

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 2022.

2022

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

We are pleased that our ethnicity pay gap has decreased this year, modestly, by 0.3 percentage points to 6.4 per cent driven by an increase in the proportion of black, Asian and minority ethnic employees working in our senior roles. Nevertheless, right across our business, we must go further to become more inclusive and diverse.

Voluntarily publishing this data – our fourth year of doing this – is an important way to recognise the giant steps we must make to ensure Britain’s railways better represent the communities we serve.

Unfortunately, despite the improvement, our ethnicity pay gap is still greater than the UK average of 2.3 per cent (2019)*.

Whilst increasing black, Asian and minority ethnic representation in our senior roles is a welcomed step forward, our mission is to ensure that we continue to improve representation across all levels of our business. However, we recognise the challenges we will face, particularly in light of the deep financial crisis impacting the railway and the impact this is having on our ability to recruit new talent.

Encouraging colleagues across Network Rail to share their diversity data will help us focus our energies, as around 9 per cent of our workforce have chosen not to share ethnicity data.

We have made good steps in promoting race equality this year, with a particular highlight being our Stand Up for Race Equality mandatory briefings. This stand up was a first for Network Rail and the industry. It was an impactful moment when we asked all our colleagues to stop what they were doing and focus on the behaviours that we need in our business to improve safety and to make sure everyone is valued and treated with respect.

Building a more inclusive and better work environment is everyone’s responsibility.

These challenges and important conversations were a key moment in driving accountability across the organisation and giving everyone a role to play in making Network Rail a friendly, trusting, and inclusive employer.

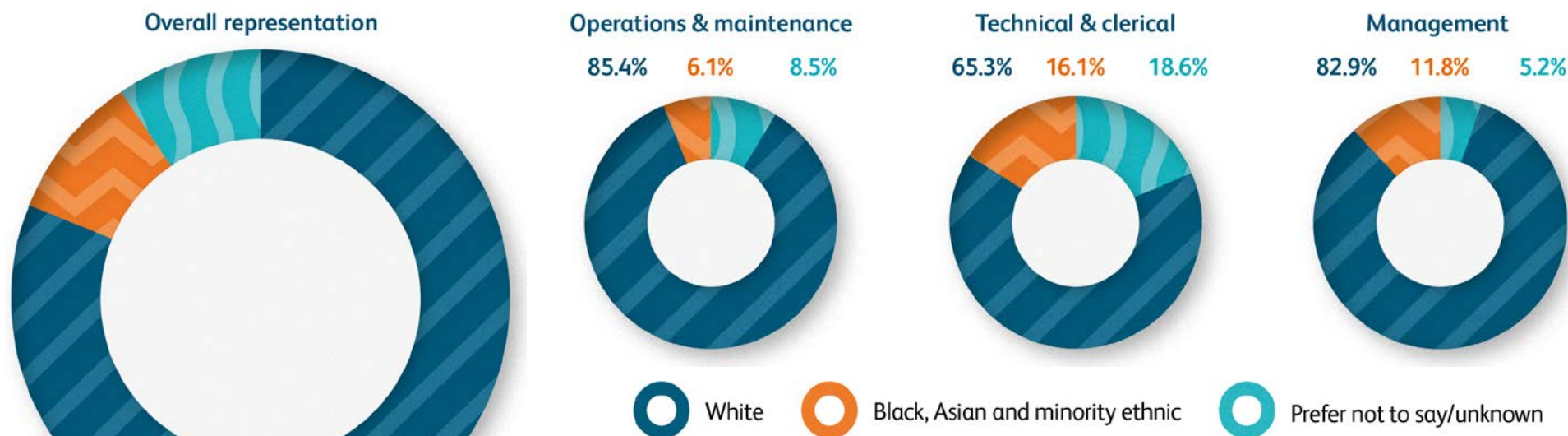
However, the message is clear: when it comes to strengthening our inclusivity – the job is not yet done.

* Source: Ethnicity pay gaps - Office for National Statistics (ons.gov.uk)



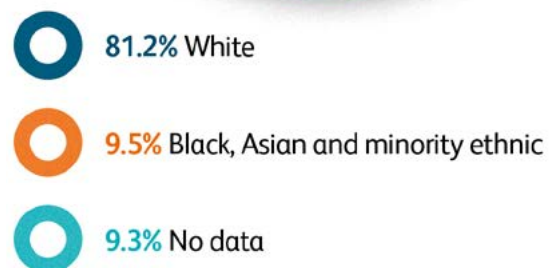
Our people

We have continued to increase the diversity of the organisation throughout 2021-22. At the time of reporting, 31 March 2022, black, Asian and minority ethnic employees made up 9.5 per cent of our organisation. This is a 0.1 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 everyone in Network Rail, and sharing rates have not increased this year.

