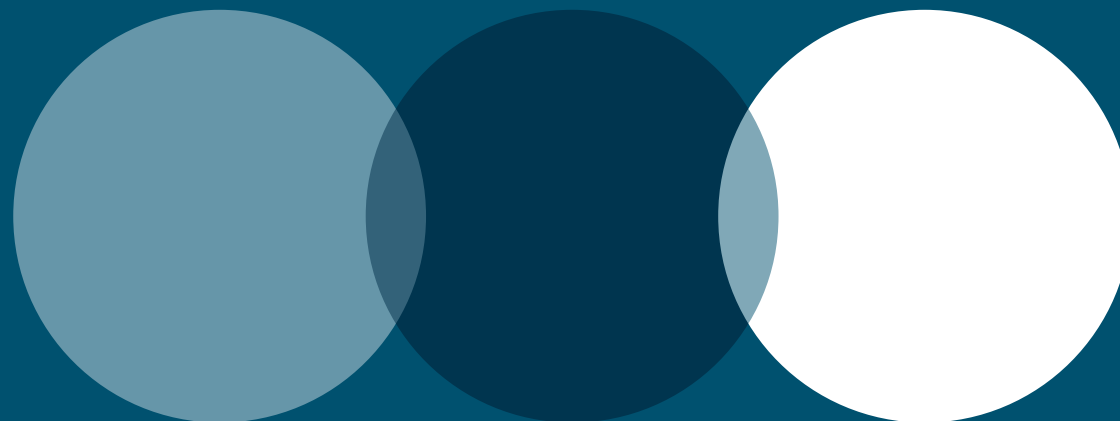


Ethnicity pay gap report 2019



This report is prepared on behalf of Network Rail Infrastructure Limited, a member of the Network Rail Group of companies owned by Network Rail Limited.

Network Rail's ethnicity pay gap has been calculated in accordance with Government regulations for calculating gender pay gaps.

The report is based on snapshot data as of 31 March 2019.



Andrew Haines

Chief Executive

I am confident that we will create a more diverse and inclusive railway that reflects the communities that we serve. But we can only do that if we recognise where we are falling short and do something about it. One area that we want to improve is on the under-representation of people from black, Asian and minority ethnic (BAME) backgrounds in our business. That's why we are voluntarily publishing our first ethnicity pay gap report.

The contribution our colleagues from black, Asian and ethnic minority backgrounds make is fundamental to us delivering a safe and reliable railway for our passengers and freight users. Currently, 8.6 per cent of our employees are from BAME backgrounds. And by the end of Control Period 6 in 2024, our ambition is to increase this percentage to 13 per cent. We are likely to review this target after next year's census.

Our ethnicity pay gap is 8.7 per cent, greater than the UK's 3.8 per cent. This is largely because we have less black, Asian and minority ethnic employees in senior roles. I want to see better representation in leadership positions at Network Rail and we will do this by nurturing the great talent we already have, as well as focussing on attracting a greater diversity of candidates to work with us. We have already begun to do this through our Race Matters project. Using data about recruitment and progression this project will capture the experiences of our black, Asian and minority ethnic colleagues, compare them with white colleagues and review systems and practices which prevent us from benefitting from diversity, or being more inclusive.

I am under no illusion about the challenges we have ahead of us to build a truly diverse workforce but acknowledging where we must develop is the first step. We know that diverse teams perform better and have greater innovation because of the variety of ideas and experiences that people from different backgrounds bring; and this is why having a more diverse workforce with inclusive leadership is so important to improving the way we deliver for passengers and freight users.

By creating a culture that promotes diversity, inclusion and mutual respect alongside our clear targets set out in our diversity and inclusion strategy, Everyone Matters, I am confident we will be able to reflect society and, in turn, be the railway this country deserves.

“I want to see better representation in leadership positions”



Pauline Holroyd

Group HR Director

Reporting on our ethnicity pay gap presents different challenges to reporting on our gender pay gap. This work represents a further layer of complexity. 84 per cent of our people have shared their ethnicity. Whilst this is a large sample of our population, we have 100 per cent return on data about gender. We know that in some geographical areas we have very few, if any, people from a black, Asian or minority ethnic background, but we need the data to support this to form the basis of our action planning. That is why we are running campaigns to encourage people across our business to share their personal diversity data.

