote career opportunities, and tailored campaigns to positively shift our demographic.

Outcome 3	**Increase diversity of our leadership bench across all under-represented groups**
Background	Visible role models and active commitment from our leadership community is important in mainstreaming equality and building an inclusive culture which stretches across the entire workforce. Our leadership bench includes current leaders within the business and our succession plan. By placing D&I high on the agenda at a senior level, we aim to embed a truly diverse perspective within our decision-making processes and overall company values. Leaders are also in a strong position to influence behaviours within their teams, and through their actions can help to embed inclusive attitudes further within our people. Furthermore, many of our Belong groups currently benefit from the support of Senior Management Sponsors, and over time we aim to expand on the involvement that our full leadership cohort has within our networks and wider D&I programme.
Characteristics	Potentially all, promoting diversity in its broadest sense.
Indicators	Diversity at leadership level being proportionally representative, pay grades of job roles held by employees with under-represented characteristics, and examples of leaders acting as role models of our D&I behavioural expectations, understanding strategic D&I goals within a societal context, and taking active participation in our Belong Networks.

Outcome 4	**Achieve high levels of engagement and retention among those employees with underrepresented protected characteristics**
Background	In order to achieve steady progress towards workforce truly representative of wider Scottish society, we must not only focus on recruitment, but retention too. By creating a culture where all employees feel a sense of belonging within our organisation, we seek to ensure that people from all backgrounds feel an affiliation with the Scottish Water community and are able to find opportunities which best suit their needs. Through our employee experience programme we aim to build a sustainable level of engagement across our workforce, and remove any barriers which protected characteristic groups may face. Furthermore, Scottish Water's Belong groups were formed to give a collective employee voice to those who hold a particular protected characteristic or life experience, and are a valuable tool in providing peer support, education and networking opportunities. Belong helps to bring people together, break down barriers to inclusion, and empower members to place focus on key issues within the context of their group's aims – and we plan to continue making best use of this important platform to enhance our engagement and retention levels.
Characteristics	Encapsulates all protected characteristics, promoting diversity in its broadest sense.
Indicators	Diversity and breadth of active employee participation in Belong Networks, potential emergence of new employee-led groups, progression/retention progress represented through participation in training opportunities and development programmes, assessment of leavers data, and employee feedback through surveys and other engagement mediums.

5. Gender Pay Gap 2021

In March 2021 the median average hourly base pay for full time men is £15.60 and for full time women is £16.58, a base pay gap of 6.28% in favour of women. Our gender pay differences reflect distribution by job role and grade, while overall occupational gender segregation remains the most pertinent issue with a significant number of single gender job roles still existing in our business, particularly in our Operational teams.

Median	Female	Male
Full-time	£16.58	£15.60
Part-time	£14.37	£15.97
Overall	**£16.85**	**£15.60**

Gender pay gap reporting requirements for PSED focus on base salary only. Full gender pay gap legislation that applies only in the UK private sector came into effect from April 2017, requiring that pay comparisons are made between men and women including base salary, paid leave, pay allowances, shift pay and on-call & standby payments. Although Scottish Water is a public corporation, in the interests of transparency we have continued with our adopted reporting approach of also disclosing our gender pay gap in line with the private sector calculation, but using the two-year frequency of PSED reporting. These results can be found in Appendix A to this report.

6. Gender, Disability and Minority Racial Group Pay Statement 2021

6.1 Gender, Disability and Minority Racial Group Pay Statement 2021

Scottish Water is committed to mainstreaming equality of opportunity and diversity in employment, including in the way we reward our employees. This means ensuring there is no bias on the basis of any of the protected characteristics: gender, race, disability, pregnancy and maternity, gender reassignment, sexual orientation, religion or belief, marital or civil partnership status, ethnic origin and age.

Pay and benefits cover a range of items including the evaluation of jobs, our pay ranges, pay progression, employee bonus, pensions and other employee benefits. Our approach is based on ensuring we have a reward framework that is consistent, transparent and fair with a single job evaluation scheme ensuring the level of reward is appropriate to the size and content of the job.

6.2 Gender Occupational Segregation

The tables below show the distribution of men and women in different parts of Scottish Water. Our overall workforce is 28.5% female / 71.5% male, although this varies depending on the type of job being done.

The following 2 tables contain information by job grade, with Band A being senior, descending to Band F.

	Capital Invest		CEO		Corp Affairs		CSD	
	Female	Male	Female	Male	Female	Male	Female	Male
A	23%	77%	0%	0%	50%	50%	21%	79%
B	30%	70%	0%	0%	50%	50%	25%	75%
C	39%	61%	0%	0%	90%	10%	30%	70%
D	45%	55%	100%	0%	0%	100%	14%	86%
E	100%	0%	0%	0%	0%	0%	15%	85%
F	100%	0%	0%	0%	0%	0%	70%	30%

(Capital Investment, CEO Executive Assistants, Corporate Affairs, Customer Service Delivery)

	Digital		Finance		People		SCSP	
	Female	Male	Female	Male	Female	Male	Female	Male
A	42%	58%	38%	63%	72%	26%	42%	58%
B	44%	59%	44%	56%	78%	22%	33%	67%
C	61%	39%	51%	49%	62%	38%	53%	47%
D	42%	58%	52%	48%	33%	67%	52%	48%
E	67%	33%	45%	55%	49%	51%	41%	59%
F	0%	0%	0%	0%	0%	0%	21%	79%

(Digital, Finance People, Strategic Customer Service Planning)

The following table shows data by reporting level, from Chief Executive to Team Member.

Job Grade	Female	Male
Chief Executive	0%	100%
Director	14%	86%
General Manager	17%	83%
Business Manager	34%	66%
Team Leader	31%	69%
Team Member	28%	72%

6.3 Minority Racial Group Occupational Segregation

Table 1: Percentages are the proportion of whole workforce per category (MA = Modern Apprentice)

Job Grade	Minority Ethnic	Prefer Not to Say	Non-Minority Ethnic
Managers	0.1%	0.2%	4.0%
A	0.3%	0.5%	8.3%
B	1.1%	2.2%	15.7%
C	1.0%	1.4%	15.5%
D	0.8%	1.6%	18.5%
E	0.6%	2.5%	21.0%
F	0.1%	0.3%	2.9%
MA	0.0%	0.4%	1.2%
Grand Total	3.8%	9.1%	87.1%

Table 2: Percentages are the proportion of job grade per category (MA = Modern Apprentice)

Job Grade	Minority Ethnic	Prefer Not to Say	Non-Minority Ethnic
Managers	2.8%	5.1%	92.1%
A	3.5%	5.4%	91.1%
B	5.5%	11.6%	82.9%
C	5.5%	7.9%	86.7%
D	3.6%	7.5%	88.9%
E	2.4%	10.4%	87.2%
F	1.5%	9.2%	89.3%
MA	0.0%	23.1%	76.9%

While efforts have been made to encourage our employees to submit data on their race into our HR system, it can be seen in the above tables that it remains more common for individuals to decline to categorise themselves than to record themselves as belonging to a minority racial group. We cannot make any assumptions about the reasons that individuals may choose not to submit such information or about the racial identities of those employees. However, it can also be seen that the largest portion of those who have identified themselves as members of a minority racial group are currently in jobs graded at pay bands B and C. Meanwhile within our Modern Apprentice groups, the disclosure rate is significantly lower than in other grades.