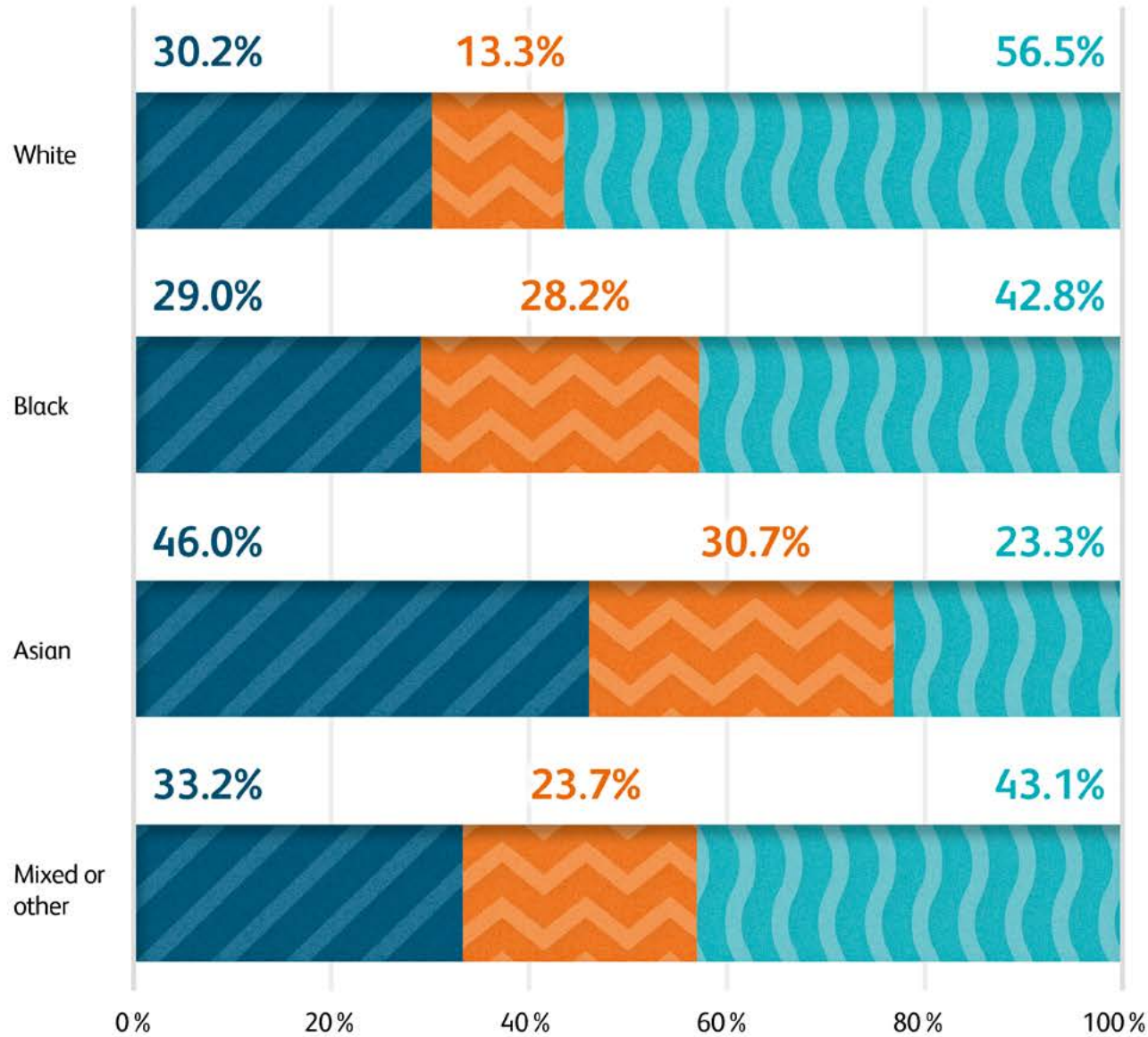





Representation in different roles

- Black, Asian and minority ethnic employees are most represented in our technical and clerical roles at 16.1 per cent, 0.1 per cent increase from the previous year
- There was no change from the previous year for the proportion of black, Asian and minority ethnic employees within the management grades
- Encouragingly, there was a slight increase in the black, Asian and minority ethnic employee representation in our operations and maintenance roles, up by 0.5 per cent on last year
- The highest proportion of employees who have no ethnicity data are from technical and clerical roles – an increase of 0.4 per cent on the previous year



