

Ethnicity pay gap report

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 2021.

2021

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.



Andrew Haines

Chief executive



Pauline Holroyd

Group HR director

This is the third year that we are voluntarily publishing our ethnicity pay gap report.

It is a snapshot of our pay data from April 2020 to March 2021, and we have mirrored the gender pay gap regulations in calculating our ethnicity pay gap information.

We recognise how important it is that we are open and transparent about the ethnic diversity of our people. This report is an essential tool to help us do this, whilst also showcasing some of the measures we have taken, and continue to take, to create a more diverse workforce, at all levels across our organisation.

Our ethnicity pay gap increased by 1.7 per cent to 6.7 per cent in 2021 and it remains above the latest national ethnicity pay gap average of 2.3 per cent. This gap tells us that there is still an underrepresentation of black, Asian and minority ethnic employees in higher paid roles.

Attracting, retaining and developing our talent from these backgrounds remains a priority. We know that it will take time for this to have a positive impact on ethnicity our pay gap and that it will fluctuate.

We are pleased to see greater representation of black, Asian and minority ethnic colleagues across Network Rail. However, we accept there is more work to do, not only to increase the diversity of our workforce, but also increase the quality of information we hold for our employees.

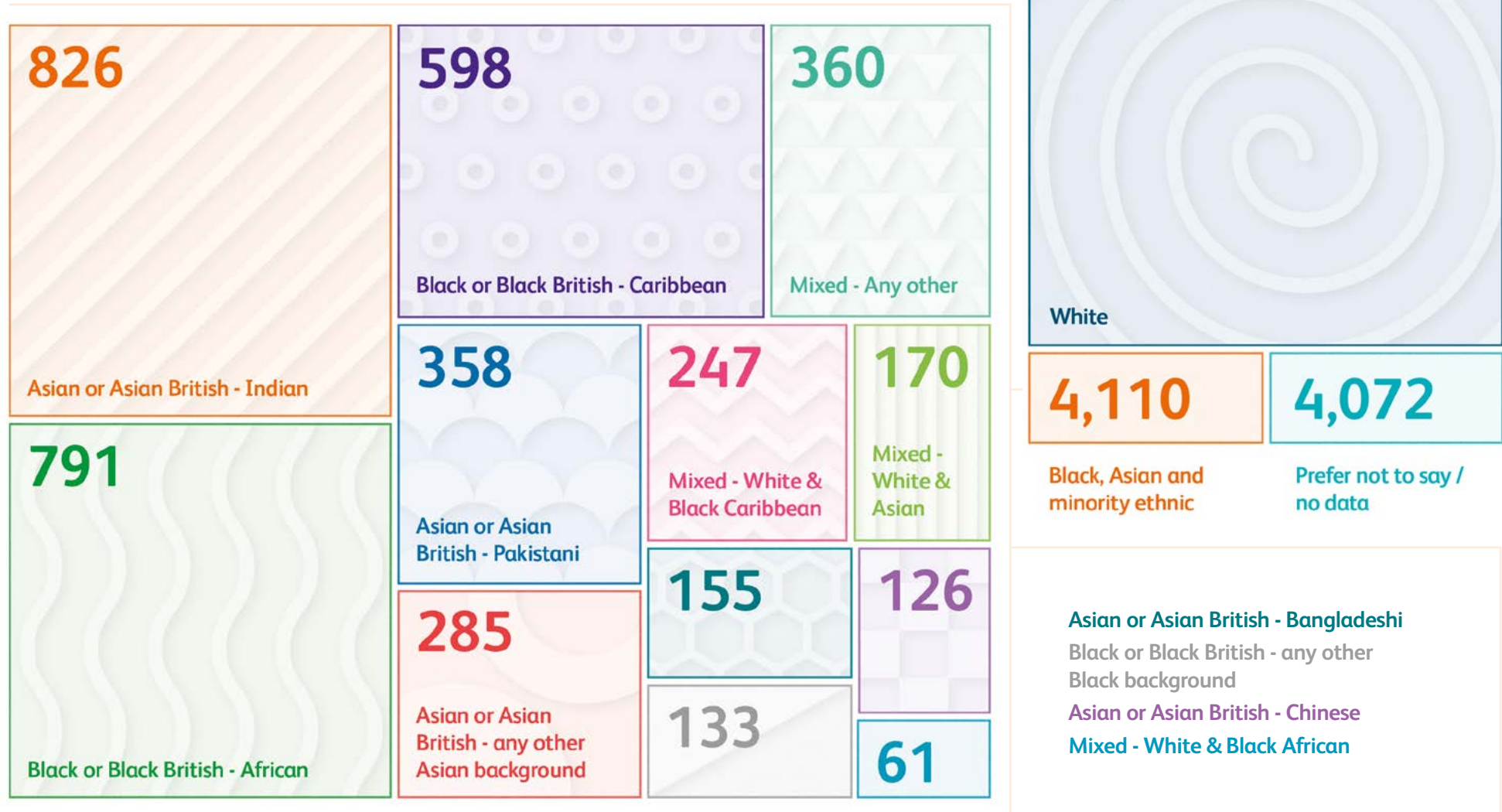
Nearly one in ten employees has not shared ethnicity information, limiting our ability to see the wider picture. Encouraging our people to privately share their diversity data and addressing any barriers to do so, will be a key focus for us.

