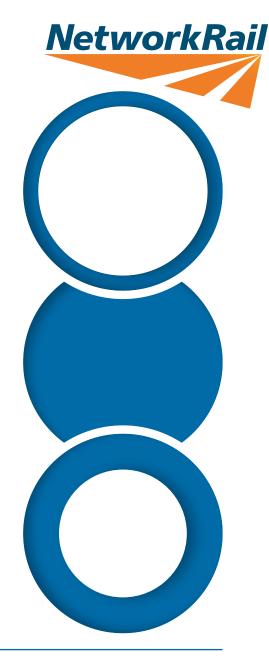
# Ethnicity pay gap report

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 2023.



2023

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.



Pauline Holroyd

HR director, and Race Matters Project executive sponsor

We are pleased that, for the second year in a row, our ethnicity pay gap has decreased. This time, it has fallen by 0.2 percentage points to 6.2 per cent, driven by an increase in the proportion of black, Asian and minority ethnic employees working in our senior roles.

Despite this improvement, our ethnicity pay gap is still greater than the UK average of 2.3 per cent (2019)\*. So, whilst this increase in black, Asian and minority ethnic representation in senior roles is a welcomed step forward, we are committed to continuing our work to create a truly inclusive organisation systemically, by removing more of the barriers that black, Asian and minority ethnic colleagues face.

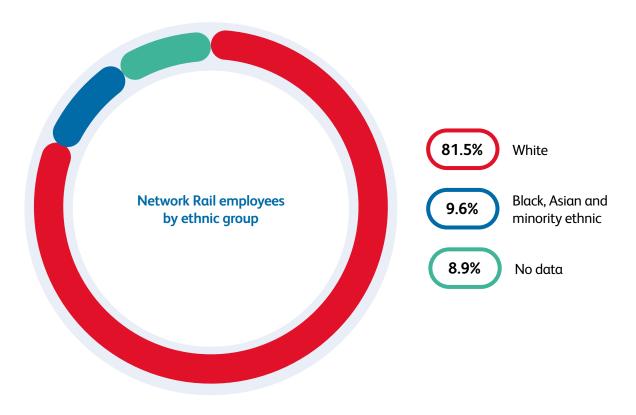
It is vital that minority groups can progress through the organisation and that their perspectives are heard. As we navigate the challenging financial climate of the rail industry and prepare for the future, diverse thinking is critical to help us to serve our passenger and freight customers better. Our career development programmes and two-way mentoring programmes have had notable successes – retaining and developing our talent remains a priority.

This is the fifth year that we are voluntarily publishing this data, as part of our ambition to be open and transparent, to hold ourselves accountable for progress, and to share our progress and learning through our inclusion journey. The quality of our data underpins our ability to do this. Encouragingly, more colleagues than ever are sharing their ethnicity data with us, with the sharing-rate increasing by 0.4 per cent in the last year, to 91.1 per cent. We have more to do to learn about the remaining 8.9 per cent of our business so that we can effectively focus our energies.

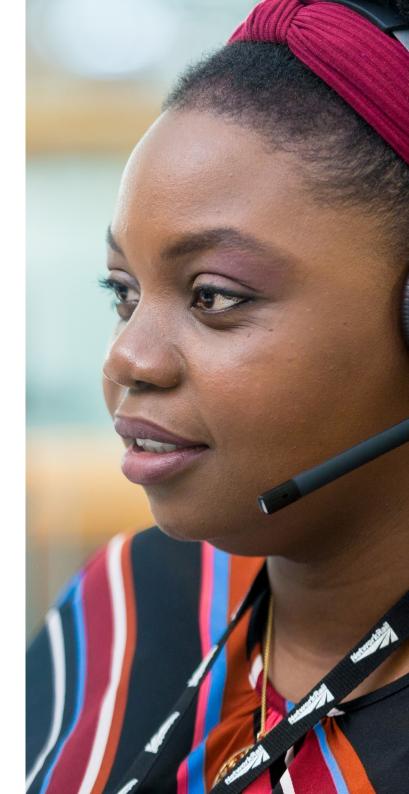
Above all, we are committed to creating and nurturing an inclusive workforce where each and every individual takes responsibility for inclusion. We have taken steps to drive accountability across the organisation and ensure each of us understand our role in creating a better work environment for us all. And it is our ambition to continue to build allyship amongst our colleagues.

# Our people

91.1 per cent of our organisation share their ethnicity data with us. This has increased by 0.4 per cent since last year.