Ethnicity representation by job type



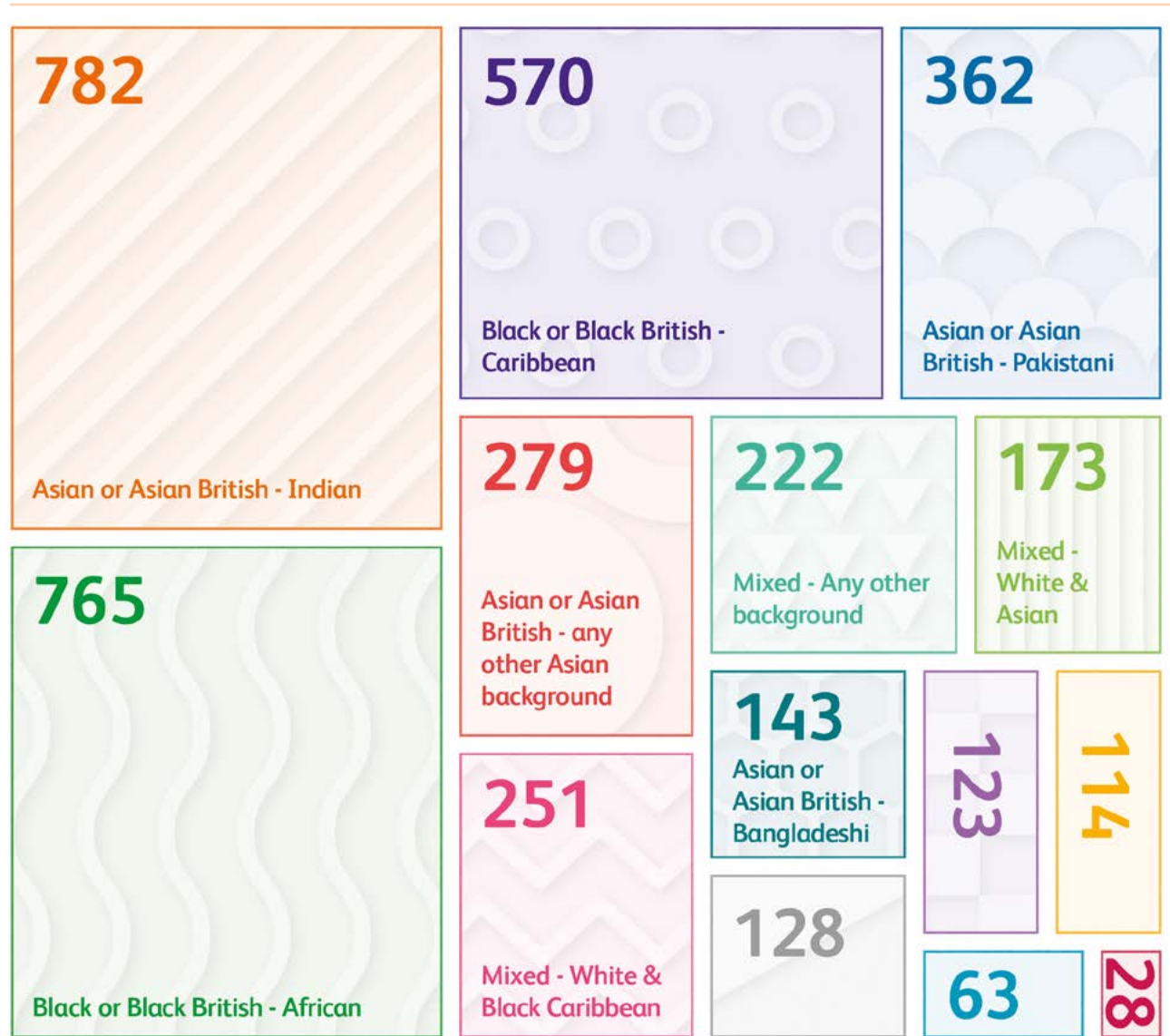
-  Management
-  Technical and clerical
-  Operations and maintenance

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:

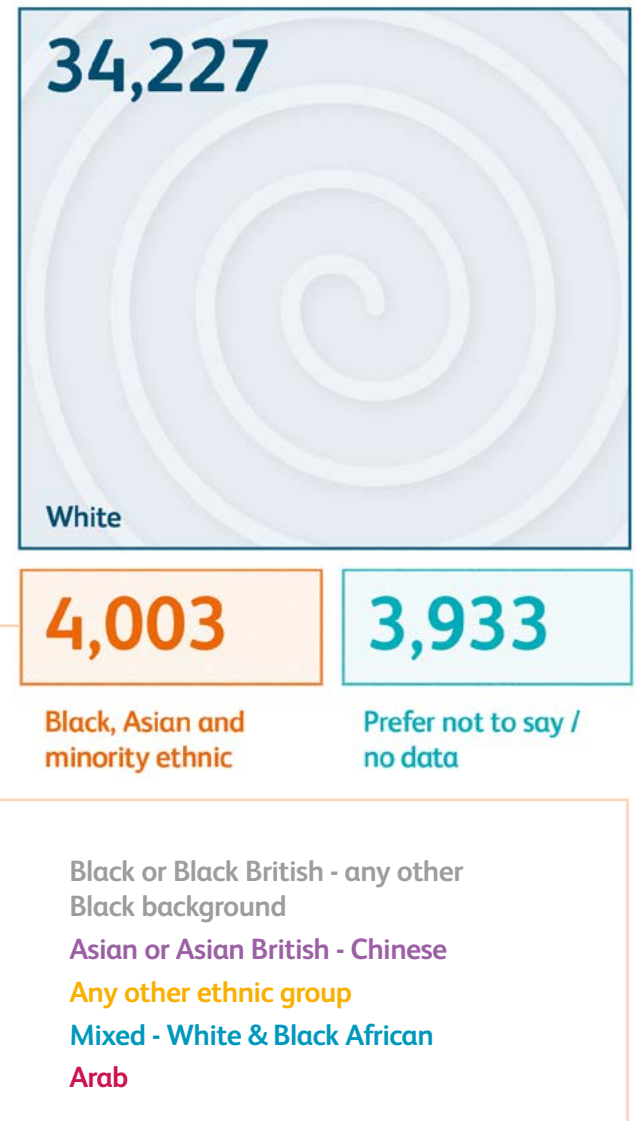
46 per cent of Asian employees are in management roles compared to on average 30 per cent of white, black and other minority ethnic groups.