Following the introduction of a new HR system in October 2020, we aim to make best use of this platform to build further confidence in declaring protected characteristic information in future.

6.4 Disability Occupational Segregation

Table 1: Percentages are the proportion of whole workforce per category (MA = Modern Apprentice)

Job Grade	Disabled	Non-Disabled	Prefer Not to Say
Manager	0.1%	4.1%	0.1%
A	0.2%	8.8%	0.1%
B	0.4%	18.4%	0.1%
C	0.4%	17.3%	0.2%
D	0.5%	19.6%	0.8%
E	0.3%	23.1%	0.6%
F	0.0%	3.1%	0.1%
MA	0.0%	1.5%	0.0%
Grand Total	2.0%	96.1%	1.9%

Table 2: Percentages are the proportion of job grade per category (MA = Modern Apprentice)

Job Grade	Disabled	Non-Disabled	Prefer Not to Say
Managers	2.3%	95.5%	2.3%
A	2.7%	96.8%	0.5%
B	2.1%	97.4%	0.5%
C	2.3%	96.7%	1.0%
D	2.5%	93.9%	3.6%
E	1.3%	96.2%	2.5%
F	0.8%	97.7%	1.5%
MA	1.5%	96.9%	1.5%

The above data is taken from our current HR system where only 2% of our overall workforce have chosen to disclose that they have a disability. By comparison, a similar percentage of employees (1.9%) preferred not to input their disability status. We cannot make any assumptions about the reasons that individuals may choose not to submit such information or about the identities of those employees. However, these tables show no particular pattern or trend by job grade amongst those who do record themselves as having a disability.

Following the introduction of a new HR system in October 2020, we aim to make best use of this platform to build further confidence in declaring protected characteristic information in future.

Further information on our workforce by gender, disability and race is shown in **Section 8** of this report.

7. Board Gender Composition and Future Actions

7.1 Gender Composition

As at March 2021 our NED Board gender composition is 3 females and 5 males, which is a 38% / 62% split.

7.2 Future Actions

Although Scottish Water is not directly responsible for Non-Executive Board appointments, we are already undertaking initiatives to attract a more diverse pool of applicants for all our board opportunities. These include:

- Continuing to focus on external organisational image, and sharing our values, to encourage attraction of candidates from all minority protected characteristic backgrounds.

- Working closely with the Scottish Government to craft director appointment materials (role specifications, advertisements, search criteria etc.) to make posts more accessible and appealing to potential candidates across all Scottish Government bodies.

- Encouraging the use of multiple advertising methods to promote the visibility of the role to new candidate pools.

- Continuing to discuss and highlight gender diversity within our board and focus on internal succession planning to provide a clear line of sight to board positions.

8. Workforce Data

8.1 High Level Dashboards

Gathering relevant data plays a vital part in understanding the demographic make-up of our workforce and helps us to monitor Diversity and Inclusion through recruitment, retention, training and overall employee experience. We use this data to better comprehend the needs of our people and improve processes for the future, as well as compare our progress against the national demographics for Scotland. The figures below detail national demographics, drawn from Scottish Government data sources; and reportable information for Scottish Water taken in March 2021.

Figure 1: Scottish National Demographics

Gender: Male 49%, Female 51%

Age: Under 16 17%, 16 - 64 64%, 65+ 19%

Religion or Belief:
- Unknown 1.40%
- Muslim 1.60%
- Other Religion 1.90%
- Other Christian 8.50%
- Roman Catholic 14.30%
- Church of Scotland 23.20%
- No Religion 50.10%

5% of the population are from a minority ethnic background

32% of the population have a long-term activity limiting health condition or disability

2.6% of the population identify as lesbian, gay or bisexual

1% of the population are transgender

* Information sourced from the Scottish Government equality Evidence Finder (https://scotland.shinyapps.io/sg-equality-evidence-finder/)

Figure 2: Scottish Water Demographics

Gender: Male 71.50%, Female 28.50%

Age: Under 20 1.30%, 20 - 29 14.50%, 30 - 39 19.31%, 40-49 22.87%, 50 - 59 31.52%, 60 - 64 8.86%, 65+ 1.64%

Religion or Belief:
- Not Stated 49.31%
- Prefer Not to Say 26.14%
- Christian 14.53%
- No Religion 4.88%
- Other Religion 4.81%
- Hindu, buddhist, Sikh and Jewish 0.21%
- Muslim 0.12%

3.8% of our employees have a minority ethnic background

2% of our employees have a long-term activity limiting health condition or disability