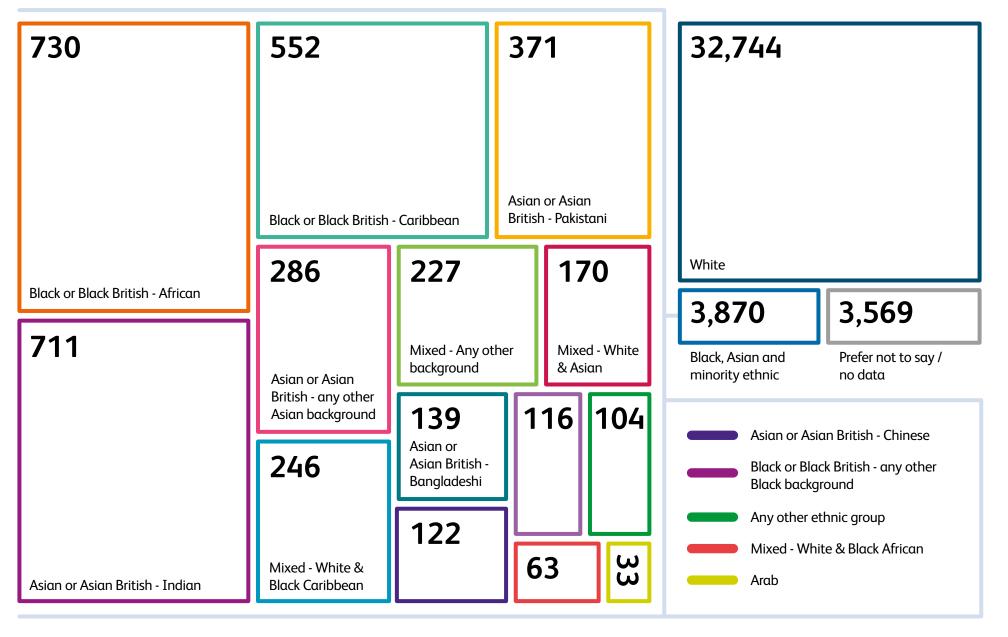


At the time of reporting, 31 March 2023, black, Asian and minority ethnic employees made up 9.6 per cent of our organisation, a 0.1 per cent increase from last year. The proportion of white employees has also increased since last year by 0.3 per cent to 81.5 per cent.