Only 23 per cent of Asian employees work in Operations and Maintenance compared to 57 per cent of white employees.

Who we are



All Network Rail



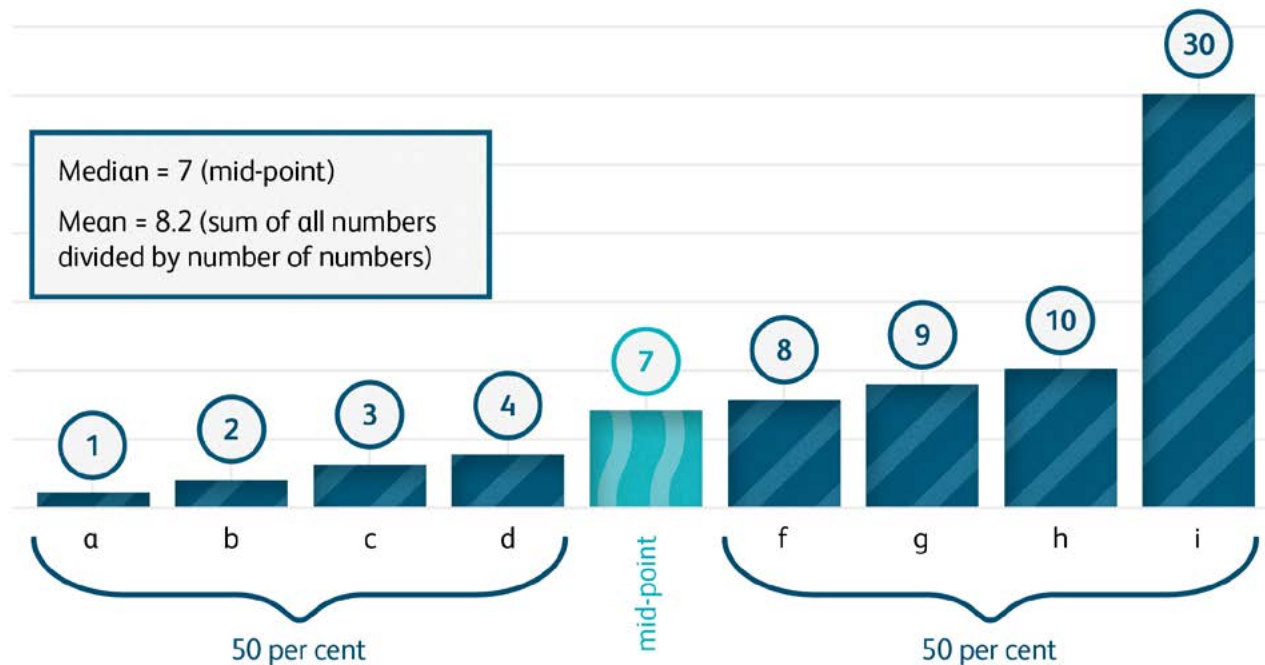
Ethnicity pay gap

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.

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. Below is an example graph to explain the difference.

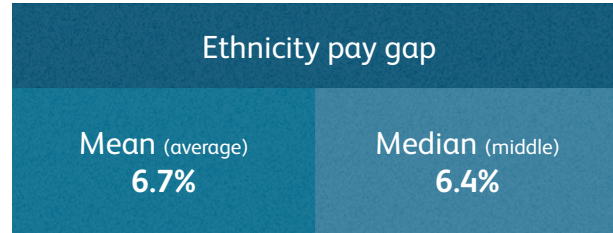


An ethnicity pay gap exists because of an imbalance of black, Asian and minority ethnic employees at different levels of the organisation. Our black, Asian and minority ethnic colleagues are better represented in the lower paid roles compared to higher paid roles, creating a lower average compared to white employees, therefore a differential gap in average pay between the two groups exists.

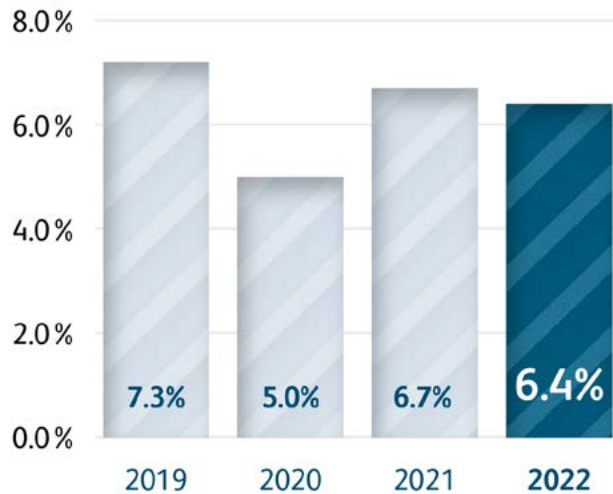
Our results

Our median ethnicity pay gap decreased this year by 0.3 per cent to 6.4 per cent. This is still greater than the UK average of 2.3 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.