0.8% of our employees identify as lesbian, gay or bisexual

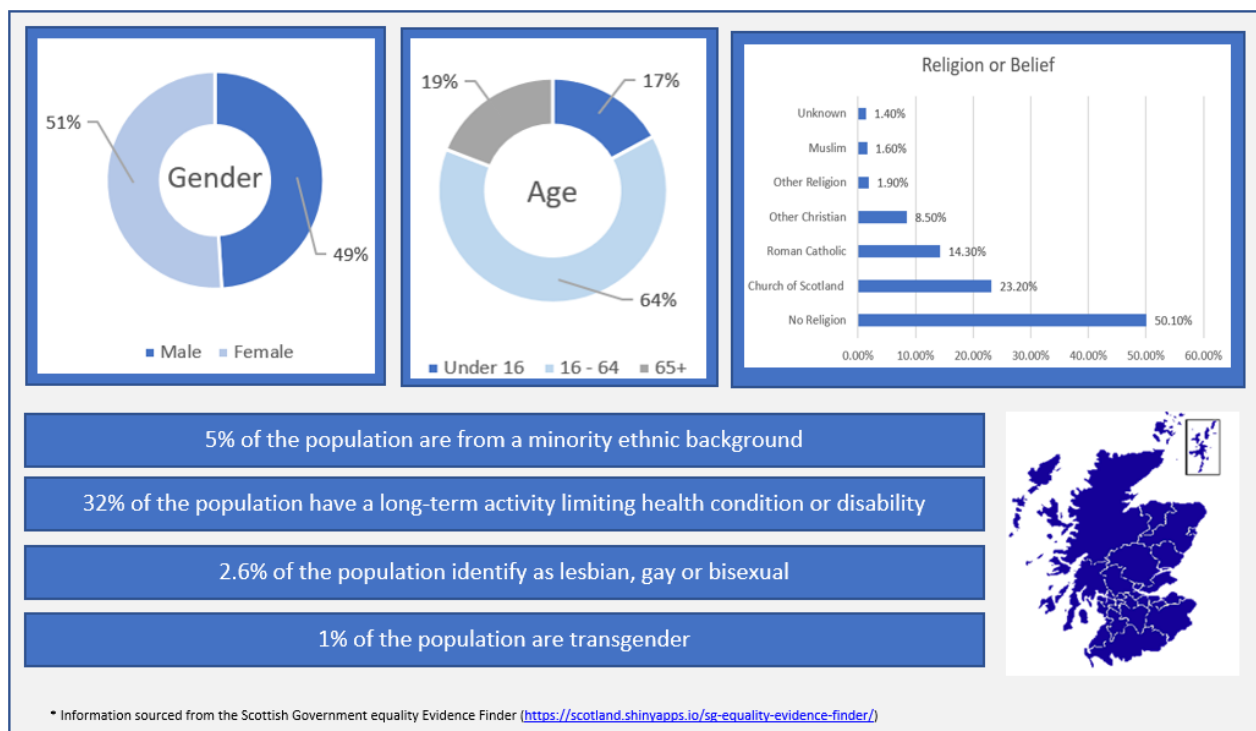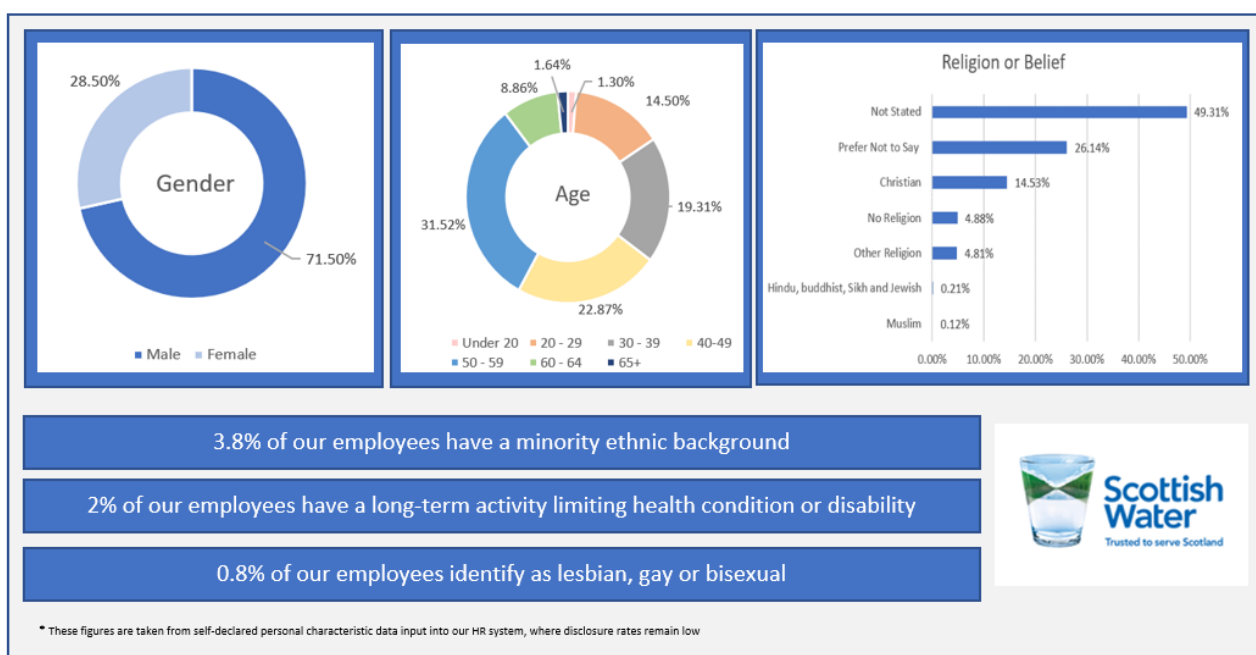* These figures are taken from self-declared personal characteristic data input into our HR system, where disclosure rates remain low

Comparing the data in the two figures above, it is clear that we have work to do in order to achieve workforce demographics aligned to those of the wider Scottish population. In part, we recognise that some of the discrepancy may be due to low disclosure rates in our HR system, particularly in relation to the characteristics of religion/belief, disability and sexual orientation – however without this data we cannot make assumptions about the demographic make up of the employees who have chosen not to provide us with this information.

As we continue to embed and improve upon our new HR system, we aim to make best use of this platform to build further confidence in declaring protected characteristic information in future.

8.2 Protected Characteristics Statistical Analysis

Traditionally, Scottish Water's demographic reporting has made use of data sourced from a blend of our HR systems and all-employee surveys, including our previous 'Your Voice' and 'Safety, Health and Wellbeing' engagement surveys.

In our 2021 PSED report we have only made use of self-declared employee characteristic data provided in our HR system, reflecting changes that we have made to the ways in which we have gathered data in recent years. In particular, in 2020/21 we were unable to collect reliable protected characteristic data through survey routes due to a change in approach and must therefore rely solely on our system data.

Furthermore, following the introduction of a new HR system in October 2020, we are still working to fully embed this platform with our people and encourage them to make best use of the data declaration functionality available within it. For this reason, our current data set has higher rates of undeclared data fields than in previous reports, and we consider this to be a core reason behind those areas where there may have been a significant drop since our previous reporting period.

The following analysis considers each protected characteristic in more detail.