We are committed to creating and nurturing an inclusive and diverse workforce where anyone can be supported to achieve their potential. The railway is a lifeblood of the UK economy and by achieving a greater workforce diversity we can seize upon great talent to help deliver for our passengers nationwide.



Who we are

Relative representation of black, Asian and minority ethnic employees by ethnicity



All Network Rail

Our people

○ White
 ○ Black, Asian and minority ethnic
 ○ Prefer not to say/unknown

We have continued to increase the diversity of the organisation throughout 2021. At the time of reporting, 31 March 2021, black, Asian and minority ethnic employees made up 9.4 per cent of our organisation. This is a 0.3 per cent increase from last year. However, it remains less than the UK black, Asian and minority ethnic population of 13 per cent*. We also still don't have ethnicity data for almost one in ten employees. Nevertheless, for pay gap purposes the data available is still a good representation of the organisation.



○ 81.3% White
○ 9.4% Black, Asian and minority ethnic
○ 9.3% Prefer not to say/unknown

Operations & maintenance

85.4% 5.9% 8.7%



Technical & clerical

65.8% 16.0% 18.2%



Management

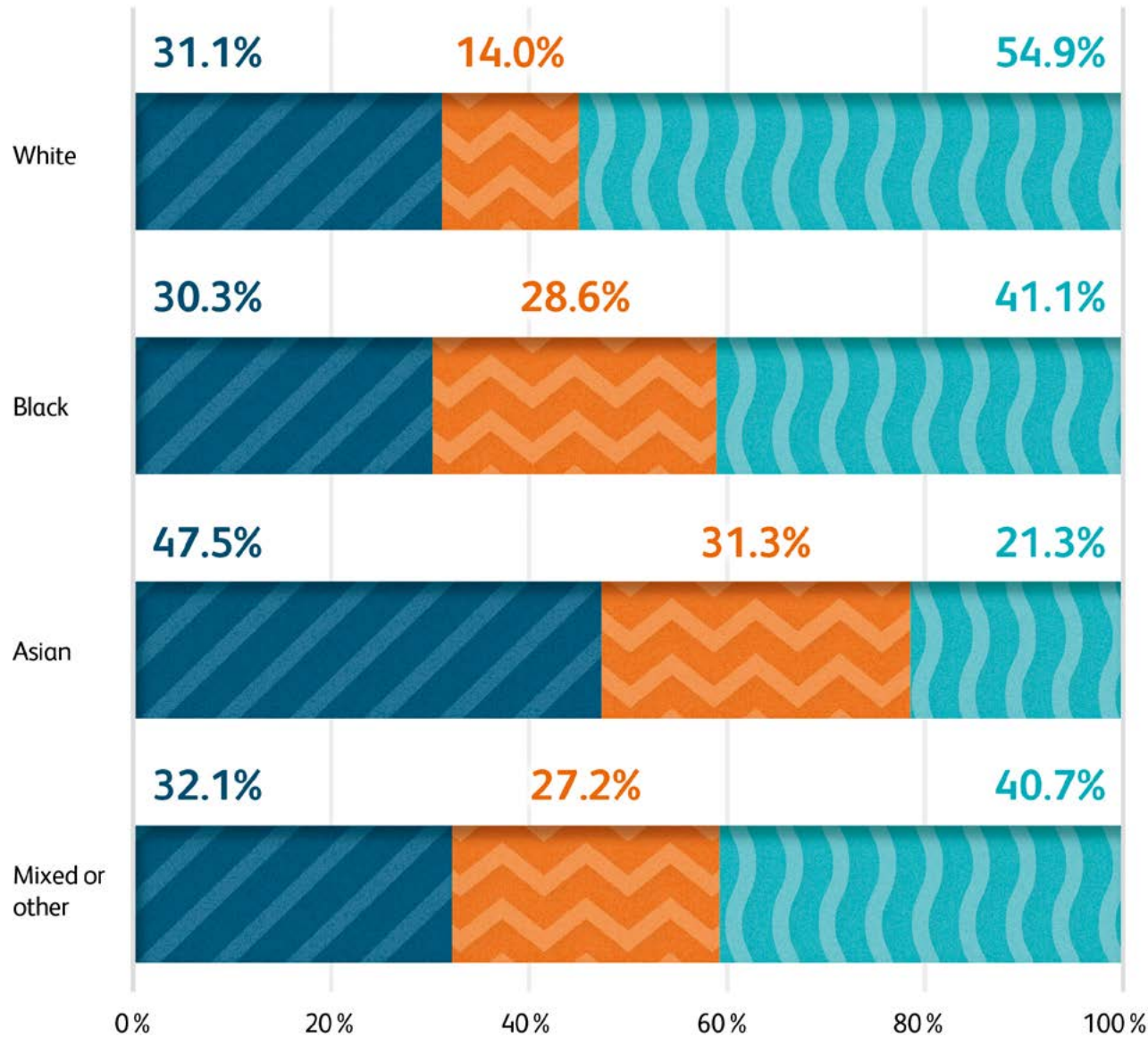
83.1% 11.7% 5.2%



- Black, Asian and minority ethnic employees are most represented in our technical and clerical roles at 16 per cent, no change from the previous year.
- Encouragingly, there were slight increases in black, Asian and minority ethnic representation in our management and operations and maintenance roles, up 0.4 per cent and 0.3 per cent on last year respectively.
- The highest proportion of employees we have no ethnicity data for are from technical and clerical roles – an increase of 1.6 per cent on the previous year. This was in part due to ethnicity data captured at the application stage for apprentices and graduates not transferring to main systems once they joined. Measures are in place to rectify this moving forward.