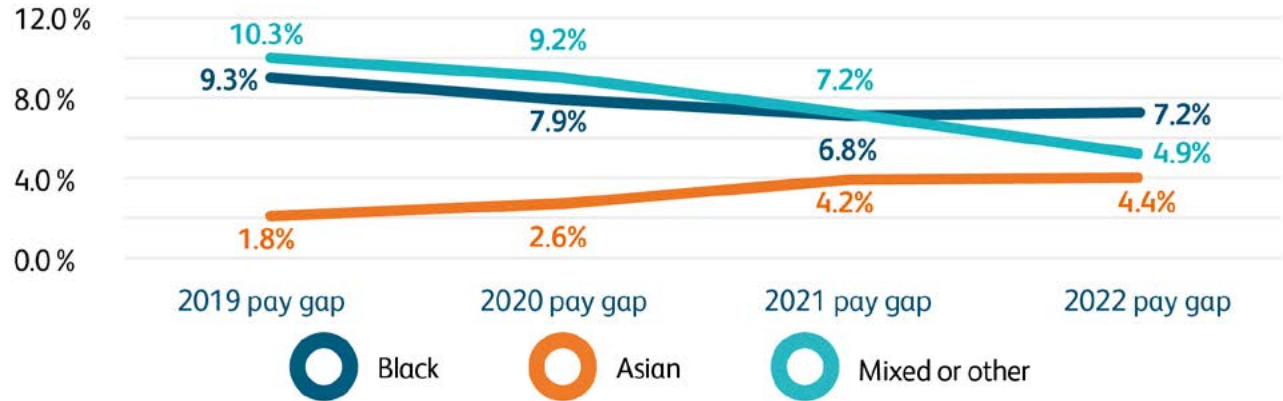


Network Rail ethnicity pay gap over time



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.

Changes in median pay gap by ethnic group over time



This year we have seen a slight increase in the pay gap between our black and Asian employees. The pay gap between our white and mixed or other category has continuously decreased over the past three years, with a 2.3 per cent decrease this year.

The mixed or other category only makes up 1.7 per cent of our employees and therefore due to the smaller sample size, is subject to larger fluctuations. However, it is good to see an overall downward trend over the years.

We must also consider the number of people sharing their data as this does influence the pay gap. 9.3 per cent of our workforce have chosen not to share their ethnicity or we do not yet hold it. For this group, there is a 16 per cent pay gap compared to our white colleagues. It would be

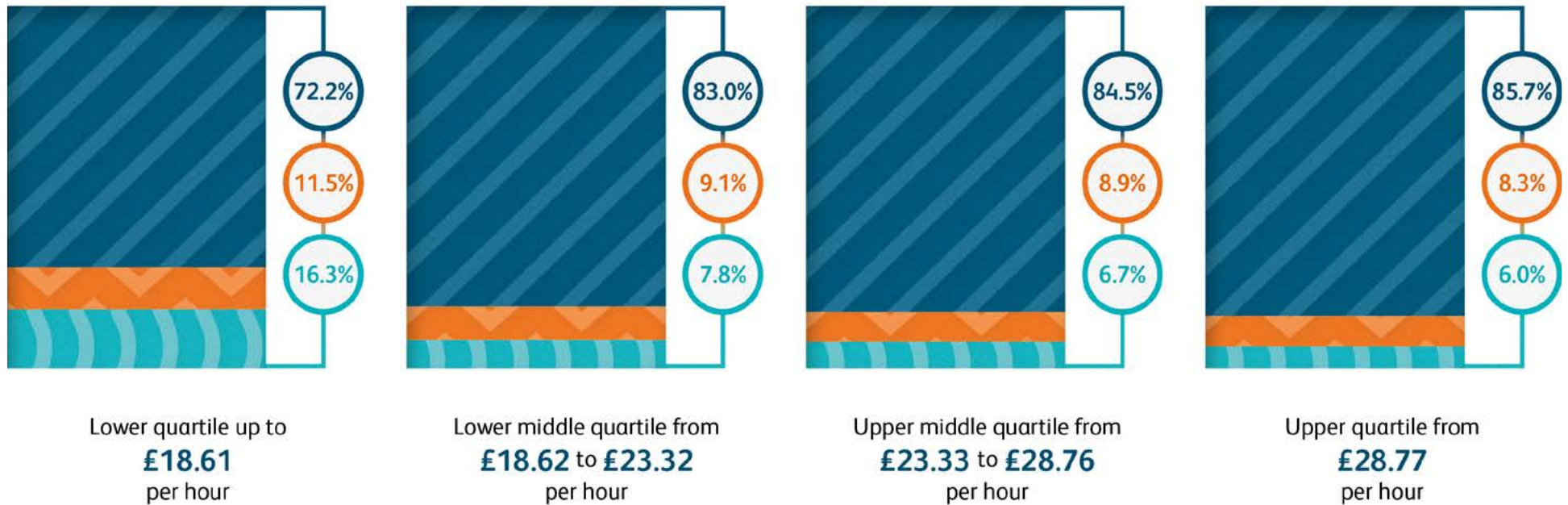
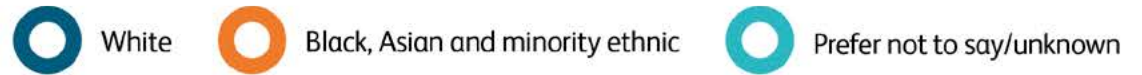
beneficial to understand what ethnic group these colleagues belong to in order to increase the overall quality of our data because depending on which category they sit in, this will have either a positive or negative impact on our ethnicity pay gap overall.