8.2.1 Gender

Table 1: Gender Distribution

	Female	Male	Total
March 2017 Total	1107	2961	4068
	27.2%	**72.8%**	**100%**
March 2019 Total	1206	3070	4276
	28.2%	**71.8%**	**100%**
March 2020 Total	1206	3042	4248
	28.4%	**71.6%**	**100%**
March 2021 Total	1200	3008	4208
	28.5%	**71.5%**	**100%**

The overall gender balance in Scottish Water is 28.5% female, 71.5% male. Whilst this does not reflect the working age Scottish population as a whole where 51% are female (Census 2011), the proportion of female employees in Scottish Water has slowly improved from 24% in 2013 to 28% in 2021.

This is a general reflection of the utilities sector as a whole, which through traditional gender job stereotyping, has a legacy whereby a higher number of men are in the workforce (see Section 3.3 for more detail). This trend is slowly changing through positive recruitment initiatives that broaden the appeal of the sector to more women.

We have a more even gender balance within our support functions such as our call centre, finance and digital teams, however, a significant proportion of our frontline operational delivery roles are characterised by a more mature male workforce.

We have aimed to introduce a higher female representation into these areas through our Modern Apprenticeship intakes and we continue to challenge cultural norms to make this a success through mentoring, training, and improved gender diversity in advertisement of our cohort recruitment programmes.

Figure 3: Workforce Distribution on Pay Band
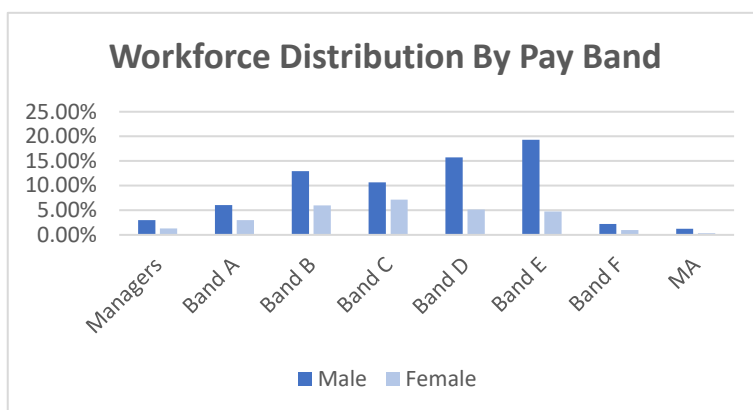
Figure 3 represents the distribution of female and male employees across the 8 Scottish Water pay bands.

It can be seen in this figure that the single largest concentration of male employees is represented in Band E roles, and this reflects the high number of frontline operational delivery roles in treatment, network maintenance and operations. Our greatest concentration of female employees is within Band C, albeit that the female workforce is more evenly distributed across the pay bands in comparison to men.

The proportion of female and male managers broadly mirrors the gender demographic of the organisation as a whole. (F=1.29%, M= 3.02%; or 30%/70% of all management roles)

8.2.2 Age

Table 2: Age Distribution

Age	< 20	20-29	30-39	40-49	50-59	60-64	65+
March 2017 Total	57	548	779	1101	1269	281	33
%	1.4	13.5	19.2	27.0	31.2	6.9	0.8
March 2019 Total	52	629	819	998	1352	342	43
%	1.2	15.0	19.3	23.3	31.9	8.1	1.1
March 2020 Total	46	619	819	981	1353	357	73
%	1.1	14.6	19.3	23.1	31.9	8.4	1.7
March 2021 Total	75	576	817	954	1331	381	74
%	1.8	13.7	19.4	22.7	31.6	9	1.8

Table 2 details the age categorisations of our workforce across the timeframe 2017 to 2021. It can be seen that our greatest concentration of employees is within the 50-59 age categories; and that we have a greater percentage of our workforce over 50 years old than under 30.

Through cohort recruitment in our Modern Apprenticeship and Graduate programmes, which traditionally attract primarily younger talent, we have seen a steady intake of new hires under the age of 30 in recent years which over time will support Scottish Water to safeguard the future of our business as our older workforce move towards retirement or other opportunities.

Figure 4: Age by Gender

Figure 4 represents the distribution of employees' age in relation to gender. It can be seen that the data corresponding to our female workforce has a much sm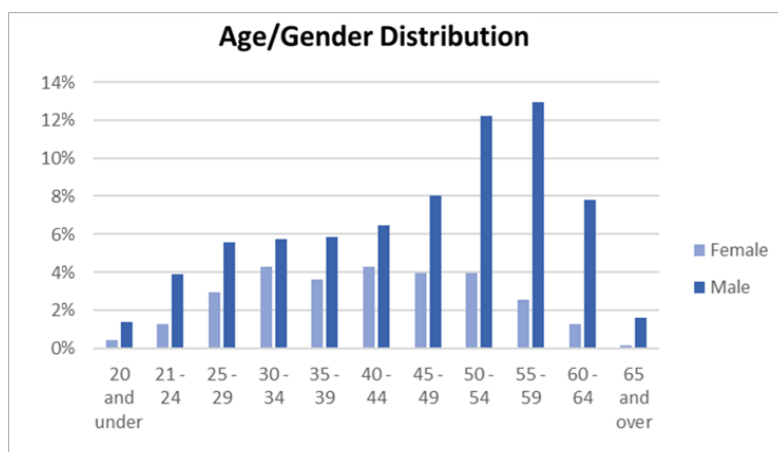oother age curve, with the greatest concentration being within the 30-34 and 40-44 age bandings. Our male workforce has its greatest concentration within the 55-59 age band, while age 45 and over is also proportionately higher than in our female workforce.

As mentioned previously in this report, these differences are explained by the historical perceptions of the utilities sector as a male dominated industry, and the trend for careers in traditional frontline roles to span decades. Since the formation of Scottish Water as a single, public corporation in 2002, the industry has begun to challenge this gender stereotyping and has started to break down the key barriers that generate occupational segregation. We still have a long way to go towards true equality but as our statistics show, we are gradually reversing the effects of decades of entrenched industry practice.

8.2.3 Ethnicity

The table below shows a breakdown of the ethnicity of Scottish Water employees in March 2021 and compares against figures for March 2017, March 2019.