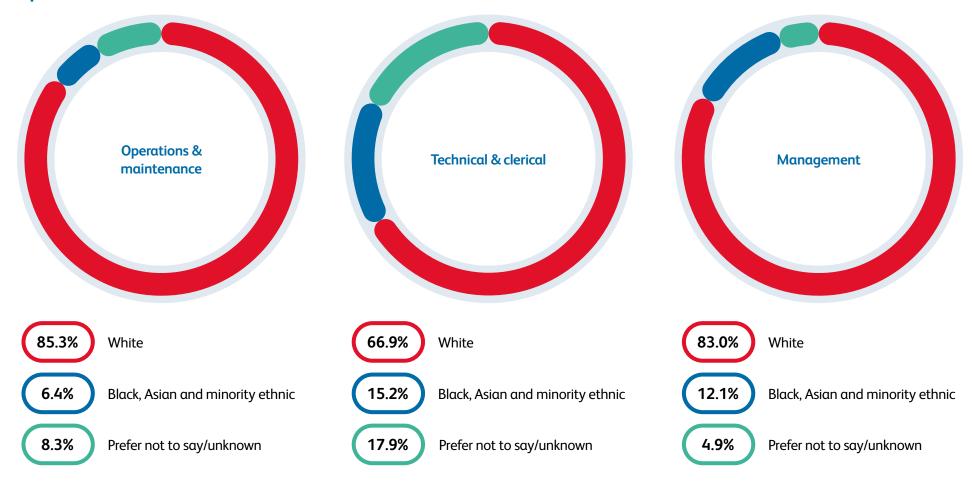


### Black, Asian and minority ethnic employees by ethnicity

### Employees by ethnic group



### Representation in different roles

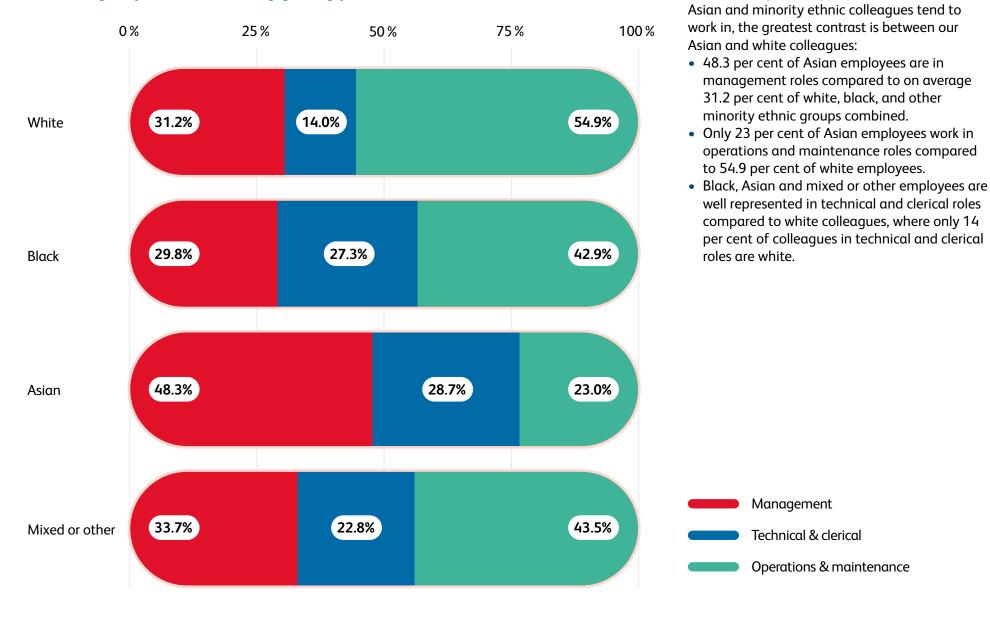


This year, the proportion of black, Asian and ethnic minority employees within operations and maintenance increased slightly, by 0.3 percentage points to 6.4 per cent. Encouragingly, the proportion of black, Asian and minority ethnic colleagues in our management roles also increased slightly, up 0.3 percentage points on last year to 12.1 per cent.

Black, Asian and minority ethnic employees are most represented in our technical and clerical roles per cent at 15.2 per cent.

The highest proportion of employees who have not shared ethnicity data continues to be in technical and clerical, and operations and maintenance roles.

### Ethnicity representation by job type



When looking at the types of roles our black,

# 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.

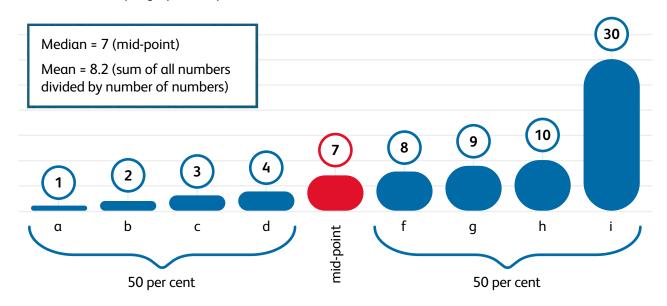
### Difference between mean and median

We look at both the mean (average) and the median (middle) for pay gap reporting.

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

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.

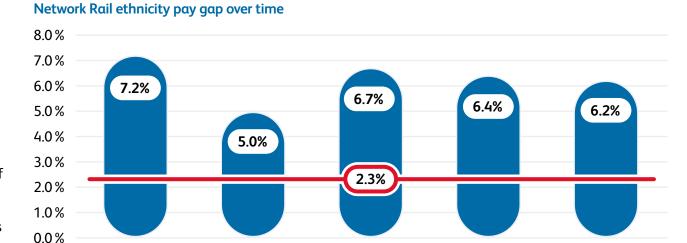


An ethnicity pay gap exists because of an imbalance of black, Asian and minority ethnic employees at different levels of the organisation. Our black, Asian and minority ethnic colleagues are better represented in the lower paid roles compared to higher paid roles, creating a lower average compared to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

## **Our results**

Our median ethnicity pay gap continued to decrease this year to 6.2 per cent, falling by 0.2 per cent from last year. Our mean pay gap also decreased by 0.3 per cent to 6.4 per cent. Whilst this indicates that we are heading in the right direction, it 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.



2021

2022

UK average

2023

 Year
 Median ethnicity pay gap
 Mean ethnicity pay gap

 2021
 6.7%
 7.3%

 2022
 6.4%
 6.7%

 2023
 6.2%
 6.4%

2020

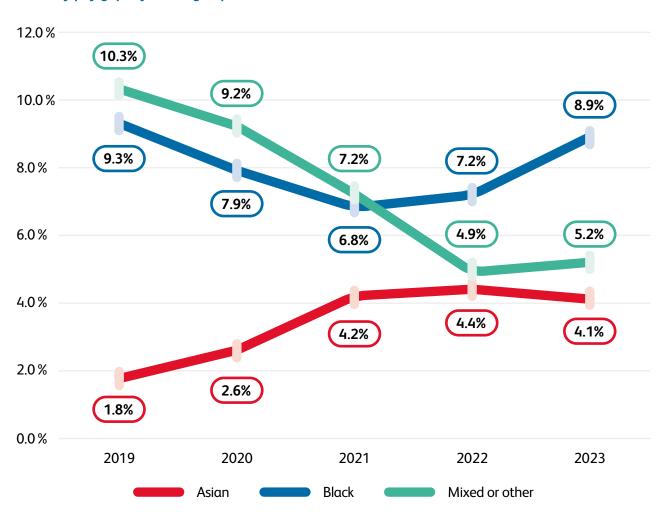
Network Rail

2019

### Changes in median pay gap by ethnic group 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 specific ethnic groups.