Work is ongoing to increase sharing of personal diversity information in general and is discussed later in this report.

Ethnic groups by job type



-  Management
-  Technical & clerical
-  Operations & maintenance

When looking at the types of roles our black, Asian and minority ethnic colleagues tend to work in, the greatest contrast is between our Asian and white colleagues:

- almost half of Asian employees are in management roles compared to around a third of white, black and other minority ethnic groups
- only 21 per cent of Asian employees work in operations or maintenance compared to 55 per cent of white employees
- black, Asian and mixed race or other minority ethnic group are well represented in technical and clerical roles.

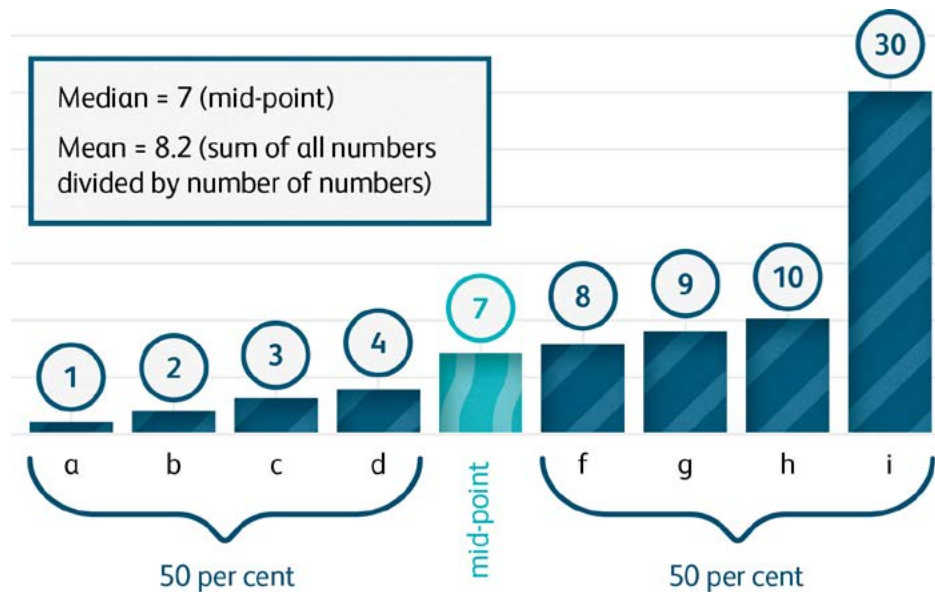
Ethnicity pay gap

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.

It should be noted that since the last report, no employees were furloughed during the pandemic and no annual pay increases were applied.

Difference between mean and median

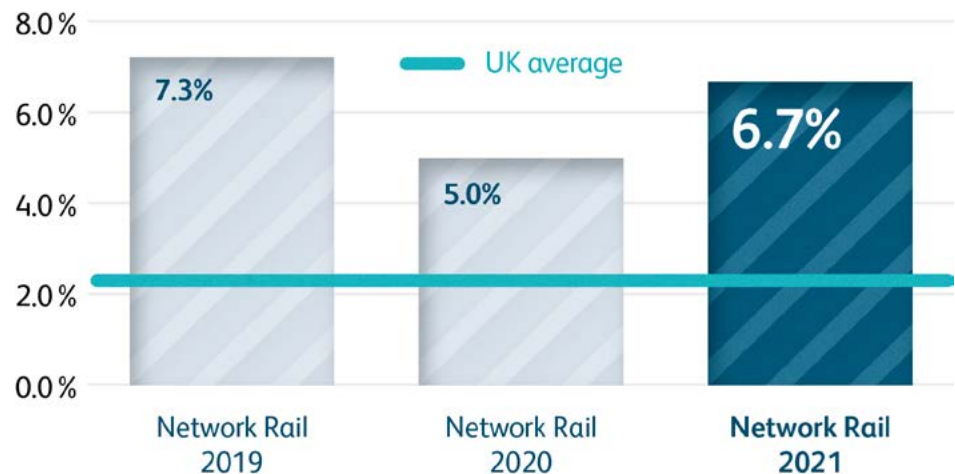
We look at both the mean (average) and the median (middle) for pay gap reporting. The mean pay gap is the difference in average hourly pay (adding all pay rates together and dividing by the total number of people). The median pay gap is the difference in hourly pay between the middle paid (the person at the mid-point if you were to line all employees up from low to high pay) white employee and middle paid black, Asian or minority ethnic employee.



The median is the most representative measure as it stops a small amount of very high or low salaries skewing the results.

Our results

Our median ethnicity pay gap increased this year by 1.7 per cent to 6.7 per cent. This is still greater than the latest UK average of 2.3 per cent*.