We want to understand the system and process issues that we need to address, and the extent to which there are cultural or behavioural approaches that we need to tackle more effectively. Having an ethnicity pay gap report is a useful tool that will help us to focus on the recruitment, performance management and progression of people from black, Asian and minority ethnic backgrounds. It provides an opportunity to be creative about the solutions and build our confidence that we are addressing the issues and practices that can create inequality in our business, and that is a good thing.

As with any inconsistencies, the root causes are important, and we are resolute in our commitment to make improvements because everyone matters.

“Having an ethnicity pay gap report is a useful tool that will help us to focus on the recruitment, performance management and progression of people from black, Asian and minority ethnic backgrounds”

Ethnicity pay gap

Network Rail is widening the spotlight on diversity this year by voluntarily reporting our ethnicity pay gap. This will stimulate further thought, discussion and action, in and outside of the business on increasing the diversity of our organisation further.

Unlike the gender pay gap, large organisations are not yet legally required to publish their ethnicity pay gap. However, we have taken the important step to be transparent about our ethnicity pay gap through this report.

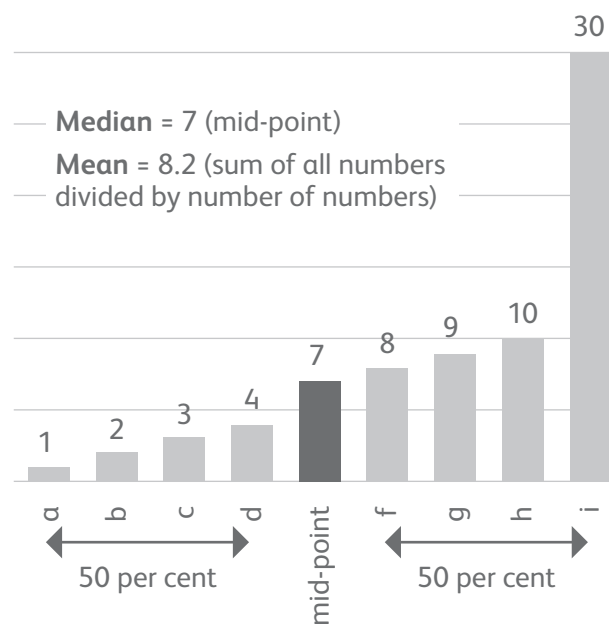
The ethnicity pay gap is the percentage difference in the average hourly rate of pay of white and black, Asian and minority ethnic employees. We calculate our ethnicity pay gap using the same methodology set out in the Government regulations for calculating our gender pay gap.

Median and Mean

We look at both the mean and the median measures. The mean difference is the difference in average hourly pay; adding all pay rates together and dividing by the total number of people.

The median difference is the difference in hourly pay between the middle paid (the person at the mid-point if you were to line all employees up) white employee and the middle paid black, Asian and minority ethnic (BAME) employee.

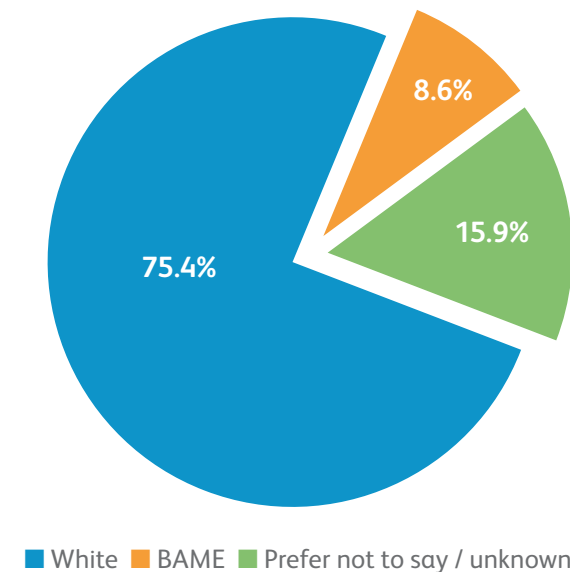
The median is the most representative measure of an 'average' employee as it negates high and low outliers in a data set that would normally skew the mean.



Our people

At the time of reporting (31 March 2019) 84 per cent of our workforce disclosed their ethnicity. Whilst this is a significant proportion of our employees, we recognise that this limits the accuracy of our reporting. 15.9 per cent of our workforce have actively chosen not to share or, we do not have data about them.