Table 3: Ethnicity of employees

Ethnicity	March 2017		March 2019		March 2021	
	Number	%	Number	%	Number	%
Asian or British -Asian	20	0.5	21	0.5	25	0.6
Black or British -Black	*	*	*	*	*	*
Mixed or Multiple Ethnic Group	10	0.2	16	0.3	21	0.5
Other Ethnic Group	*	*	*	*	*	*
White - Scottish	2454	60.3	2486	58.8	2463	58.3
White - British	1051	25.8	1079	25.5	1056	25.0
White - English	135	3.3	122	2.9	118	2.8
White - Welsh	*	*	*	*	*	*
White - Irish	37	0.9	37	0.9	106	2.5
White- Other	94	2.3	101	2.4	106	2.5
Prefer not to say	247	6.1	395	8.2	363	8.6
Total Ethnic Minority	**137**	**3.3**	**152**	**3.6**	**161**	**3.8**
Total UK & EIRE (& PNS)	3931	96.7	4124	96.4	4064	96.2

* Figure has been removed to preserve anonymity, as the number is fewer than 10 people

The proportion of our workforce from an ethnic minority has increased from 3.3% in 2017 to 3.8% in 2021. This is a modest movement and reflects only a relatively small number of people, but it is a positive change and moves us closer to the overall Scottish National figure, where 5% of the population are recorded as being from an ethnic minority background.

There is significant variation in ethnicity profiles by geography across Scotland as a whole and this is also true of Scottish Water's main business locations. Our Castle House headquarters is a catchment office for the whole of central Scotland, as is our Juniper House Office for the whole of our centrally based scientific employees, which may explain the higher ethnic diversity figures when compared with local council data in Table 4 below.

Table 4: Proportion of ethnic minority employees by Scottish Water location

Location	March 2017	March 2019	March 2021	Local Council area from 2011 Census
Castle House, Dunfermline	4.6%	4.9%	5.7%	**2.3%**
Fairmilehead, Edinburgh	5.5%	6.7%	7.8%	**8.3%**
The Bridge, Glasgow	4.6%	4.5%	4.8%	**11.6%**
Henderson Drive, Inverness	3.2%	2.3%	3.6%	**1.4%**
Bullion House, Dundee	2.3%	1.7%	1.8%	**6.1%**
Juniper House, Edinburgh	9.9%	11.2%	12.3%	**8.3%**

8.2.4 Disability

The data provided in Table 6 shows little change in the self-declared disability data we collect through our HR system between March 2020 and 2021, however a notable decrease from the November 2018 figure reported in our last PSED report. This can be attributed to the fact that the November 2018 data was extracted from our anonymous all-employee Safety, Health and Wellbeing survey, which took place that year and yielded higher levels of personal data declaration compared to our HR system (through which we have reported our 2020 and 2021 figures in the table below).

As we move forward with implementing our refreshed Workplace Reasonable Adjustments process, we anticipate that this will provide us with a clearer picture regarding the number of employees who require an adjustment due to a disability or long-term health condition, and the extent to which this may be impacting their experience at work.

Table 6: Disability

Declared disability	November 2018 %	March 2020 %	March 2021 %
Yes	5	2	2
No	86	98	95
Prefer not to say	9	0	3

* The figures provided for November 2018 are taken from our anonymous all-employee Safety, Health and Wellbeing survey, whereas the 2020 and 2021 figures constitute self-declared data on our HR systems – meaning that the results cannot be considered directly comparable.

** A new HR system was introduced in 2020 and existing data was not migrated across this accounts for the seeming drop in information in this area. We are working to encourage employees to complete the self-declaration.

Within our new HR system introduced in October 2020, we have asked employees to declare further information on their protected characteristics, seeking to understand more detail about our workforce

diversity. As a result, we have found an increased number of employees selecting the option of "prefer not to say" when asked about certain protected characteristics.

Figure 5: Nature of Disability

Nature of Disability

- Blindness or Partial Sight Loss
- Deafness or Partial Hearing Loss
- Learning Difficulty
- Long-term Illness or Condition
- Mental Health Condition
- Physical Disability
- Other Disability
- Prefer Not to Say

(4.4%, 2.4%, 9.2%, 3.4%, 13.6%, 3.4%, 8.3%, 55.4%)

8.2.5 Carers

Following the launch of our new HR system in October 2020, we are working to build a reliable pool of Carers data through this new platform, however currently self-declaration rates are extremely low in this area (as seen in Table 7) and we commit to improving this in future.

In our last PSED report we were able to share that, in our 2018 Safety, Health and Wellbeing employee survey, 11% of our employees were carers, and at present we have 144 members of our Belong Carers Network. Both of these indicate that there are substantial numbers of employees who have not yet declared their carers status on our system and are therefore not reflected in the reportable figures listed in the table below for March 2021.

We are a core member organisation for Carers Scotland, and we are proud to have achieved Carers Positive Exemplary status in 2018, following our achievement of Engaged status in 2011 and Established status in 2016. We are also conscious that increases in the average age of our workforce, as well as the long-term impact of COVID-19 may, through time, result in an increased number of employees with caring responsibility for an elderly or disabled relative and therefore place high importance on supporting our employees who balance this important responsibility alongside working at Scottish Water.

Table 7: Carers Data

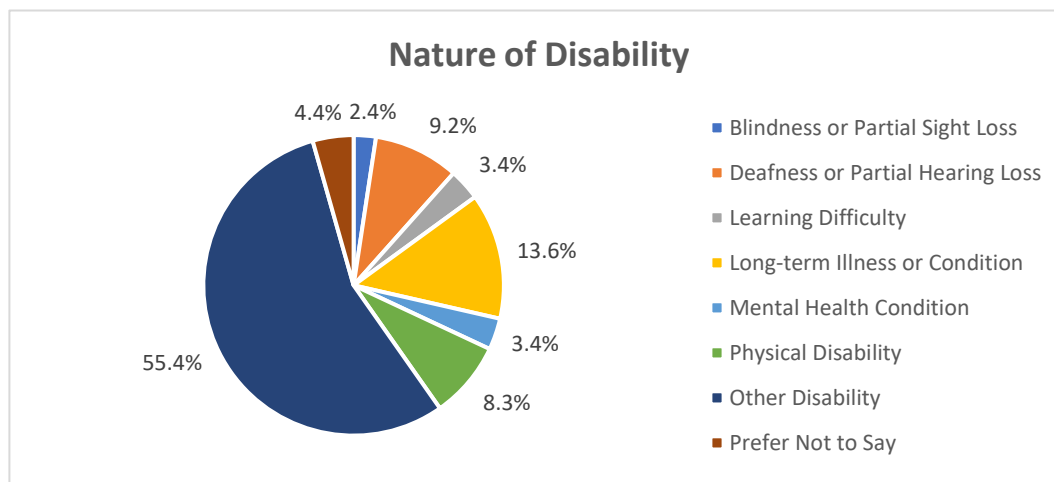| Carer Responsibility	November 2016 %	November 2018 %	March 2021 %
Care for an Adult	8	9	0.5
Care for a Disabled Child	1	2	0.21
None	78	76	0.12
Prefer not to say	13	13	0.02
Undeclared	-	-	99.15

* The figures provided for November 2018 are taken from our anonymous all-employee Safety, Health and Wellbeing survey, whereas the 2021 figures constitute self-declared data on our HR system – meaning that the results cannot be considered directly comparable.