Looking more closely at the data, we found that:

- Bangladeshi employees have a significant pay gap compared to other categories.
- Arab and Indian colleagues are the closest to being equal with our white colleagues.
- Chinese colleagues have a negative pay gap, meaning on average they earn more than the average white employee.

A full list of the pay gap by ethnicity can be found as an appendix in this report.

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



If we split our lowest to highest paid employees into four groups (quartiles):

1. senior managers and leaders generally sit in the upper quartile
2. middle managers mostly sit in the upper middle quartile
3. technical and clerical grades are predominantly in the lower and lower middle quartiles
4. operations and maintenance roles can span across all four quartiles due to the wide range of roles.

The graph above shows that:

- The Lower quartile has the highest number of people who have not shared their data with us with 16.3 per cent unknown, 0.8 per cent more than last year.

- The Lower Mid quartile and Upper quartile have both decreased their unknown data compared to last year by 0.4 per cent and 0.5 per cent respectively.
- There are more black, Asian and minority ethnic employees in the lower quartile.
- There have been slight increases in the proportion of black, Asian and minority ethnic employees in the upper mid and upper quartiles this year. However, 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 2022 the proportion of black, Asian and minority ethnic employees slightly increased in the two Upper quartiles and decreased in the Lower quartiles. This has resulted in the decrease in the ethnicity pay gap.

Ethnicity bonus gap

Network Rail did not pay a bonus to employees for the 2021/2022 scheme year.

However, Network Rail did have obligations to pay bonus payments to employees that were deferred from previous years or to employees who have a contractual bonus as part of their terms and conditions. Due to the very small sample of employees, a mean and median bonus payment score could not be provided.

Contractual payment

These are for ex-IMC colleagues where a bonus payment is made in accordance with their terms and conditions. These are predominantly white male colleagues who are on old TUPE contracts.

Deferred bonus payments

A number of senior employees where elements of the 2018/2019 scheme year PRP payments were deferred for two years and paid in 2021. These employees are also predominantly white and male.

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.

Table showing the pay gap by different genders and ethnicities compared to white males

Group	Pay gap versus 'white - male'
White Female	11.6 %
Black Male	9.6 %
Black Female	16.1 %
Asian Male	6.4 %
Asian Female	9.6 %
Mixed or other Male	5.9 %
Mixed or other Female	11.8 %

- 2020 median pay gap to 'white - male'
- 2021 median pay gap to 'white - male'
- 2022 median pay gap to 'white - male'

Male other compared to White Males

The pay gap between white male and black male has increased by 1 per cent to 9.6 per cent compared to last year. There has also been an increase in the Asian male category by 0.7 per cent to 6.4 per cent compared to last year.

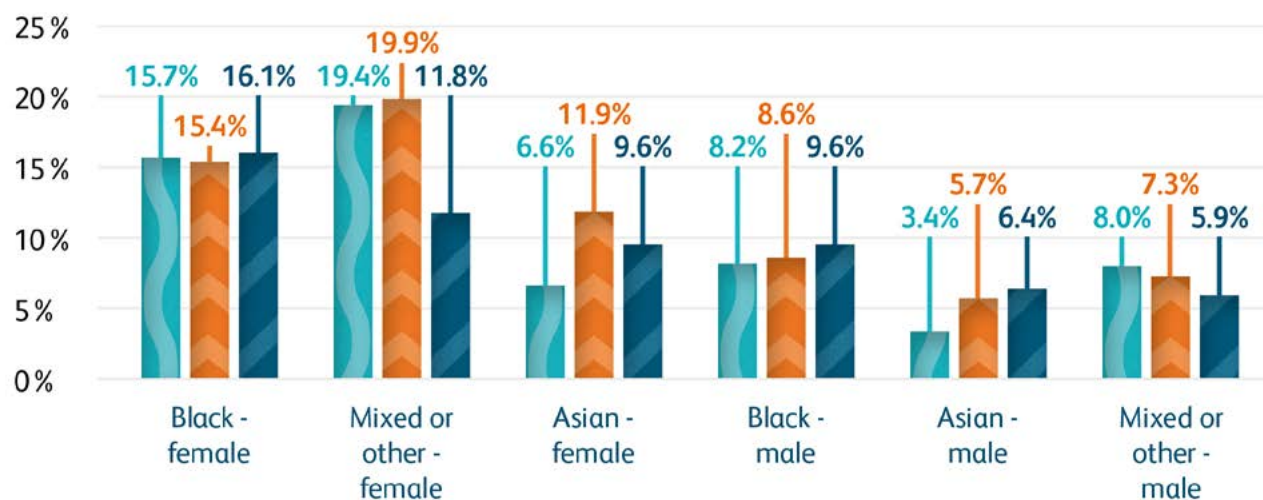
Females compared to White Males

The overall decrease in the gender pay gap can be seen significantly within the mixed or other female category where the gender pay gap between white males and females from a mixed or other background has decreased by 8.1 per cent compared to last year.

The pay gap is greatest for female employees from a black background at 16.1 per cent. However, the population of employees within these two groups are very small and therefore sensitive to large fluctuations.

The pay gap is also high for female employees from a white background at 11.6 per cent. Overall, all female categories have a greater pay gap compared to their male equivalent groups.