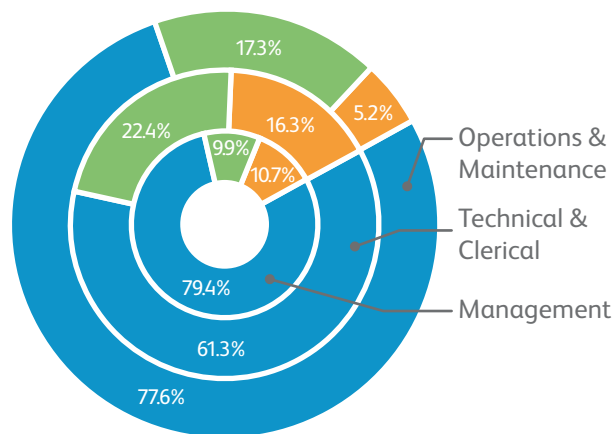
In February 2020, our Diversity and Inclusion team launched a campaign asking colleagues to voluntarily share their diversity data so that we can gain a more accurate picture of our organisation's demographics and better understand where there are areas of under-representation. The benefits of this should be seen in next year's report.



Ethnicity pay gap (continued)

8.6 per cent of our employees told us they are from a BAME background. This is less than the UK BAME population of 13 per cent¹.

It is clear that we need to do more to increase the diversity of our workforce. However, this is complex with many factors at play such as: gender, regional demographics, the type of roles within our organisation, the cultural differences within black, Asian and Ethnic minority groups and the barriers they each face.



■ White ■ BAME ■ Prefer not to say / unknown

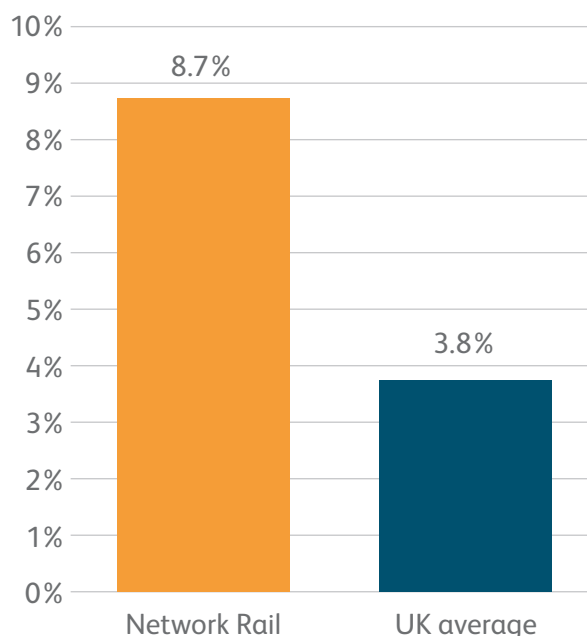
- BAME employees are well represented in our technical and clerical roles with 16.3 per cent being BAME.
- BAME employees are under-represented in management roles and further still in our frontline operational and maintenance roles.

¹ 2011 Census

- There is a better rate of sharing in our management roles but there is more work to be done to improve the information we hold for our technical and clerical and operations and maintenance roles in particular.

Our results

“Our median ethnicity pay gap is 8.7 per cent, this is greater than the UK average of 3.8 per cent².”



² 2018 Office of National Statistics

Ethnicity pay gap	
Mean (average)	Median (middle)
8.6%	8.7%

The biggest contributing factor to our pay gap is underrepresentation of BAME employees in senior roles. We must work to reduce the pay gap and to do this we must first understand the differences between the black, Asian and minority ethnic groups and how they impact the pay gap.

Median pay gap by group	
Black	10.7%
Asian	3.5%
Mixed or other	10.9%
Prefer not to say/unknown	13.4%

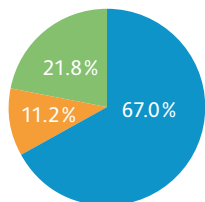
There is a larger pay gap between employees from a black and mixed/other background compared to employees from an Asian background. This reinforces the need to examine the cultural differences between ethnic minority groups and not treating all as one group.

Understanding the makeup of the employees that we have no data for is equally as important. The pay gap difference between these employees is even greater at 13.4 per cent. This indicates that improving our rate of sharing could significantly impact our ethnicity pay gap in the coming years.