#### Ethnicity pay gaps by ethnic group over time



This year, the pay gap between our black colleagues and white colleagues has increased by 1.7 per cent. At 8.9 per cent, it's the largest pay gap of all our ethnic minority groups. The increase in the pay gap is due to a small shift in the distribution of black employees across the organisation – whereby the proportion of black employees in lower paid roles has increased compared to the proportion of black employees in higher paid roles. At present, our graduate and apprentice schemes attract a significant proportion of black, Asian and minority ethnic colleagues. We know that our pay gaps may fluctuate as we look to increase black. Asian and minority ethnic representation across all levels of the organisation

Positively, however, following an increasing trend over the last few years, the pay gap between our Asian colleagues and white colleagues decreased slightly from last year, falling 0.3 percentage points to 4.1 per cent.

This year, the pay gap between our white and 'mixed or other' category has stabilised after recent decreases, now at 5.2 per cent.

Appendix A contains further insights into our pay gaps by each individual ethnicity.

### Median pay gap between ethnic groups

		Comparator Group 2					
		White	Black	Asian	Mixed or other	No data/ Prefer not to say	
Comparator Group 1	White		8.9%	4.1%	5.2%	16.7%	
	Black			-5.3%	-4.1%	8.5%	
	Asian				1.2%	13.1%	
	Mixed or other					12.1%	
	No data/ Prefer not to say						

This year, the government has released new guidance on reporting ethnicity pay gaps. In addition to the median pay gaps between white employees and black, Asian and minority ethnic groups, this matrix also shows the median pay gaps between each ethnic group. The pay gaps shown in the matrix are the median hourly pay for employees in comparator group 2 as a percentage of the median hourly pay of employees in comparator group 1. As the pay gap for Asian and mixed or other employees in relation to black employees are negative (-5.3 per cent and 4.1 per cent), this means the median hourly rate of pay for these employees is higher than their black colleagues.

We must also consider the number of people sharing their data, as this does influence the pay gap. 8.9 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 16.7 per cent median pay gap compared to our white colleagues. It would be beneficial to understand what ethnic groups these colleagues belong to because, depending on which category they sit in, this will have either a positive or negative impact on our ethnicity pay gap overall.

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

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

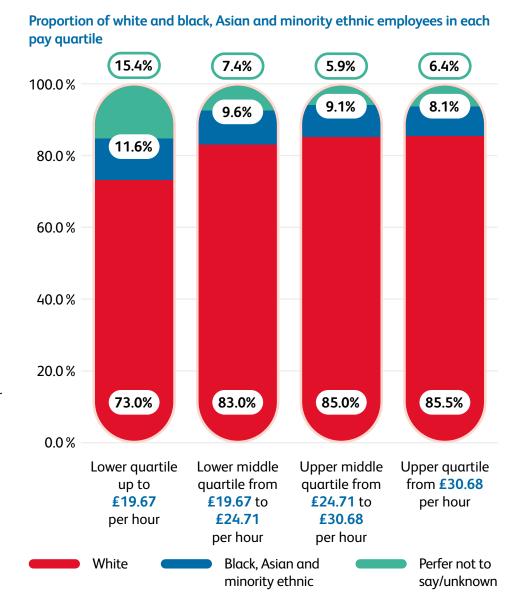
- 1. Senior managers and leaders generally sit in the upper quartile.
- 2. Middle managers mostly sit in the upper middle quartile.
- 3. Technical and clerical grades are predominantly in the lower and lower middle quartiles.
- 4. Operations and maintenance roles can span across all four quartiles due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

#### We found that:

- The lower quartile has the highest number of undisclosed employees with 15.4 per cent unknown, however this is a 0.9 per cent decrease from last year.
- The lower mid quartile and upper mid quartiles have also both decreased their unknown data compared to last year by 0.4 and 0.8 percentage points respectively.