Yearly change in pay gap by ethnicity and gender combined



Race Matters update



Anit Chandarana

director Great British Railway Transition Team

Our Race Matters project aims to remove barriers we know black, Asian and minority ethnic employees and candidates face. We also want to improve the representation of black, Asian and minority ethnic employees across the organisation and in leadership positions so we're representative of the communities we serve.

Over the past year we've been working hard to implement the findings of our focus groups and data reports and have also run two surveys to sense check our progress. Ensuring fairness and consistency in all stages of our employee lifecycle to drive inclusion has been a priority for us, as well as continuing to encourage people to share their diversity data with us.

“I'm really pleased we have stuck to our commitment to produce this report and also provide the level of granularity that is included. What I'm not pleased about is the stark messages it conveys. Whilst there are some areas of improvement the majority of diverse populations are adversely affected by this issue. We must and will continue the work ahead to provide a more equitable outcome for all.”

Here is a summary of some of our key deliverables from April 2021 – March 2022, which is the snapshot in time the pay gap looks at.

Stand Up For Race Equality



In 2020, separate investigations into two accidents on the railway found that racist behaviours and racial tensions were contributory factors. And an employment tribunal ruled that we failed to investigate allegations of racism. The Stand Up for Race Equality mandatory briefing was part of our response to the recommendations from those investigations, and it represents our ambition to be a safer, more diverse and inclusive organisation.

This Stand Up is a first for Network Rail and the industry. It was an impactful moment when we asked all our colleagues to stop what they were doing and focus on the behaviours that we need in our business to improve safety and to make sure everyone is valued and treated with respect.

The briefings were delivered by line managers to their teams either virtually or face-to-face. The one-hour briefing involved watching a minimum of three short films, and then discussing the content of the films as a group/team. We developed training materials to support line managers/facilitators to deliver the briefings.

Around 4,800 of our industry colleagues also participated in a briefing too, demonstrating our commitment to collaborate and lead the industry on race equality. Over 95 per cent of respondents to our feedback survey said they now understand the impacts of non-inclusive behaviours in relation to safety.

#MyNameIs



Once again we took part in Race Equality Week 2022, focussing on the #MyNameIs campaign. By recognising the value and importance of each other's names and make it a priority to pronounce our colleague's names correctly.

In a recent poll, 73 per cent of respondents from 100 organisations said they had their name mispronounced, and we want Network Rail to offer an environment where we ask each other if we aren't sure.

During the week, colleagues shared videos explaining the importance of pronouncing their names correctly, and we asked employees to add the phonetic spelling of their name to their email signature.

Leadership

In 2020 we designed a half-day training programme for leaders, which explored how they can support us becoming an anti-racist organisation. We have now brought this programme into our core training offering and are looking to further promote it amongst our senior leaders.

We have also launched our reciprocal mentoring programme. Unlike traditional mentoring, D&I reciprocal mentoring is a two-way mentoring process. Our leaders have been deepening their understand of colleagues' lived experience on topics including socio-economic status, race, disability, and sexual orientation. They have in turn been supporting their mentoring partners with their career development.

Our chief executive runs a listening group with front line black, Asian and minority ethnic employees to keep close to their lived experience, and continue his learning around the barriers they face and what he can do to be more supportive.

According to our Business in the Community Race At work survey results, 9 out of 10 Network Rail respondents said they knew a leader who promoted diversity and inclusion.



Data sharing

Encouraging colleagues to share their diversity data with us remains a priority.

In January 2022 we sent a notification to all employees who had a blank field in their diversity data Oracle page, encouraging them to share information. Though our sharing rates on race are higher than other characteristics

such as disability and sexual orientation, we will continue to encourage data sharing, as we know the more data we have the more accurate our pay gap figures will be. Having more data on other characteristics will also help us grow our intersectional approach to the race matters project.



Recruitment

We launched our new 'Inclusive recruitment for managers' eLearning module. The e-learning raises bias awareness, and includes scenario-based training exercises and video examples of what good looks like when it comes to recruitment. The new module focuses on providing managers with the core knowledge and behaviours they need to improve how we connect with, assess, and hire people from diverse backgrounds.

Over the last year our recruitment activity has been minimal due to the company re-organisation. So, a real focus has been ensuring the recruitment we do is inclusive, and that the employees currently working for us feel supported and welcome. Whilst across all groups we've seen employee engagement decrease, black, Asian and minority ethnic employee engagement has remained consistent and not dropped.

Surveys

In 2021 we ran two surveys to sense check our progress. The first was Business in the Community's Race at Work survey which over 400 people responded to. We also launched our Network Rail Race Equality survey, which accompanied the Stand Up for Race Equality briefing. Around 10 per cent of the business responded to the survey. This survey focussed on how people would respond to witnessing racism and microaggressions in the workplace.

These surveys told us that:

- We have a high tolerance for poor behaviours, in particular black employees do not feel included
- There is a lack of awareness of how to respond to witnessing racial microaggressions or racial harassment at work
- Our black, Asian and minority ethnic employees want more and fairer career development opportunities.
- Our employees are starting to see more leaders who promote diversity and inclusion

Career development and progression

Supporting the career development of our black, Asian and minority ethnic employees is key to reducing our pay gap over time. So, along with reviewing our systems and process to make them more inclusive we decided to design two tailored career development programmes, and have taken part in the Business in the Community Cross Organisational Mentoring Circles.

