



SSE
Inveralmond House
200 Dunkeld Road
Perth, PH1 3AQ

Rachel Reeves MP
Chair
Business, Energy and Industrial Strategy Committee
House of Commons
London, SW1A 0AA

21 December 2017

Dear Ms Reeves,

I am writing in response to some points that were made about SSE and its gender pay gap in the BEIS Select Committee debate on the Draft Domestic Gas and Electricity (Tariff Cap) on 19th December. I attach a note that gives some background to the efforts SSE continues to make to close its gender pay gap. The note also addresses a number of points that were presented inaccurately by members of the Committee; particularly relating to SSE's reporting and our gender pay gap relative to other companies and wider society.

SSE is, by any reasonable judgement, a leader in the FTSE100 on gender reporting. We have published more data, more often and been more open about our strategy, the action plan and the results of those actions than any other FTSE100 company. We have won awards and been singled out by Ministers for our efforts. We also understand, better than anyone, just how far we have got to go to make our company more inclusive and diverse.

Within every organisation there are different perspectives on how far transparency should be taken. There is an overwhelming consensus amongst the SSE leadership team that increasing transparency is the best policy, even if the results make for difficult reading. I am, however, concerned that the way SSE's information was presented inaccurately at the Committee could discourage others to take a 'warts and all' reporting strategy.

More women need to work at all levels of the energy industry including technical and engineering roles, earning higher salaries, and it is right that we work towards a more mature and honest debate about gender equality. SSE is committed to playing a leading role in addressing this societal issue and creating conditions where more women are present in the highest levels of our organisation, undertaking roles that, hitherto, have been entirely dominated by men.

I would therefore welcome any steps that the Committee can take to bring greater clarity to the debate on this very important issue, particularly in light of the media interest yesterday's discussion has generated. SSE would, of course, be delighted to meet the Committee to talk about our efforts to become a more inclusive and diverse organisation. We know there is a lot yet to do and we are always looking for constructive advice.

Yours sincerely,

Sam Peacock
Director of Group Communications and Strategy



Gender Pay Gap Reporting – SSE Response to Business, Energy and Industrial Strategy Select Committee debate on Draft Domestic Gas and Electricity (tariff cap) Bill, 19/12/2017

SSE would like to respond to statements made on the topic of SSE's gender pay gap reporting during the BEIS Committee session on the subject of 'Pre-legislative scrutiny of the draft domestic gas and electricity (tariff cap) bill' on 19/12/2017.

Before doing so, SSE would firstly like to draw the attention of the BEIS Committee to its 2017 gender pay gap reporting (<http://sse.com/media/475985/SSE-GPG-2017.pdf>) which details just some of the actions SSE has been taking to close its gender pay gap over the past year. SSE's strategy for reducing its gender pay gap has been focussed on three key areas: encouraging women **IN** to the business, supporting women to stay **ON** at SSE, and helping women to progress **UP** to senior levels:

IN: Actions include inclusive hiring training for all hiring managers; focus on diversity within Graduate and Apprentice recruitment drives; use of female employees in adverts, case studies, videos, leaflets and at careers events; use of social media to focus on 'women in STEM'. As a result of these actions, female graduates joining SSE increased from 17% last year to 40% in 2017. Across all of SSE's directorates, 39% of hires made in 2016/17 were female – an increase of almost 20% from 2013/14.

ON: Actions include a full review and improvement parental benefits so they're now sector-leading, and new initiatives to encourage flexible working. Maternity leave increase from 6 weeks full-pay plus 12 weeks half-pay to 21 weeks full-pay; return to work programme for new mums offering 80% hours for 100% pay for six months; pilot of flexible working at scale for 1,500 employees in SSE's new Reading office –compressed hours, occasional home working, and different start and finish times; Connected Working investment and roll-out across the business; employee-led steering groups for each directorate to empower employees to drive relevant change locally.

UP: Actions include the creation of a Senior Women's Development Network to develop leadership capability, and has a target of increasing the number of women earning over £40,000 a year to at least 25% by 2025. In 2016/17, the number of female employees earning over this level increased to 12.8% from 11.9% in 2015/16.

WIDER SOCIETY: SSE believes that it is crucial to target root problems around gender norms through wider sponsorship activities and partnering with other organisations leading change in this space. Consequently, SSE has a seven-figure title sponsorship of the SSE Women's FA Cup; sponsors the Women's Scottish Cup, a Women's Golf Invitational and 'next generation' Sports Aid athletes; and has a £100,000 partnership with Teach First designed specifically to encourage more young girls at secondary school level into STEM subjects.