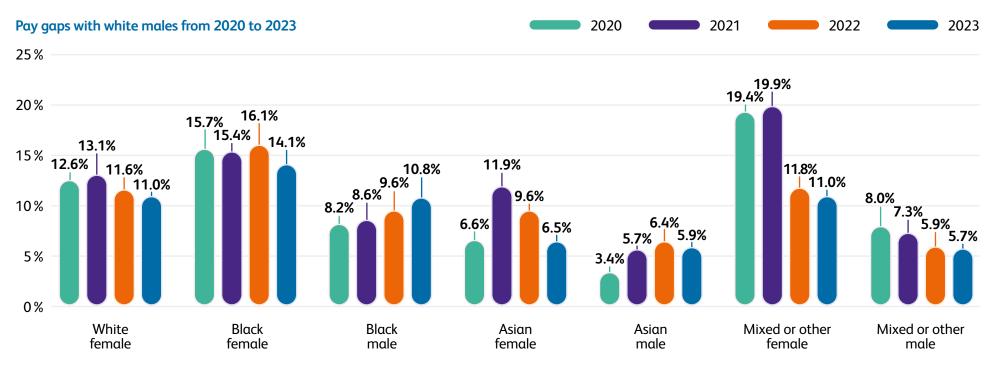
These changes coupled with the increase of white employees in the lower quartile (0.8 percentage point increase) and decrease in Upper quartile representation (0.2 percentage point decrease) has resulted in the small decrease in the ethnicity pay gap overall.

There has been a slight increase in the proportion of black, Asian and minority ethnic employees in the lower mid and upper mid quartiles this year (0.5 and 0.2 percentage points respectively). However, there has also been a slight decrease in black, Asian or minority ethnic representation in the upper quartile, with a 0.2 percentage point decrease. As with previous years, black, Asian or minority ethnic colleagues continue the be 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 and more work needs to be done.



# Intersectionality

Intersectionality means looking at how various social identities (protected characteristics) are interconnected.



### Males compared to white males

The pay gap between white males and black males continues to increase year on year. This year, the pay gap has increased by 1.2 percentage points to 10.8 per cent. One reason for this is due to the decrease in the proportion of black males in management roles which typically pay higher compared to the technical and clerical and operations and maintenance roles. This is therefore increasing the pay gap. In time, as we continue our work to support

the progression of black, Asian and minority ethnic colleagues through the organisation, we should see the pay gap reduce.

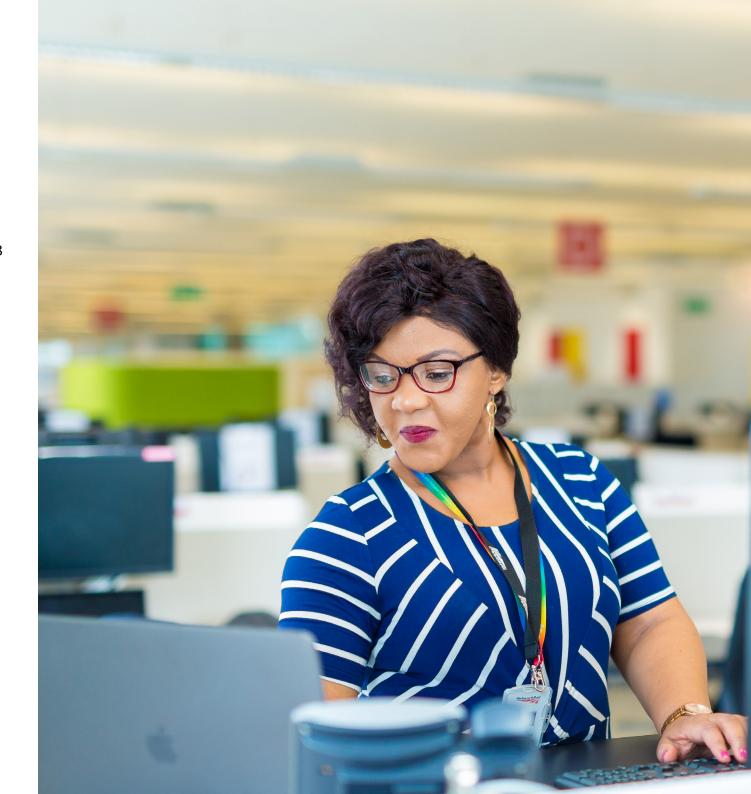
The pay gap between Asian and white males fell for the first time this year, by 0.5 percentage points to 5.9 per cent. And the pay gap for males from a 'mixed or other' ethnic background versus white males has continued to decline with a 0.5 percentage point decrease on last year to 5.7 per cent.

# Females compared to white males

This year, the pay gaps between white males and females decreased within all minority ethnic groups. The largest pay gap reduction was for females from an Asian background with a 3.1 percentage point fall, followed by a 2 percentage point fall in the pay gap for black females and 0.8 percentage point fall in the pay gap for females from a mixed or other ethnic background.

Despite the decrease since last year, the pay gap continues to be highest for female employees from a black background at 14.1 per cent. Whilst the population of employees within this group is relatively small and therefore sensitive to large fluctuations, supporting the progression of our black female employees continues to be a high priority for us.