*2019 Office of National Statistics latest figures

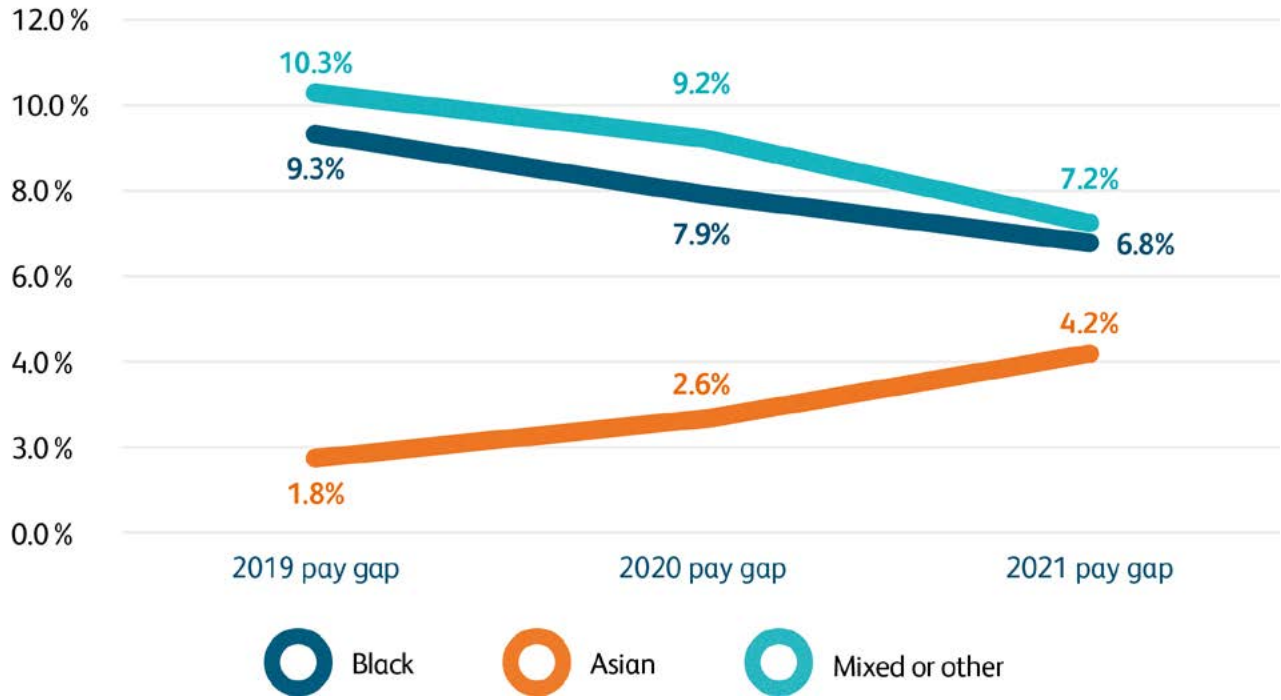
Ethnicity pay gap	
Mean (average) 7.3%	Median (middle) 6.7%

In 2021, our median pay gap is 6.7 per cent, an increase from 5 per cent last year. The mean pay gap decreased slightly by 0.2 per cent to 7.3 per cent. As our black, Asian and minority ethnic colleagues make less than a tenth of our population, the pay gaps will be sensitive to large fluctuations due to the relatively smaller sample size. Through our work on our gender pay gap, we know that the pay gap may go up as well as down as we look to increase black, Asian and minority ethnic representation across all levels of the organisation.

Though our overall pay gap refers to black, Asian and minority ethnic employees collectively, we know that there are greater differences for some groups. For example, when looking at specific ethnic groups:

- Chinese colleagues have a negative pay gap, meaning on average they earn more than the average white employee
- Indian colleagues are almost equal with our white colleagues
- Bangladeshi and Pakistani employees appear to have a significant pay gap.

