

An open and transparent business

As the sole provider of an essential service, UK Power Networks is committed to transparency and welcomes scrutiny from all interested parties.

We encourage stakeholders, especially our customers, to examine every aspect of our operations. Our performance data on safety, reliability, customer satisfaction, financial health, and environmental impact are openly accessible. After publishing our Open Data strategy last year, in 2023/24 we have continued to be open with our data, to foster a competitive energy market and support decarbonisation efforts.

We want to make it as easy as possible for stakeholders to access and understand our performance metrics. This Annual Review exemplifies our commitment, alongside other reports such as our RIIO-ED2 Business Plan, our DSO Performance Panel Report and the Annual Vulnerability Report.

Incentivising our employees

At UK Power Networks, we incentivise our employees to perform in alignment with our business vision. Our Company Incentive Plan rewards achievements in safety, network reliability, customer service, and cost efficiency, ensuring that all employees work towards shared goals agreed upon with stakeholders. Since our inception in 2010, our mission has remained constant: to deliver what our customers need at the lowest possible cost. We have made substantial strides in improving safety, network reliability, and customer service, while maintaining our position as the lowest cost Distribution Network Operator (DNO) in Great Britain.

Financial incentives are linked to exceeding Ofgem's targets for reliability and customer service, and we are penalised for underperformance. Our performance data are validated by independent assessors before we submit them to Ofgem. This means we are both transparent and accountable. In the regulatory year 2023/24, we earned £18 million from these Ofgem incentive schemes.

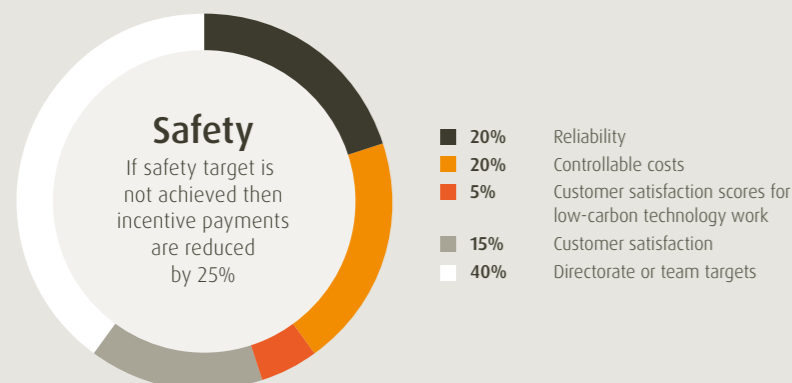


90% of UK Power Networks employees are covered by Trade Union Collective Agreements

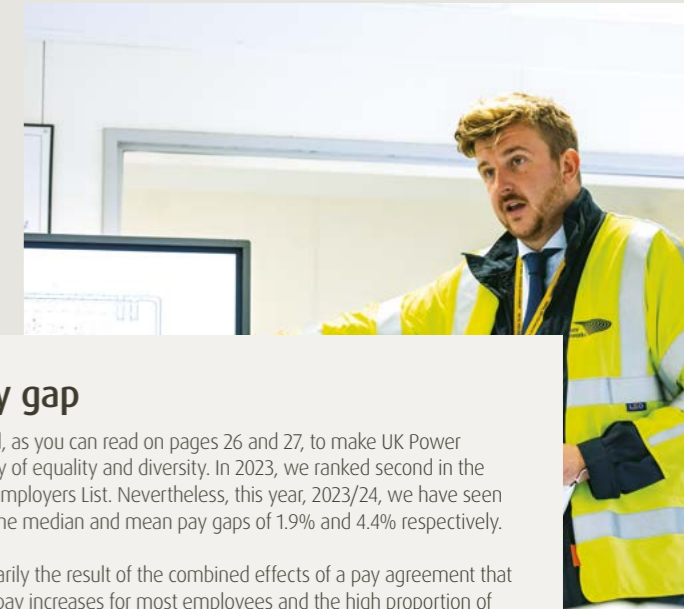
£18m In 2023/24, the first year of RIIO-ED2, we earned £18 million from Ofgem incentive schemes

Main Company Incentive Plan for all employees

Linking performance with delivery for customers

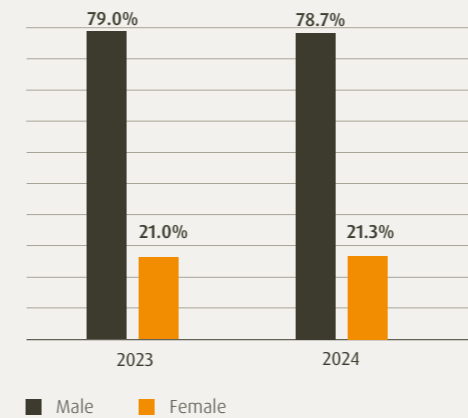


Gender equality is a subject of particular importance in an engineering-based company such as ours. The inherent justice of gender equality is fully aligned with our vision and values, and we are committed to building a more balanced workforce, which is a better workforce.