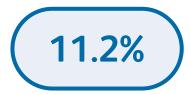
Overall, all female categories have a greater pay gap compared to their male equivalent groups. That is why our Gender Matters project is focussing on how we can support the progression of women at Network Rail.



# Ethnicity Performance Related Pay gap

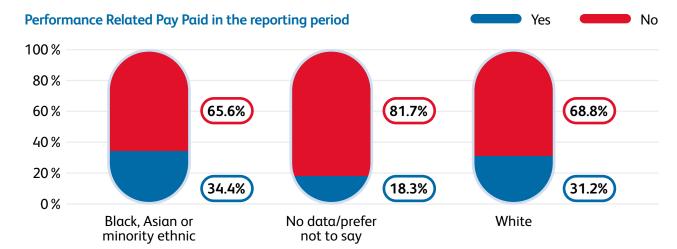
At Network Rail, our 'bonus scheme' is called Performance Related Pay. For the purposes of this report and to stay consistent with internal terminology we will refer to any bonus payment as Performance Related Pay (PRP).

#### Mean ethnicity PRP gap



The mean ethnicity bonus gap is 11.2%. This means that black Asian and minority ethnic colleagues received 11.2% less on average in their PRP than white colleagues in the reporting period.

Network Rail has two main PRP schemes; the Annual Performance Related Pay (APRP) scheme for management grades and the General Performance Related Pay (GPRP) scheme for what we call the general grades i.e. technical and clerical, and operations and maintenance. The calculations in this pay gap report only include the payments in relation to the 2021/22 performance year which were paid in the 2022/23 pay gap reporting period.



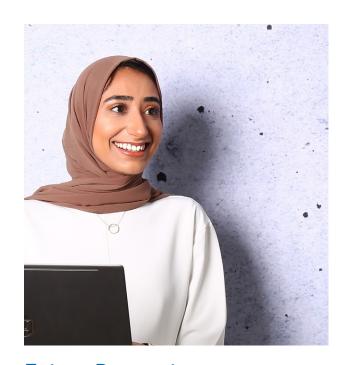
Due to the ongoing pay negotiations in 2022 and 2023, payments under the GPRP scheme were delayed and have not been included in the calculations within this report. The payments were subsequently paid in the 2023/24 reporting period, and will influence next year's pay gap report. However, a small number of employees, who have contractual terms and conditions which were carried over from British Rail, received payments in this reporting period. These are predominantly white colleagues.

Payments were made under the APRP scheme to employees who worked in management roles during the 2021/22 scheme year.

As only the APRP scheme payments were made in the reporting period, a higher proportion of black, Asian and minority ethnic employees were paid PRP compared to white colleagues (34.4 per cent vs 31.2 per cent). However, despite this, black, Asian and minority ethnic colleagues still received on average less in value, as they are not as well represented in senior management roles which are eligible to larger PRP payments. We are committed to supporting the progression of black, Asian and minority into our most senior roles to help overcome this imbalance.

# Race Matters update

Our Race Matters project is part of our wider Everyone Matters strategy for equity, diversity and inclusion (EDI). It 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.



Faizza Rumani
EDI specialist and Race Project Lead

Faizza Rumani EDI specialist and Race Project Lead said: "Our progress this year has been positive, seeing a reduction in our overall ethnicity pay gap, and with more colleagues than ever sharing their ethnicity data. But it is clear that there is still more to do. As the project lead, I am committed to ensuring that our systems and processes are inclusive by design. We remain ambitious in our plans to create an organisation which is systemically inclusive, and in which all of our people feel that they belong."

Last year, we were halfway through our five year 'Race Matters' plan which takes us up to 2024. So, in 2021, we ran two surveys to sense-check our progress. Our focus over the past year has been to address the gaps we identified in our surveys and to continue to ensure fairness and consistency in all stages of our employee lifecycle to drive inclusion.

These surveys, which together were completed by more than 10 per cent of the business told us that:

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

The following sections describe how we have addressed each area.

### Career development and progression

Our surveys identified that career progression opportunities were a priority for our black, Asian and minority ethnic employees, and supporting their development is key to reducing our pay gap over time. So, this year we have made improvements to our recruitment, talent development, and performance management systems to make them more inclusive. Alongside this, we launched a new, cross-industry career development programme.

#### Career development programmes for black, Asian and minority ethnic colleagues

Following our 2021 and 2022 career development programmes for black, Asian and minority ethnic employees, 41 per cent of participants have made a promotional move, and 28 per cent have had a secondment opportunity. In 2022, our work supporting the career development of black, Asian and minority ethnic employees led to us being shortlisted to the CIPD 'Best inclusion and diversity initiative'. As we prepare for the Great British Railways (GBR), we are seeking to work closer with the rail industry across all our EDI priorities. So, following the successes of our previous work, we expanded our career development programmes to reach colleagues across the rail industry.