Median pay gap by ethnic group

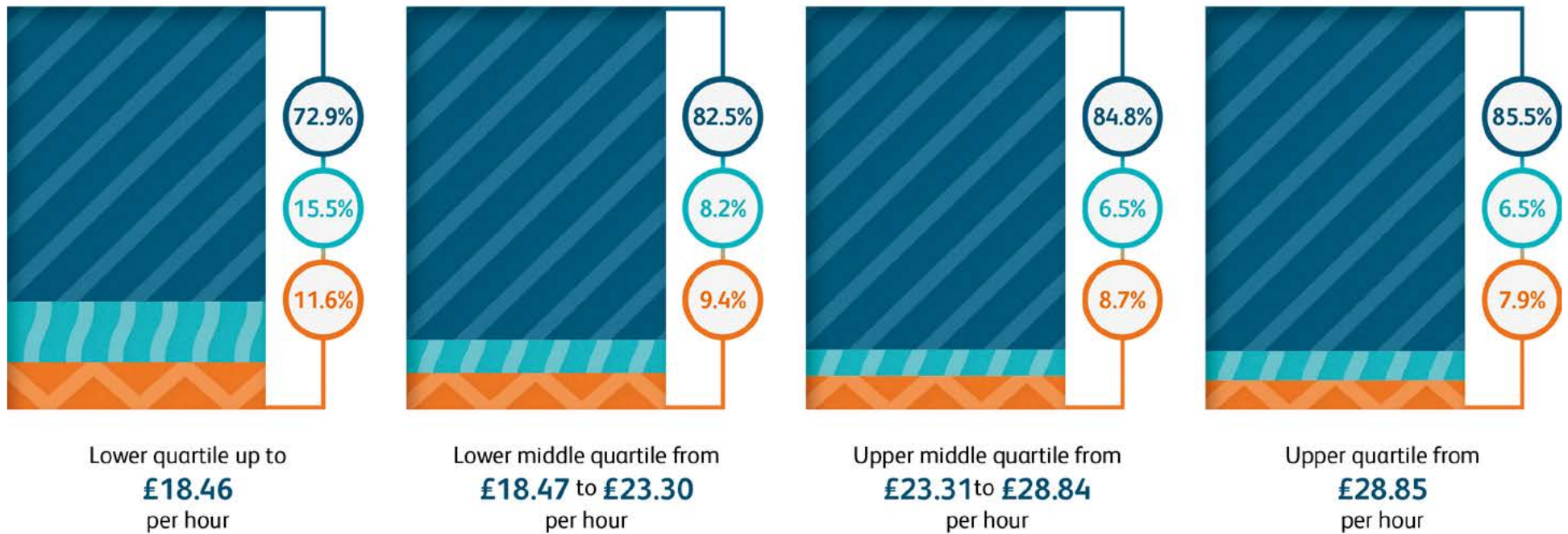


Over the past three years, we have seen a constant decrease in the pay gap between our black employees and employees categorised as mixed or other which is encouraging. However, the pay gap between our white and Asian employees has steadily increased. Our Asian population make up the largest proportion of our employees from an ethnic minority, therefore the increase in pay gap for Asian employees has also contributed to the overall increase of our ethnicity pay gap overall.

We must also be mindful that the number of people sharing their data influences the figures. 9.3 per cent of our workforce have chosen not to share their ethnicity or we do not yet hold it. For this group alone, there is a 14.9 per cent pay gap compared to our white colleagues. By increasing the quality of our data and depending on what ethnic group these employees belong to, will have an impact on our ethnicity pay gap overall.

Proportion of white and black, Asian and minority ethnic employees in each pay quartile

○ White
 ○ Black, Asian and minority ethnic
 ○ Prefer not to say/unknown



There have been slight changes in the proportion of black, Asian and minority ethnic employees in the pay quartiles this year. Overall, this group is less represented as we progress up through the quartiles which is the opposite trend for white employees, this is why an ethnicity pay gap exists.

In 2021 the proportion of black, Asian and minority ethnic employees in the lower and upper middle quartile remains the same. There was a slight increase of 0.1 per cent of black, Asian and minority ethnic employees in the upper quartile. However, there was a 1 per cent increase in the proportion of black, Asian and minority ethnic employees in the lower middle quartile, resulting in a rise in the ethnicity pay gap.

There was a significant decrease in the proportion of white employees in the lower quartile which can be partly attributed to lack of ethnicity data for our lower paid apprentices and graduate cohorts in 2020. Given the majority of these employees have historically been white, excluding them from the white population will also contribute to a higher average rate of pay for the average white employee and therefore increase the ethnicity pay gap.

Ethnicity bonus gap

As part of the gender pay gap reporting regulations, we report on our bonus gap, so we are doing the same for our ethnicity pay gap report.

There are two bonus schemes at Network Rail:

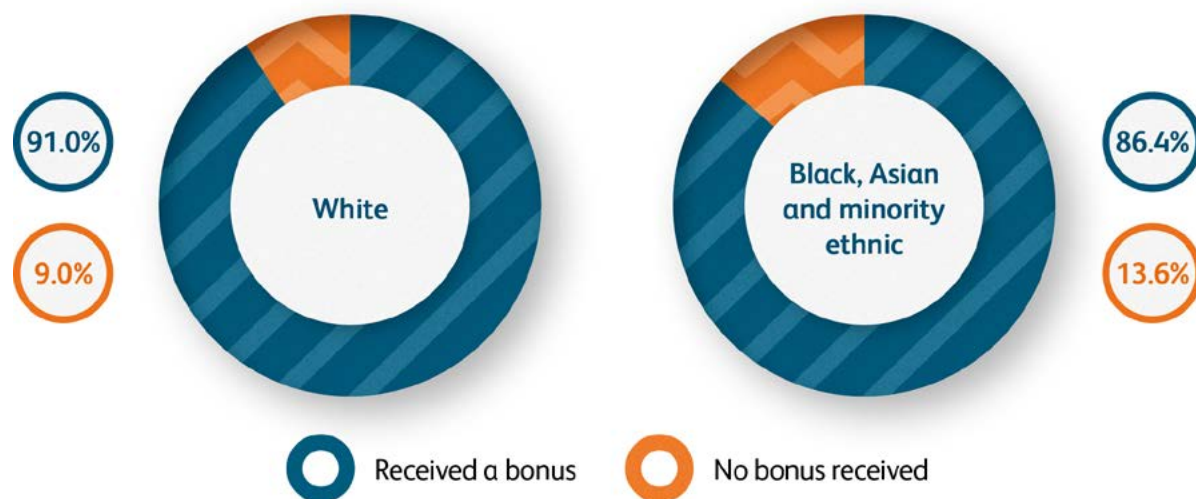
- the annual performance related pay (APRP) scheme for employees in management positions is a 'percentage of salary' scheme and has higher pay-outs
- the general performance related pay (GPRP) scheme for all other employees such as technical, clerical, operations and maintenance staff is a 'fixed amount' scheme.

Ethnicity bonus gap	
Mean (average)	Median (middle)
3.7%	5.0%

The 2019/20 scheme year was paid to employees in the third quarter of 2020 and captured in our pay gap reporting. Due to the impact of COVID-19 on the rail industry and financial economy, we decided it would not be appropriate to pay the APRP scheme in full to employees. Therefore, no bonus payments were made to senior employees and middle management

grades had their maximum bonus opportunity aligned to the GPRP scheme. Due to the design of the APRP scheme, which is linked to individual performance, an employee would have to achieve the highest 'outstanding' personal performance rating to receive the maximum payment. This means many employees who receive a 'good' rating would have their bonus paid at a lower level and would receive less than an employee in the GPRP scheme which is not linked to individual performance.