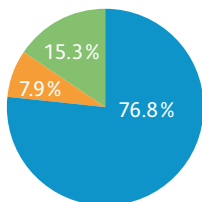
Ethnicity pay gap (continued)

Proportion of white and BAME employees in each quartile

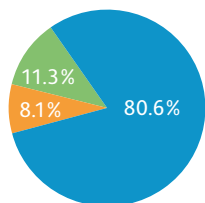
Lower quartile
up to £17.30 per hour



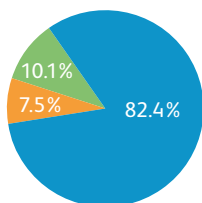
Lower middle quartile
from £17.31 to £21.67 per hour



Middle upper quartile
from £21.68 to £26.65 per hour



Upper quartile
from £26.66 per hour



■ White ■ BAME ■ Prefer not to say / unknown

The proportion of black, Asian and minority ethnic employees at Network Rail is lowest in the top 25 per cent of the population (upper quartile) and highest in the bottom 25 per cent of the population (lower quartile). This is the reason why a pay gap exists between BAME and white employees. The proportion of white employees increases further up the quartiles. However, this may be skewed by the proportion of employees who preferred not to share their ethnicity or where we have no data which appears to be inversely proportional.

Ethnicity bonus gap	
Mean (average)	Median (middle)
22.9%	2.5%

As part of this report, we reviewed the mean and median differences between employee bonuses. There is a large difference in the mean compared to the median bonus gap between BAME and white employees.

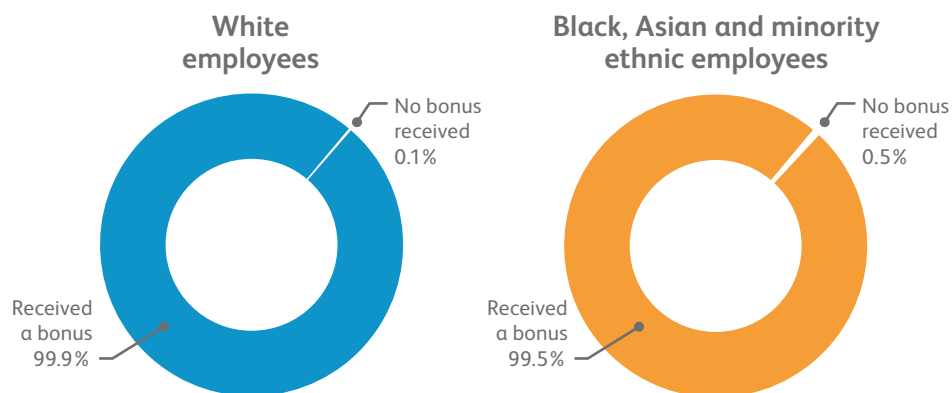
Employees in management roles can participate in the annual performance-related pay (APRP) scheme offering bonus payments that are linked to individual performance, salary and business area performance.

These roles are predominantly filled by white employees which results in a higher mean compared to BAME employees.

Non-management roles can participate in the general performance-related pay (GPRP) bonus scheme. This is a fixed payment scheme that is linked only to business area performance.

Our total employee population is made of one quarter management roles and three quarters non-management roles. Therefore, the median difference is similar as the 'middle paid' employees for both white and BAME groups both take part in general performance-related pay (GPRP) scheme.

Proportion of white and BAME employees who received a bonus



Due to the low volume of BAME employees, the proportion of employees not receiving a bonus is more sensitive to large fluctuations.

What are we doing about it?

Race Matters

Our aspiration is to be an industry leader for diversity and inclusion and to be a company everyone is proud to work for.

We have made great strides in improving our gender diversity through our 20by20 project³. Learning from this work we are launching our race matters project which aims to increase representation of black, Asian and minority people in Network Rail and in leadership positions which will help to reduce the ethnicity pay gap in future years. However, we know that the pay gap will fluctuate as we look to increase the diversity of our organisation.

A target to achieve 13 per cent of our workforce to be from a black, Asian and minority ethnic (BAME) background has been set. The target is based on the 2011 census which highlighted this as the figure for the UK's BAME population⁴.

We aim to achieve at least 13 per cent by the end of Control Period 6 (31 March 2024)

We aim to achieve at least 13 per cent by the end of Control Period 6 (31 March 2024). This was agreed in April 2018 when 8.0 per cent of Network Rail employees were from a BAME background. As of April 2019, this figure was 8.6 per cent. This target will be evaluated after the 2021 census.

We will complete a deep-dive of our data alongside facilitating listening groups to better understand any barriers to inclusion, attraction, retention and progression specifically for BAME colleagues in our organisation. This will form the baseline for the race matters project.