It may also be of interest to the committee to see SSE's other [enhanced workforce disclosure](#) in this area and on the topic of inclusion in the workplace. In particular, SSE's most recent publication in this area, its ['Valuing Difference' report](#), quantifies the business benefits from greater inclusion in the workplace. A recent blog from SSE's Director of HR, John Stewart, around SSE's role in closing the gender pay gap can also be found [on the Equalities Office website](#).

Technical comments

- 1. SSE's reported gender pay gap of 19.4% was described as exceptionally high, despite being broadly in line with the national average.**

SSE's UK median pay gap as at 5 April 2017 was 19.3%. The overall UK gender pay gap is 18.4% (ONS).

SSE initially published its gender pay gap in its [2016 Sustainability Report](#) (p20-21) using draft regulations available from the UK Government. At the time, it was the first FTSE 100 company to publish its gender pay statistics. In 2017, SSE was again the first FTSE 100 company to publish its UK gender pay gap fully in line with new UK government regulations. SSE published its UK gender pay gap in June 2017 [online](#) and within its [2017 Sustainability Report](#) (p30-31), well ahead of the April 2018 deadline. This meant it was able to compare its 2017 pay gap with the previous year – a slight increase from 18.7% (restated using UK Government finalised methodology).

While we're seeing more women join SSE in entry-level roles, this is yet to materialise into more women progressing to the most senior positions – it's this difference that compounds the gender pay gap. Not only do we need to get more women in STEM into SSE, but to support them to stay on and ensure those higher skilled roles are inclusive and attractive for all. The increase in SSE's pay gap last year is therefore not unexpected; it's part of building the grounds for real long-term change in the organisation.

The overall UK gender pay gap – across all sectors of the economy - is 18.4%. SSE operates within the energy industry; a sector that relies on the expertise and experience of highly-skilled workers from STEM (science, technology, engineering and maths) related fields. Just 21% of the Core STEM workforce in the UK are women, and the UK has the lowest percentage of female engineering professionals in Europe –under 10% compared to an average of around 20%. This means that genuine transformation for SSE, and across the UK's labour market, to complete gender equality will require meaningful societal changes as well as improvements at organisational-level. SSE is committed to being a leader for driving change in both of these areas.

SSE has been commended for its approach to gender pay gap reporting and its actions taken to date. This has included Minister of State for Apprenticeships, Skills and Women Anne Milton, who said: "It is fantastic to see employers like SSE taking this important step in tackling the gender pay gap. They are setting an excellent example for other employers as we build a stronger, fairer country where success is defined by work and talent, not gender or circumstance."

2. It was noted that Centrica has a pay difference between men and women of less than 1%.

It is SSE's understanding that Centrica has not yet published its gender pay gap in line with UK Government reporting regulations, or in any capacity, and that this figure quoted at the Committee instead refers to a statistic quoted by Centrica within a [company blog from 2015](#):

"Centrica welcomes the UK Government's commitment to gender equality and the principles of gender pay gap reporting. We already conduct an annual internal audit on pay by gender so that we can monitor and target action where needed. And in our recent audit, we found that the salary differential between women and men working in comparable roles was negligible at 1%."

The gap of less than 1% referred to within this blog is not Centrica's gender pay gap. Instead, it is the results of an equal pay audit which looks at the pay gap between men and women doing the same jobs. Under the Equal Pay Act 1970, anything other than a negligible pay gap between men and women doing the same jobs would be illegal.

3. How the gender pay gap is calculated.

The gender pay gap is not about equal pay for men and women doing the same job. When calculating the difference in average earnings, the gender pay gap takes into account all jobs, at all levels and all salaries within an organisation. This means the gender pay gap paints an overall picture of the level of roles that women carry out in an organisation. The roles that women fill can result from many different factors, such as historic trends of one gender dominating certain industries and type of jobs.

SSE has a robust process to ensure pay levels are reviewed using a fair and consistent process. An annual review of the performance ratings by gender is also carried out to make sure there are no anomalies between male and female employee performance ratings.

SSE welcomes further comments and questions from the BEIS Committee on its gender pay gap reporting or any of the initiatives it is undertaking to close its gap and help create a more inclusive workplace and society.