The first programme is the black future leaders programme, aimed at employees in managerial roles who might feel stuck in their current position but want to progress. This group attended a number of training and leadership sessions as well as being matched with a mentor from the senior leadership group.

The second programme is the career discovery programme, which was aimed at our more junior black, Asian and minority ethnic employees. The programme consisted of development sessions on confidence, networking and strengths. Participants were also given a mentor to support them through the process.

In addition to the core offerings of each programme, we also did the following to support participants:

- Ran guest speaker sessions with leaders in the industry, many of whom were black or Asian role models.
- Organised a coffee and chat initiative so that

they could network with people across all of the programmes.

- Ran sessions on how to have career conversations with line managers, how to understand potential, what our leadership behaviours are and then how to put all of that into a personal development plan.
- Throughout the programme we have also signposted participants to high profile secondment opportunities across the business and industry.
- Designed a national career development portal with tools and 'how to' guides available for line managers, including how to have good career development conversations videos, action plans and reflective learning guides - all of which is supported by bite-sized training videos and virtual classroom training.
- Engaged with our cultural fusion employee network for black, Asian and minority ethnic employees delivering a one-week Career Fair (attended by around 600 employees) 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.

A year on since the programmes launched, 29 per cent of participants have either been promoted



or moved sideways and 40 per cent have taken secondment opportunities.

We also know that some participants who were considering leaving the business before, now feel like they will stay at Network Rail, which speaks to the way in which the programme has strengthened the engagement levels of some in the group.

Outside of these bespoke programmes, we have also seen better diversity in our flagship accelerated leadership programme for our top talent, and in 2021/22 13 per cent of participants are black, Asian or minority ethnic employees. We're also challenging our business to improve the diversity of talent and succession pools. Two years ago we had zero black, Asian and minority ethnic employees on succession pipelines. Now 6 per cent of successors are black, Asian, minority ethnicity.

Our work on supporting the career development of black, Asian and minority ethnic employees in 2021/22 has led to us being shortlisted to the CIPD 'Best inclusion and diversity' initiative 2022.



Cultural Fusion

Cultural Fusion network is our ethnicity employee network bringing together black, Asian and minority ethnic colleagues and their allies. It's a voluntary led employee network with a leadership team from a variety of ethnicities that seek to support the Race Matters strategy. The network currently has a membership of around 1,150 colleagues.

Over the last 12 months the network has celebrated key cultural days including Black History Month and South Asian Heritage Month. They continued their virtual tea breaks supporting members with their wellbeing giving them a voice within the company, they assisted in embedding into the business the Let's Stand Up for Race Equality campaign from May through to December, in June 2021 – they launched their ethnicity allies toolkit including endorsed guide on challenging racial discrimination at work as a survivor or ally, and in September 2021 held their first Career Festival Week focussing on supporting the career development needs of ethnic minority colleagues reaching 600 members. During Race Equality Week in February 2022, they delivered webinars and throughout the course of the year the team as well as individuals were nominated and shortlisted for various internal - NR awards, NW&C Backbone of Britain awards, and external awards such as Investing In Ethnicity and Women in Rail.

Appendix

Pay gap and median hourly rates by ethnicity.

Ethnicity group	Pay Gap vs White 2021	Pay Gap vs White 2022	Difference
Any other ethnic group	6.6 %	3.5 %	-3 %
Arab	-0.7 %	-0.2 %	1 %
Asian or Asian British - Any other Asian background	3.2 %	2.8 %	0 %
Asian or Asian British - Bangladeshi	22.8 %	21.8 %	-1 %
Asian or Asian British - Chinese	-3.0 %	-2.0 %	1 %
Asian or Asian British - Indian	0.2 %	0.4 %	0 %
Asian or Asian British - Pakistani	13.1 %	8.0 %	-5 %
Black or Black British - African	6.8 %	7.2 %	0 %
Black or Black British - Any other Black background	8.7 %	8.8 %	0 %
Black or Black British - Caribbean	7.8 %	7.6 %	0 %
Mixed - Any other mixed background	4.9 %	1.2 %	-4 %
Mixed - White & Asian	2.8 %	-1.4 %	-4 %
Mixed - White & Black African	12.6 %	12.6 %	0 %
Mixed - White & Black Caribbean	16.0 %	9.2 %	-7 %
No data	19.6 %	21.5 %	2 %
Not Declared	-7.0 %	-8.0 %	-1 %

Ethnicity group	Pay Gap vs White 2021	Pay Gap vs White 2022	Difference
White - British (English, Northern Irish, Scottish, Welsh)	-1.1 %	-1.3 %	0 %
White - English	15.2 %	12.1 %	-3 %
White - Gypsy or Irish Traveller	17.5 %	-9.1 %	-27 %
White - Irish	-10.6 %	-10.3 %	0 %
White - Northern Irish	-11.6 %	-4.1 %	8 %
White - Scottish	10.5 %	12.0 %	2 %
White - Welsh	14.1 %	13.6 %	0 %
White Other - Any other White background	-8.3 %	-7.3 %	1 %

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