The race matters steering group has been formed to provide guidance and expertise to the business on how to create a more diverse and inclusive environment for employees from BAME backgrounds. The steering group will hold Network Rail to account for project deliverables.

Although we are at the start of our race matters journey, there have already been some great examples of how we are tackling these issues, a list we aim to expand as our project gets underway.



“I’ve been honoured to be listed in the black, Asian and minority ethnic (BAME) 100 Business Leaders index for the last two years and want everyone to have access to the support and encouragement that I’ve had in my time here.

As one of the most senior employees from an Asian background in Network Rail, I’m pleased that we are producing an ethnicity pay gap report. It is an important milestone demonstrating our commitment to creating a more open, inclusive and diverse organisation.”

Anit Chandarana

Chief of Staff

³ <https://cdn.networkrail.co.uk/wp-content/uploads/2020/01/Gender-Pay-Gap-Report-2019.pdf>

⁴ <https://www.ethnicity-facts-figures.service.gov.uk/>

Closing the gap



Cultural Fusion

Cultural Fusion is our BAME employee network. Its vision is to have an organisation that fully embraces diversity and equality, in which everyone feels valued and can develop and excel, without limitations.

Launched in 2015, the network's presence has expanded in Network Rail with growing interest in different regions.

In 2018 the network was included in the Top 8 Employee Network groups in the UK at the Investing in Ethnicity Awards. The network was also recognised in 2018 for its work on improving career opportunities for young members of the black community by the Reach Society. The network has run some fantastic events across the country on topics such as health and wellbeing, talking about race, Black History Month, celebrating Chinese New Year and not to mention networking and development session for members.



Development Day

In 2019, Cultural Fusion ran its first development day. Colleagues and members were invited to attend the full day conference focusing on career and personal development through a variety of workshops led by diversity and inclusion experts from across the industry. Topics included impactful leadership, effective presentation skills and personal brand as well as presentations from Senior Leaders within Network Rail.

The event was a great success and a key activity to help nurture and develop our own which will reduce our ethnicity pay gap in future years.



Let's talk about race

One of the key findings from Business in the Community's (BiTC) Race at Work survey of 24,457 people in 2015, was that employees from all ethnicities in the workplace said that their employers were not comfortable talking about race⁵.

BiTC have delivered workshops with our colleagues to help them navigate conversations about race. These have taken place at diversity and inclusion conference in York and in smaller groups in the south east route. We will continue to work with Business in the Community to integrate these crucial sessions into future work, including our annual Diversity and Inclusion and Trades Unions Equality Representatives conference.

⁵ https://www.bitc.org.uk/wp-content/uploads/2019/10/Lets-Talk-About-Race_03012018.pdf

Closing the gap (continued)



Cross Organisational Mentoring

Network Rail's Cultural Fusion also worked with Business in the Community (BITC) to give colleagues the opportunity to take part in this year's Cross Mentoring Programme.

Mentoring circles will be led by mentees from different organisations across the BITC Race Champion Partner organisations. They will meet every month to network, share experiences and provide encouragement to aid self-development and progression within their own organisations. The programme is designed to be run for six months and this year is the seventh cohort of this successful programme.



Early Engagement

Our colleagues in Scotland held engagement events for schools and members of the community, including a Mosque and a Syrian workshop. These were designed to address inequalities and improve access to Network Rail. As a result, one apprentice trainee, one graduate trainee and one graduate on the summer placement scheme were appointed.

A group of our colleagues represented Network Rail Scotland at Central Gurdwara Singh Sabha, the hub of the Scottish Sikh community. This provided an opportunity to engage, share information about Network Rail, and highlight what it's like to work for us. Through this event our colleagues learnt about the Sikh community and the Gurdwara.



Mentoring with the Department for Work and Pensions (DWP)

Through the Luton job centre we were involved with the Department for Work and Pensions Mentoring project. This formed part of the government's response to Baroness McGregor-Smith's report on barriers impacting BAME employees in the workplace⁶.

In addition to supporting the mentoring, we ran a 'Day in the life of an engineer' day in Bedfordshire, to help promote Network Rail and our apprenticeship scheme and to address this disparity within our industry. It was a great opportunity to raise the profile of the Bedford depot and for delegates to see Network Rail as an employer of choice.

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594336/race-in-workplace-mcgregor-smith-review.pdf

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