Our most recent programme called 'Activate Your Potential', aimed at more junior black, Asian and minority ethnic colleagues, spanned across 14 weeks with participants from across Network Rail, Transport for Wales, Scotrail, West Midlands Trains and Northern Rail. The programme consisted of dedicated development sessions, talks from inspirational guest speakers with industry leaders,

and participants were matched with a mentor throughout the process to discuss their ambitions and career goals. Participants rated the programme overall at 4.5 out of 5 and noted that having an industry-wide programme expanded the potential for greater career opportunities. We will track the progression of participants on our new programme to understand its true impact.

In June 2023 we launched a new programme focussed on leadership skills, aimed at mid-level black, Asian and minority ethnic colleagues who are looking to access more senior roles. We hope to have similar outcomes from this programme to share in next year's pay gap report.







#### **Talent development**

Outside of our bespoke programmes, we have also seen better diversity in our flagship Accelerated Leaders Programme (ALP) for our top talent, with applicants from minority groups increasing from 15 per cent to 17 per cent.

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 for business critical roles. Now, 6 per cent of successors for business critical roles, and 12 per cent of successors for local critical roles are black, Asian or minority ethnic employees.

We have continued to enhance our 'Empowering Talent' tool, which is a national career development portal designed to help employees to take ownership of their careers, take meaningful steps to achieve their goals, connect them with opportunities and raise their profile across Network Rail. Linked with their employee record, the tool helps managers and colleagues to continue to prioritise development and progression. The toolkit includes 'how to' guides on for line managers, including videos on how to have good career development conversations, action plans and reflective learning guides - all of which is supported by bite-sized training videos and virtual classroom training. Communications on the tool have been targeted at minority groups to encourage their participation and support their progression.

We added support for line managers on challenging biases and stereotypes into our performance management guidance. We are continuing to enhance our performance management process and guidance to ensure a fully inclusive methodology.



### Leadership

According to our Business in the Community Race At work survey 2021 results, 9 out of 10 Network Rail respondents said they knew a leader who promoted EDI. We are continuing to support the development of our leaders on EDI.

In 2020 we designed a half-day training programme for leaders, which explored how they can support us becoming an anti-racist organisation. It covered topics like racial microaggressions and harassment, biases, privilege, and how to have more courageous conversations

about race. We have now brought this programme into our core training offering and are continuing to promote it amongst our senior leaders. We plan to re-launch the programme with new comms and guidance to increase uptake even further.

Later this year, we will be launching our fourth national reciprocal mentoring programme.
Unlike traditional mentoring, EDI 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 has continued to run a listening group with front line black, Asian and minority ethnic employees to remain aware of their lived experience, and continue his learning around the barriers they face and what he can do to be more supportive.

### Creating an inclusive culture

This year, we've been busy supporting the inclusion and engagement of our black, Asian and minority ethnic colleagues through allyship. We know that EDI is everyone's responsibility, and we are making a priority to ensure all of us at Network Rail are engaged in conversations about racial equity.



Join the conversation at the

Stand Up for Race Equality Briefings

#### Safety and psychological safety

The mandatory briefing for Stand Up for Race Equality 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. In last year's report, we talk in depth about the Stand Up for Race Equality and its impact on our business.

We have now embedded the learnings from the Stand Up for Race Equality, creating bite-size resources from them to be used in team meetings, covering topics like microaggressions, unconscious bias and psychological safety. Regions and functions are embedding these into their new starter guidance. By giving people different ways to interact with the materials, and ensure new employees engage with it, we are keeping the conversation ongoing.



#### **Race Equality Week**

During Race Equality Week in February 2023, our director of inclusion and transformation, our Race Matters project manager and our Cultural Fusion Network represented Network Rail at various external events in collaboration with Race Equality Matters. We also took part in many of their initiatives including the 5 day challenge, and the #MyNameIs campaign.

During the week, we shared films of our employees explaining what their names mean to them and the importance of pronouncing it correctly. We also asked employees to add the phonetic spelling of their name to their email signature.



#### **Cultural Fusion**

Cultural Fusion is our ethnicity employee network bringing together black, Asian and minority ethnic colleagues and their allies. It's a volunteer led group 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 Windrush Day, black History Month and South Asian Heritage Month. Throughout the year, they continued their virtual tea breaks supporting members with their wellbeing and amplifying their voices within the company. In 2022, they were awarded the Tea Break Trailblazer by Race Equality Matters which recognised the impact of the tea breaks on Network Rail's culture. They also promoted their ethnicity allies toolkit including their endorsed guide on challenging racial discrimination at work.