** A new HR system was introduced in late 2020 and existing data was not migrated across. This accounts for the seeming drop in information in this area. We are working to encourage employees to complete the self-declaration.

8.2.6 Sexual Orientation

At present, the vast majority of our workforce have not stated their sexual orientation within our core HR system, however of those who have, approximately 1% have told us that they identify as lesbian, gay, bisexual or another orientation not listed in our system.

Table 8 shows the data currently declared within our HR system, as well as the demographics recorded in our anonymous 2018 Safety, Health and Wellbeing survey where declaration rates were significantly higher.

As we continue to embed and improve upon our new HR system, we aim to make best use of this platform to build further confidence in declaring protected characteristic information in future.

Table 8: Sexual Orientation Data

Sexual Orientation	November 2018 %	March 2021 %
Heterosexual	87	12.5
Gay/Lesbian	1	0.6
Bisexual	1	0.2
Other	1	0.1
Prefer not to say	10	0.5
Not stated	N/A	86.2

* The figures provided for November 2018 are taken from our anonymous all-employee Safety, Health and Wellbeing survey, whereas the 2020 and 2021 figures constitute self-declared data on our HR systems – meaning that the results cannot be considered directly comparable.

** A new HR system was introduced in 2020 and existing data was not migrated across this accounts for the seeming drop in information in this area. We are working to encourage employees to complete the self-declaration.

8.2.7 Religion and Belief

Just over half of our workforce have chosen not to disclose their religion or belief through our HR system, however of those who have, the most prominent religion among our employees is Christianity, with 29% belonging to this faith. A further 9.8% of our workforce have declared that they do not have any religious belief, and a comparable 9.6% identify as a religion not currently listed in our system. Smaller numbers of employees (approximately 0.7% of respondents) declared that they are either Muslim, Hindu, Buddhist, Sikh or Jewish.

We feel strongly that individuals should be allowed to observe their faith and be respected within their workplace. Where individuals require prayer rooms or quiet spaces to observe worship, these needs will be accommodated. For example, our Shieldhall Office in Glasgow has a meeting room which is permanently booked out for 2 hours each day for the purpose of creating a quiet and private prayer space.

Figure 6: Religion and Belief

Religion or Belief

- No Religion: 9.76%
- Hindu, buddhist, Sikh and Jewish: 0.42%
- Christian: 29.06%
- Muslim: 0.24%
- Other Religion: 9.62%
- Prefer Not to Say: 52.28%
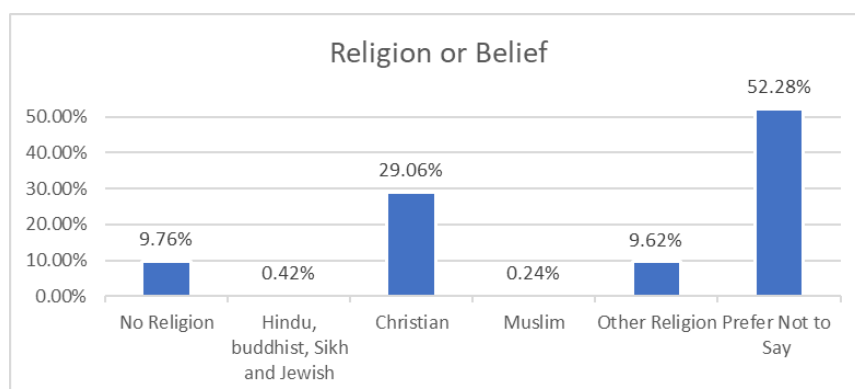
* The data in Figure 6 represents those employees who have provided a response in our HR system to declare their religion or belief information (51% of our organisation). The remaining 49% have not stated an answer and are therefore excluded from the figures represented above.

8.2.8 Gender Reassignment

As less than 10 employees have defined as non-binary within our HR system, the figure and percentage will not be disclosed in this report to ensure anonymity.

We support any of our employees embarking on gender reassignment and provide a positive and inclusive environment to which they can return. To ensure that our approach to providing suitable support and understanding is appropriate, we work with Stonewall Scotland as part of their Diversity Champions programme, and have most recently been developing a Transitioning at Work guidance document which aims to further embed best practice in this area across Scottish Water.

8.3 New Starters, Leavers and Part Time

8.3.1 New Starters

Table 9: New Starters by Gender

New starts by Gender	Female	Male	Total
March 2019 YTD Total	120	235	355
	39%	**62%**	**100%**
March 2020 YTD Total	122	168	290
	42%	**58%**	**100%**
March 2021 YTD Total	41	114	155
	26%	**74%**	**100%**

The proportion of female new hires at Scottish Water between April 2020 to March 2021 is roughly reflective of our current gender balance (28.5% female, 71.5% male), however we are mindful that the figures for 2021 year-to-date exhibit lower rates of female new starts compared to the previous 2 years.

This may be attributed to the fact that we undertook limited external recruitment during the year 2020/21, focussing more on our COVID-19 response which saw our main recruitment priorities geared towards key-worker roles in our operational teams. While we have made good progress in our efforts to make roles in the water industry more appealing to a wider candidate pool than traditionally would be the case (as described in Sections 3.2 and 3.3 in this report), we still see a majority of male candidates for these types of role.

Table 10: New Starters by Age

New Starters by Age	Under 20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
Mar 2015 YTD Total	21	59	48	24	25	18	22	16	18	9	2
%	**8.0**	**22.5**	**18.3**	**9.2**	**9.5**	**6.9**	**8.4**	**6.1**	**6.9**	**3.4**	**0.8**
Mar 2017 YTD Total	51	75	88	69	52	43	34	33	15	8	0
%	**10.9**	**16**	**18.8**	**14.7**	**11.1**	**9.2**	**7.3**	**7.1**	**3.2**	**1.7**	**0**
Mar 2019 YTD Total	41	103	56	33	25	25	25	24	16	5	2
%	**11.5**	**29.0**	**15.8**	**9.3**	**7.0**	**7.0**	**7.0**	**6.8**	**4.5**	**1.4**	**0.6**
Mar 2021 YTD Total	28	34	29	13	12	13	5	15	5	1	0
%	**18.0**	**21.9**	**18.7**	**8.4**	**7.7**	**8.4**	**3.2**	**9.7**	**3.2**	**0.7**	**0**

From April 2020 – March 2021, almost 45% of our new hires were under the age of 25, compared to 30% in March 2015 (year to date figure), and represents the largest age group to join our business during this period. This is largely attributable to our Modern Apprenticeship and Graduate programme recruitment, which sees new cohorts join our business each year and primarily attracts a younger demographic of applicants.