Proportion of white and black, Asian and minority ethnic employees who received a bonus



Our average median bonus gap is 5 per cent and mean bonus gap is 3.7 per cent in favour of white employees. 38 per cent of our black, Asian and minority ethnic employees sit in management grades compared to 31 per cent of white employees. This means a higher proportion of our black, Asian and minority ethnic workforce would have received slightly lower bonus payments due to the adjustments in the scheme pay outs compared to white employees. This will have contributed to the bonus gap in 2020. However, both APRP and GPRP schemes were also linked to regional and performance which can cause variations in payments to individuals in the same scheme.

Intersectionality

Intersectionality means looking at how various social identities (protected characteristics) are interconnected. Looking at the intersectionality between race and gender, we can see that there are differences in the median rates of pay between white male and female employees and employees from a black, Asian and minority ethnic background.

	Median hourly rate of pay	Pay gap versus 'white - male'
White - male	£24.33	-
White - female	£21.14	13.1 %
Black, Asian and minority ethnic - male	£22.63	7.0 %
Black, Asian and minority ethnic - female	£20.61	15.3 %

White males compared to all females

The overall increase in the gender pay gap is also reflected in the increased pay gap between white males and white and black, Asian and minority ethnic females. The pay gap is greatest for female employees from a black, Asian and minority ethnic background at 15.3 per cent, up 2.2 per cent on last year. This is greater than the pay gap for white female employees of 13.1 per cent which has increased by 0.5 per cent. The pay gap between white male and black male employees also increased slightly and is up 0.4 per cent to 7 per cent. This continues to show the relationship between race and gender could disadvantage females more if they are from a black, Asian and minority ethnic background. However, gender still appears to be the biggest contributing factor.

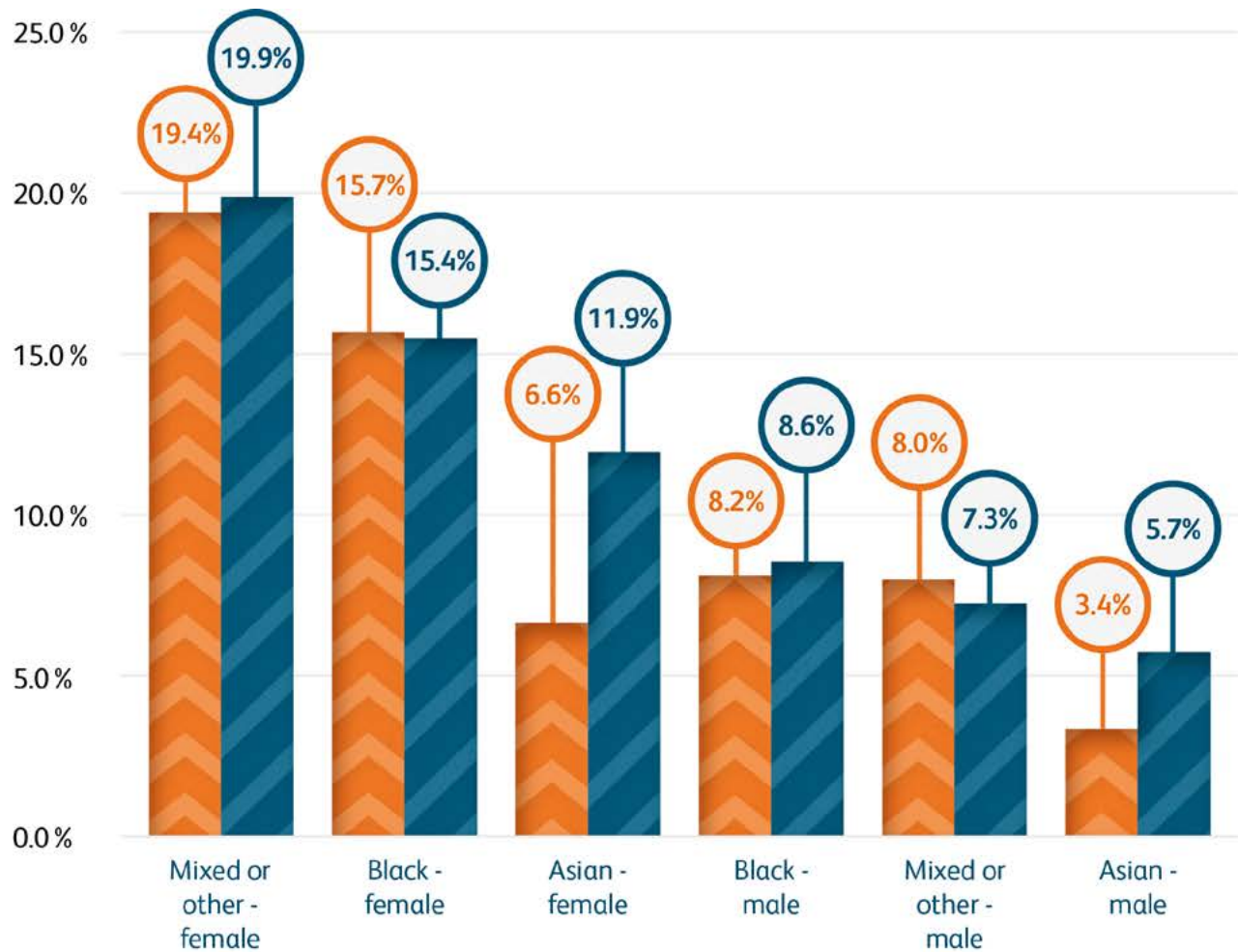
Pay gap within black, Asian and minority ethnic employees

Dividing our male and female black, Asian and minority ethnic employees further, we can see more differences in the pay gap compared to white male employees.