During Race Equality Week in February 2022, they supported the #MyNameIs campaign and held various events to raise the profile of this work. In December 2022, the Network's previous Chair, Sharon Salmon, gained industry-wide recognition for her work to support black, Asian and minority ethnic colleagues when she won the HR Diversity and Inclusion award at the Rail Staff Awards.

Our national employee engagement survey which launched in April 2023 found that engagement of black, Asian and minority ethnic colleagues has increased since 2021, and is higher than the engagement of Network Rail colleagues as a whole. Whilst this is a positive story, we are committed to working more closely with our Network Rail routes and regions to ensure that black, Asian and minority ethnic colleagues feel engaged across all parts of our organisation.



'Inclusive recruitment' eLearning module for all hiring managers. 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. It 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.

In 2023 we are conducting an inclusion audit of our entire recruitment process to help us to identify potential sources of inequality in our process. We are committed to act based on the audit findings to create a recruitment process which addresses and removes barriers that we know black, Asian and minority ethnic candidates face.

### Recognising our progress

In 2022, Network Rail was awarded the 'Bronze Trailblazer' status by Race Equality Matters Network, recognising the steps we have taken to create meaningful action against racial inequality within the rail sector.

We also achieved 'Exemplary Employer' status in the Investing in Ethnicity matrix, which demonstrated that our ethnicity work and strategy met the highest standards when compared with organisations across industries.

### New exit and entrance survey designed

During our focus groups, we identified that many of our black, Asian and minority ethnic colleagues felt that they had to leave Network Rail in order to progress in their careers. As part of our commitment to reduce our ethnicity pay gap and improve retention of our black Asian and minority ethnic colleagues, we want to better understand our people's experiences at the start and end of their time with us.

We have designed a new entrance and exit survey to be sent to all new starters and leavers. The survey asks questions around inclusion and any barriers employees faced. These surveys went live just before and just after the pay gap reporting numbers were reported for 2023. In next years' report we hope to share insights we have found, and action taken as a result.

"I am pleased that Network Rail continues to voluntarily publish our ethnicity pay gap report. Through our commitment to remaining open and transparent about our successes and challenges, we can confidently ensure that our work is meaningful and impactful. We're dedicated to creating a culture where accountability for progress on our equity, diversity and inclusion goals is understood throughout the organisation — where EDI is embedded into the ways we work and into business plans at every level, so that progress can be celebrated and lack of change be challenged. This continued transparency will be crucial in shaping a safer, better railway for our people and our passengers."



Navleen Kalra
HR Director, Inclusion and Transformation,
Network Rail

# **Appendix**

Pay gap and median hourly rates by ethnicity.

Ethnicity group	Pay Gap vs White 2022	Pay Gap vs White 2023	Difference
Any other ethnic group	3.5 %	8.3 %	4.8 %
Arab	-0.2 %	-9.1 %	-8.9 %
Asian or Asian British - Any other Asian background	2.8 %	3.0 %	0.2 %
Asian or Asian British - Bangladeshi	21.8%	16.7 %	-5.1 %
Asian or Asian British - Chinese	-2.0 %	-2.0 %	0.0 %
Asian or Asian British - Indian	0.4%	-1.2 %	-1.6 %
Asian or Asian British - Pakistani	8.0%	9.5 %	1.5 %
black or black British - African	7.2%	8.9 %	1.7 %
black or black British - Any other black background	8.8 %	9.0 %	0.2 %
black or black British - Caribbean	7.6 %	9.3 %	1.7 %
Mixed - Any other mixed background	1.2 %	1.0 %	-0.2 %
Mixed - White & Asian	-1.4 %	1.6 %	3.0 %
Mixed - White & black African	12.6%	9.4%	-3.2 %
Mixed - White & black Caribbean	9.2 %	11.8 %	2.6 %
No data	21.5 %	22.5 %	1.0 %
Not Declared	-8.0 %	-9.6 %	-1.6 %

Ethnicity group	Pay Gap vs White 2022	Pay Gap vs White 2023	Difference
White - British (English, Northern Irish, Scottish, Welsh)	-1.3 %	-1.4 %	-0.1 %
White - English	12.2 %	10.8 %	-1.4 %
White - Gypsy or Irish Traveller	-9.1 %	-13.1 %	-4.0 %
White - Irish	-10.3 %	-11.5 %	-1.2 %
White - Northern Irish	-4.1 %	-3.3 %	0.8 %
White - Scottish	12.0 %	12.6 %	0.6 %
White - Welsh	13.6 %	11.9 %	-1.7 %
White Other - Any other White background	-7.3 %	-5.7 %	1.6 %

Network Rail Limited and Network Rail Infrastructure Limited Waterloo General Office London SE1 8SW

Tel **020 7557 8000** 

networkrail.co.uk

Company number: 4402220 Registered in England and Wales If you need this information in an alternative format please contact us.