Scottish Water continues to recruit across the typical working age range (our pension scheme maintains a normal retirement age of 65 for most employees, although individuals can of course choose to work beyond this age).

8.3.2 Leavers

Table 11: Leavers by Gender

Leavers by Gender	Female	Male	Total
March 2015 Total	69	104	173
	39.9%	**60.1%**	**100%**
March 2017 Total	63	147	210
	30%	**70%**	**100%**
March 2019 Total	93	174	267
	34.8%	**65.2%**	**100%**
March 2021 Total	44	118	162
	27.2%	**72.8%**	**100%**

The gender profile of our leavers broadly mirrors our overall gender mix at Scottish Water. There are some areas of our business where retirement rates are higher due to the age demographics represented in these teams, for example our frontline operational teams which comprise large numbers of older male employees. This will affect our leavers ratio, meaning slightly higher rates of males leaving the business (77% in 2020/21) compared to the overall demographic gender split (72% male).

Table 12: Leavers by Age

Leavers by Age	Under 20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
March 2015 Total	13	23	29	14	18	14	11	11	13	21	6
%	**7.5**	**13.3**	**16.8**	**8.1**	**10.4**	**8.1**	**6.4**	**6.4**	**7.5**	**12.4**	**3.5**
March 2017 Total	13	25	32	18	18	18	15	13	17	30	11
%	**6.19**	**11.9**	**15.2**	**8.6**	**8.6**	**8.6**	**7.1**	**6.2**	**8.1**	**14.3**	**5.2**
March 2019 Total	18	39	34	30	21	11	18	17	22	47	10
%	**6.7**	**14.6**	**12.7**	**11.2**	**7.9**	**4.1**	**6.7**	**6.4**	**8.2**	**17.6**	**3.7**
March 2021 Total	2	7	18	12	9	4	6	10	31	30	33
%	**1.2**	**4.3**	**11.1**	**7.4**	**5.6**	**2.5**	**3.7**	**6.2**	**19.1**	**18.5**	**20.4**

Our most current year-to-date figures for leavers (covering April 2020 – March 2021) show much lower turnover rates than in recent years, indicating higher levels of employee retention within almost all age bands (excluding age 65+) compared to 2019. However, consistent with previous trends, our largest portion of leavers fit into the broad age bracket of 55 and above.

Our normal retirement age is 65 and so this is a contributing factor in the high number of leavers aged 65 and over, however many of our employees choose to remain in work for longer or opt for flexible retirement options instead of leaving Scottish Water entirely.

8.3.3 Part Time Workforce

Table 13: Part Time Employees by Gender

Part Time by Gender	Female	Male	Total
March 2015 Total	196	87	283
	69.3%	**30.1%**	**100%**
March 2017 Total	260	142	402
	64.7%	**35.3%**	**100%**
March 2019 Total	288	192	480
	60.0%	**40.0%**	**100%**
March 2021	282	185	467
	60.4%	**39.6%**	**100%**

The main business areas where part time roles are prominent are in Asset Management, Corporate Affairs, Finance, and the People Directorate. The recent increase in part-time working by men is partly due to the availability of flexible retirement to those aged over 55, where an individual reduces their hours and receives a reduced pension at the same time as a reduced salary. This has introduced the concept of work flexibility into roles traditionally seen as fixed, which in turn may make those roles attractive to a greater diversity of future employee.

Table 14: Part Time Employees by Age

Part Time by Age	Under 20	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+
March 2015 Total	9	19	17	29	44	14	41	27	17	18	6.0
%	**3.2**	**6.7**	**6.0**	**10.3**	**15.6**	**8.1**	**14.5**	**9.5**	**6.0**	**6.4**	**2.1**
March 2017 Total	6	20	21	32	58	59	58	38	42	57	11
%	**1.5**	**5**	**5.2**	**8**	**14.4**	**14.7**	**14.4**	**9.5**	**10.4**	**14.2**	**2.7**
March 2019 Total	9	23	20	29	53	59	61	46	58	100	22
%	**1.9**	**4.8**	**4.2**	**6.0**	**11.0**	**12.3**	**12.7**	**9.6**	**12.1**	**20.8**	**4.6**
March 2021 Total	4	17	18	34	43	62	64	48	45	97	35
%	**0.9**	**3.6**	**3.9**	**7.3**	**9.2**	**13.3**	**13.7**	**10.3**	**9.6**	**20.8**	**7.5**

The data shows that there is a continued trend of higher incidence of part time working between the ages of 30 and 49, whereas uptake of part time hours in the under 30s age range has decreased since our last report in 2019. There has also been a rise within the 60+ grouping since 2015, which can be attributed to flexible retirement plans being put in place.
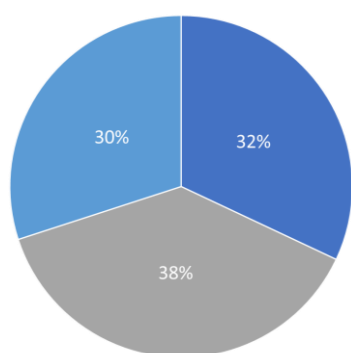
8.3.3.1 Maternity Returners

Table 15: Maternity Returners (RTW = return to work)

RTW After Maternity	2017 Number	2017 %	2019 Number	2019 %	2020 Number	2020 %
Leaver	2	**3.8**	2	**3.4**	1	**3%**
Returned on Reduced Hours	22	**42.3**	6	**10.2**	0	**0%**
No Change	28	**53.9**	51	**86.4**	29	**97%**
Total	52	**100**	59	**100**	30	**100%**

A significant majority of women who take maternity leave choose to return to work at Scottish Water. As shown in the table above, this was 97% in 2020. Recently, the majority of returners have come back to full time roles, although as the overall numbers are relatively small, this can be seen to fluctuate from year to year.

8.4 Promotion opportunities

In January 2021 responses to the following statements on promotion opportunities were measured as part of the Scottish Water Today Survey.