	Median hourly rate of pay		Pay gap versus 'white - male'	
	Male	Female	Male	Female
Mixed or other	£22.56	£19.49	7.3 %	19.9 %
Black	£22.23	£20.57	8.6 %	15.4 %
Asian	£22.95	£21.44	5.7 %	11.9 %

Employees categorised as 'mixed or other' continue to have the greatest pay gap compared to white males. However, the population of employees in this group is very small and therefore sensitive to large fluctuations. Overall, all female categories have a greater pay gap compared their male equivalent groups.

Pay gap by ethnicity and gender versus white male



Compared to the previous year, the biggest increases in the pay gap were for Asian women and Asian men, 5.3 per cent and 2.3 per cent increases respectively. The increase in the pay gap for Asian employees is down to higher than normal pay due to bank holiday shift premiums in this year's reporting period which were paid to approximately 5,000 maintenance employees. Asian employees are not as well represented as white or other ethnic groups in our maintenance workforce. Asian women even less so and therefore benefited less proportionally. With an increase in the average hourly rate of pay for white employees, and due to a lack of ethnicity data for lower paid 2020 apprenticeship and graduate cohorts, we see an increase in the pay gap between Asian and white employees.

There were also slight variances in other intersectionality groups, however in some cases these are small sample sizes therefore sensitive to fluctuations.

- 2020 median pay gap to 'white - male'
- 2021 median pay gap to 'white - male'



Race Matters update

Our Race Matters project aims to improve the representation of black, Asian and minority ethnic employees across the organisation, including leadership positions. Our aim is to be more reflective of the communities we serve and work in. Over the past year the project has been thrown into the spotlight following the Black Lives Matters protests and the tragic death of George Floyd.

In support for Black Lives Matter, the Quadrant:MK was lit purple on Monday 15 June, as buildings across Britain followed a similar trend to show solidarity following anti-racism protests around the world.

Though the pay gap has increased this year, we have made good progress against our project plans. We know that the pay gap will fluctuate as we look to increase the diversity of our organisation at all levels. If we increase black, Asian and minority ethnic employee representation just in lower paid roles, this will have a negative impact on the pay gap. This doesn't necessarily mean it is a bad news story, as this is one way in which we diversify our pipeline of future talent. To narrow the pay gap though, we need to see an improvement in the diversity of our senior leadership too.

The Race Matters steering group continue to hold the business to account for delivering against our objectives. Anit Chandarana, chief of staff and project sponsor said "I'm pleased we continue to transparently discuss the issue of ethnicity pay gap. Whilst the position is not what we'd want, and indeed has widened this year, we must face into issues such as this with courage and conviction.

This report provides undeniable evidence of the journey we have to go on whilst also providing granular data to show the issue is multi faceted. I recognise the issues that are aired in this report will take time to resolve. Be assured we take no pride in the result but we are determined to continue the journey to a more equitable position for all in Network Rail".

This year we have been responding to the findings of our Race Matters data report and our lived experience listening groups for black, Asian and minority ethnic employees. Here is a summary of some of our key deliverables from April 2020 – March 2021, which is the snapshot in time the pay gap looks at.

Listening to our people

Building on the findings of our Race Matters data report that we shared in last year's pay gap report, we ran confidential listening sessions across the organisation. The purpose of this was to understand the lived experience of our black, Asian and minority ethnic employees and identify what we could do to remove the barriers they were facing. Key findings included:

- calling our secondment process out as exclusive
- a lack of black, Asian and minority ethnic leaders visible to employees
- accepted racism in some places
- black, Asian and minority ethnic colleagues commenting on not being able to be themselves in the workplace.

These findings were shared with the business and integrated into the Race Matters plan.



Data sharing

Around 90 per cent of our people have shared their ethnicity with us. Since nearly 50 per cent of our new starters in 2019 didn't share their ethnicity with us, we have updated our equal opportunities section in the application process to better explain what we do with people's data. We also influence our contractors to gather this data about contingent labour working for us, so that we can understand the diversity of this population. Gathering employee data continues to be important because the more accurate our data is, the more targeted and meaningful our interventions can be. Our analysis has shown that the lack of ethnicity data in communities where they are heavily populated by white employees (for example apprentices and graduates who are lower paid) has an impact on our pay gap.



Race Equality Week

Following on from the success of the 'Let's Talk About Race' webinars we ran in the summer of 2020 (see last year's report), we supported the inaugural Race Equality Week in February 2021 by running events on privilege and microaggressions for our diversity and inclusion champions and leaders. We also supported external events during the week and will be marking Race Equality Week 2022.

Cultural Fusion, our employee network for black, Asian and minority ethnic employees and their allies, began running weekly virtual tea break sessions for their members, providing a safe space for colleagues to share their experiences and discuss different topics. Conversations have included South Asian Heritage Month to health and wellbeing. The tea break concept was identified as best practice by the Race Equality Matters network and a toolkit has now been developed to enable other organisations to roll the initiative out.