Gender mix

Gender diversity remains a challenge in our industry, which historically has been male dominated. We are actively working to address this imbalance through educational initiatives that challenge stereotypes and encourage greater participation of women and girls in STEM subjects.

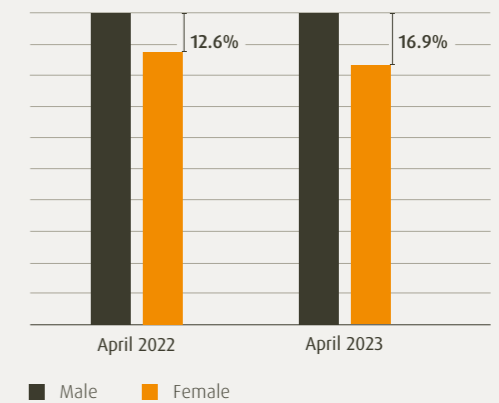


Gender pay gap

We are working hard, as you can read on pages 26 and 27, to make UK Power Networks a company of equality and diversity. In 2023, we ranked second in the Inclusive Top 50 UK Employers List. Nevertheless, this year, 2023/24, we have seen an increase in both the median and mean pay gaps of 1.9% and 4.4% respectively.

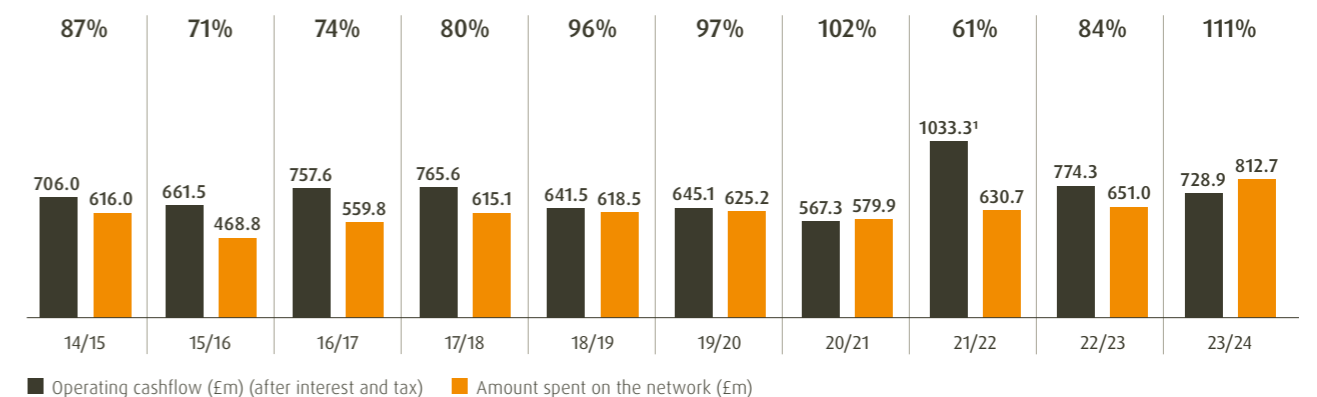
These rises are primarily the result of the combined effects of a pay agreement that provided significant pay increases for most employees and the high proportion of male employees in the higher-paid categories.

We continue to work to close this gap, through a far-reaching Diversity and Inclusion programme. We have a Women in Leadership mentoring programme and, in 2023, we launched the Female Engineers Development Group.



Investment in the network

Long-term investment in new and existing assets is not taken into account in annual profit margins. In our view, it is a more helpful measure to compare how a business is investing the cash it generates. Over the past 10 years, we have reinvested an average of 85% of our operational cash flow into our assets, benefiting the 19 million people connected to our networks.



¹ The operating cashflow after interest and tax in 2021/22 is high due to an exceptional amount of £174m settled on intercompany loans during 2021/22.