Legend:
- Infrequently
- Sometimes
- Frequently

Left pie chart: 32% Infrequently, 38% Sometimes, 30% Frequently

Scottish Water offers top performers the most attractive career opportunities within the company
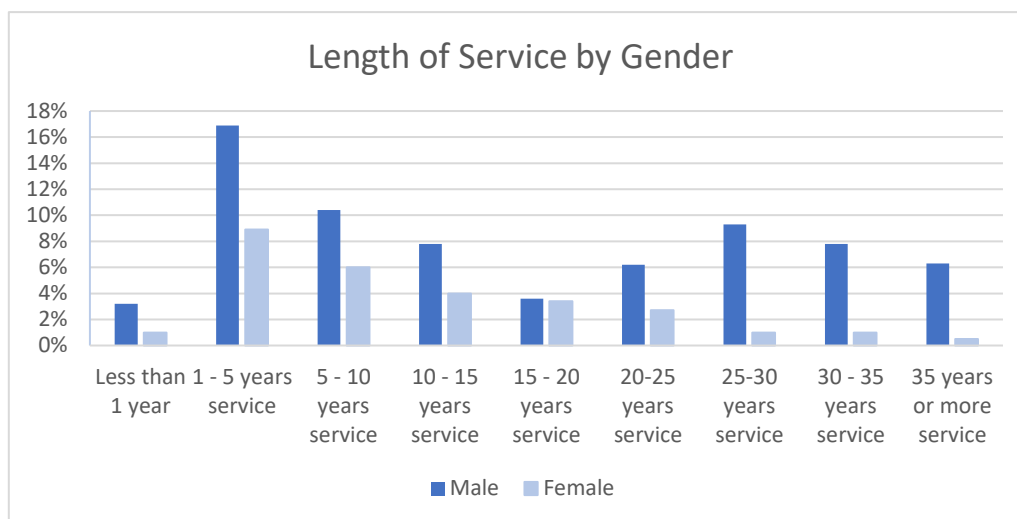
Right pie chart: 27% Infrequently, 39% Sometimes, 34% Frequently
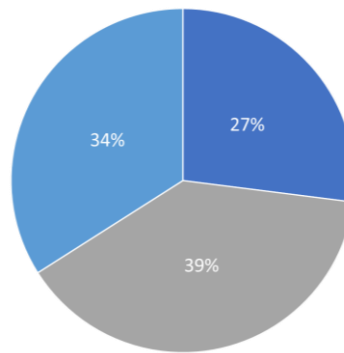
Promotions in Scottish Water are based on merit

8.5 Length of Service

Figure 7: Length of Service by Gender

Length of Service by Gender

Length of service for women shows a gradual decline in workforce proportion beyond a 5-year timeframe, affected by turnover rates in business areas with greater female representation, such as the contact centre, being higher than our overall business average. For men there is a peak between 1 and 5 years which can partly be attributed to large cohorts of Modern Apprentices currently undertaking their 4-year programmes, with a majority male representation. Another peak can be noted for men between 25 and 30 years, and this is representative of our long-serving core workforce in front line operational roles.

Appendix A

The following tables detail supplementary information on pay and the gender pay gap. Even though we are a public corporation the data below aims to mirror the requirements placed on private sector UK organisations, and allows us to make useful comparisons. The calculation means that a pay gap with a positive percentage is one in favour of men, while a negative figure is in favour of women.

When calculating hourly rates of pay we have included base salary; paid leave; allowances; shift pay; on call and standby payments. We have not included: overtime; expenses; benefits in kind; redundancy pay; salary sacrifice values; pay in lieu of leave; or pension contributions

Hourly rates by gender

	Male	Female		
Mean hourly rate	**£19.41**	**£18.55**	Mean gender pay gap	**3.06%**
Median hourly rate	**£17.03**	**£16.97**	Median gender pay gap	**0.38%**

Under this calculation Scottish Water does have a gender pay gap in favour of men at both the mean and median hourly rate, however both are significantly lower than the median gender pay gap for the whole UK which was reported as 15.5% in 2020.

At the mean, length of service has an effect on our gender pay gap due to our male employees being on average older and with longer service than their female peers. In simple terms, this means they have had more time on average than women to move up their pay scales. This higher proportion of male outliers at the upper ends of their salary ranges pulls up the overall mean for men but has less effect on the median.

Both our mean and median gender pay gaps have narrowed since our last PSED report in 2019, a positive consequence of the focus we have placed on female development within our organisation, and the effects of employee turnover and recruitment.

Employee numbers by gender and pay quartile, where A is the lowest pay quartile and D is the highest

Quartile	Male	Females	% Male	% Female
A	676	312	**68.4%**	**31.6%**
B	743	245	**75.2%**	**24.8%**
C	705	283	**71.4%**	**28.6%**
D	719	269	**72.8%**	**27.2%**

The UK private sector legislation requires companies to report the proportions of men and women in four pay quartiles, from the lowest paid quarter of their workforce to the highest.

Scottish Water's overall male/female demographic is 71.5% / 28.5% respectively and the table above showcases how this is distributed among different role types. Quartile D (which includes our management roles) is most closely aligned to our overall gender distribution, while Quartile B which encompasses many of our frontline operational positions is furthest from being representative of the gender balance in our workforce. We recognise that there is more to be done at Scottish Water to encourage larger intakes of female employees into our operational teams and we commit to continuing our work in this space.

Gender pay gap by age band

Mean	Male	Female	Mean pay gap
Under 25	£13.06	£13.60	**-4.12%**
25 - 40	£17.11	£17.03	**0.45%**
40 - 55	£20.54	£19.93	**2.94%**
55 +	£19.99	£19.80	**0.94%**

Median	Male	Female	Median pay gap
Under 25	£12.82	£13.68	-6.76%
25 - 40	£16.15	£16.41	-1.57%
40 - 55	£18.38	£18.11	1.5%
55 plus	£17.26	£16.68	3.94%

UK private sector legislation does not require the reporting of the gender pay gap by age but doing so reveals further insight behind the overall pay gap figures.

At the mean, we are close to pay parity among men and women in the 25-40 and 55+ age ranges. The under 25 age range shows a small percentage pay gap in favour of women, this reflects the proportionately younger average age of female employees and their employment, on average, in higher graded roles than men.

Looking at the median, the pay gap in favour of women becomes slightly more pronounced for the under 25 age group and is also apparent for those aged 25-40. The median pay gap for those aged 55 and over then swings marginally more in favour of male employees. This is further evidence of age (and by association length of service) having a significant impact on rates of pay as the male population has a higher average age and length of service.