Leadership

We have encouraged our leadership to be more visible on the topic of race equality. Starting with our executive leadership team workshop to help them develop their personal strategic narrative about why race equality matters to them and their business areas. We have also developed a 'Race Matters: Leading with Confidence' programme for our most senior leaders to attend. Two of our chief executive's Yammer posts that had the most interaction this year were about race equality.

During national inclusion week in 2020 we introduced a reverse mentoring programme for our executive leadership team and board members. Many leaders have been reverse mentored on what it is like to be a black, Asian or minority ethnic employee at Network Rail and what they as leaders can do to be more supportive. Andrew Haines, said: "I have learnt some very hard truths during the reverse mentoring programme and I know the value this scheme can offer. This experience has given me a taste of the real barriers and challenges underrepresented colleagues in our organisation and society face. It has triggered me commit even further to ensuring our workforce becomes more inclusive." Moving forward the initiative will evolve into a reciprocal mentoring programme, where both parties receive mentoring support from each other.

Evolving our communications

In response to feedback from our employees and conversations in wider society, we are encouraging the organisation to stop using the term 'BAME', and instead say or write black, Asian and minority ethnic out in full each time it is used. Better still, we're encouraging people to ask others how they would like to be described.

We have created a bank of diverse images, to make sure our internal and external communications are reflective of our people and our customers.



Recruitment

We have removed the salary history question from our interview packs. This was a recommendation from our lived experience report, as it was a question that could negatively impact our pay gap. One of our functions is piloting anonymised sifting and we look forward to seeing the results. In addition, we have introduced our 'inclusive recruitment by design principles', which guide hiring managers to act inclusively throughout the recruitment process. This will be turned into a mandatory e-learning training.



Progression and retention

Another priority has been removing barriers to progression for black, Asian and minority ethnic employees. As well as participating in the Business in the Community's cross organisational mentoring circles, we have piloted a career development programme for black employees. It is designed for those working in middle management roles who aspire to progress to be senior leaders but might feel stuck in their current position. We aimed this initiative at our black employees based on our ethnicity pay gap report results which tells us black employees are significantly underrepresented in senior leadership roles. As well as attending a development course, these colleagues have been given a mentor from our senior leadership group. Most recently, we have launched our Career Discovery Programme for our more junior black, Asian and minority ethnic employees. These cohorts focus on developing their networking skills, building their confidence and learning about their strengths. Each participant has a trained mentor, and was able to attend guest speaker sessions from senior black and Asian leaders from our industry. We have also started to work with the participants on how they can work with their managers to have career conversations. This allows us to understand their potential and signpost them to relevant secondment opportunities.

Cultural Fusion

Our employee network for black, Asian and minority ethnic employees and their allies, Cultural Fusion, grew by nearly 300 members in the last year alone, it now has around 850 members.

At our national recognition awards, the Cultural Fusion leadership team won the team award for our 'Empowered to Act' category. And one of the leadership team members was shortlisted for the Investing in Ethnicity Top 10 workplace heroes 2021 awards.



What's to come in next year's report

The 2021 report focuses on our project progress from April 2020 to March 2021, but we have done much more since then which we will share in detail in future reports.

In May 2021, we launched our Stand Up for Race Equality campaign, where everyone in Network Rail will be required to participate in the briefing, exploring the link between safety and inclusion. This initiative is a result of two accidents where racist behaviours and racial tensions were contributory factors and an employment tribunal that we lost because we failed to identify racist behaviour. As part of our ongoing commitment to be an industry leader for diversity and inclusion we're encouraging our industry partners to take part in the briefings too.

Moving forward we are taking a 'systems thinking' approach to understand the root cause of the disparities in performance ratings for black, Asian and minority ethnic colleagues, found in our data report. Recently we have issued two surveys to understand if things are changing for them. One of them is the Business in the 'Community (BiTC) Race at Work Survey', and the results of this will be available in late 2021. In addition to this, our 'Network Rail Race Equality Survey' aims to understand how our colleagues respond to racism when they see it in the workplace. Both surveys are anonymous and will provide us with insights on how we can continually improve our approach to promoting race equality at Network Rail.

Appendix

Pay gap and median hourly rates by ethnicity.

Group	Ethnicity group	Median hourly rate	Pay gap vs white employees
Black	Black or Black British - African	£22.04	6.8 %
	Black or Black British - Any other Black background	£21.58	8.7 %
	Black or Black British - Caribbean	£21.78	7.8 %
Asian	Asian or Asian British - Any other Asian background	£22.88	3.2 %
	Asian or Asian British - Bangladeshi	£18.24	22.8 %
	Asian or Asian British - Chinese	£24.34	-3.0 %
	Asian or Asian British - Indian	£23.60	0.2 %
	Asian or Asian British - Pakistani	£20.53	13.1 %
Mixed or other	Any other ethnic group	£22.08	6.6 %
	Arab	£23.80	-0.7 %
	Mixed - Any other mixed background	£22.47	4.9 %
	Mixed - White & Asian	£22.97	2.8 %
	Mixed - White & Black African	£20.66	12.6 %
	Mixed - White & Black Caribbean	£19.84	16.0 %
White	White	£23.63	
Prefer not to say / no data	Prefer not to say / no data	£20.10	14.9 %

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