Network Homes

Because good homes make everything possible

Ethnicity Pay Gap Report 2019/20

April 2021

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Background

Network Homes is firmly committed to making sure our organisation and the communities we serve are places of equality, diversity and inclusion.

Network Homes embraces diversity, and it is at the "**HEART**" of our culture. A recent initiative was to revamp our HART behaviours where we introduced the "E". This means we embrace everyone, supporting our colleagues and residents to feel confident in themselves, actively building on an inclusive culture.

Unlike the gender pay gap, there is no legal requirement for companies to publish their ethnicity pay gap, however Network Homes has and will continue to publish this voluntarily to help understand the size and causes of pay gaps and identify any issues that need to be addressed.

In 2020 **Helen Evans, Network Homes Chief Executive** and at that time, Chair of the G15 group joined other G15 Chief Executives to sign a pledge to encourage more ethnic diversity in the boardroom and at senior level. The pledge on black, Asian and minority ethnic (BAME) diversity commits each of its signatories to reflect the ethnic diversity of the communities they work in at their organisations - particularly at senior managerial, leadership and board levels.

Pay Gap 2019/20

Difference between "white" and "other ethnicity"

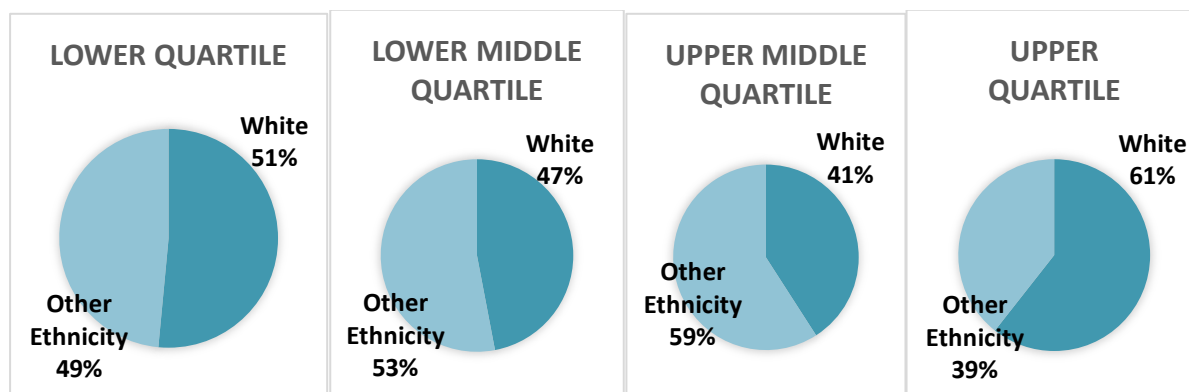|	Mean	Median
Hourly fixed rate	15.7%	0.8%

At the snapshot period we had 562 employees of which 50.2% are "white" and 49.8% are "other ethnicity". Comparing mean (average) hourly pay there is a gap of 15.7% between "white" employees and our "other ethnicity" employees.

Our ethnicity pay gap is not an equal pay issue as there is no difference in pay assigned to a role based on gender or ethnicity. Roles are currently assigned a reference point after an external benchmarking has been carried out. We are currently consulting on our pay policy to increase pay transparency. The issue remains that there is a higher representation of "white" employees in the upper quartile (61%). Posts which sit in this quartile are mostly in our Senior Management Team (SMT). At the time of the snapshot there was 80% "white" and 20% "other ethnicity" in the SMT.

In our Ethnicity pay gap reporting for 2018/19, we had reported a mean ethnicity pay gap of 16.5% and a median pay gap of 6.2%. Both have seen a reduction in the gap in 2019/20, the mean hourly rate has reduced by 0.8% and the medium has reduced by 5.4%.
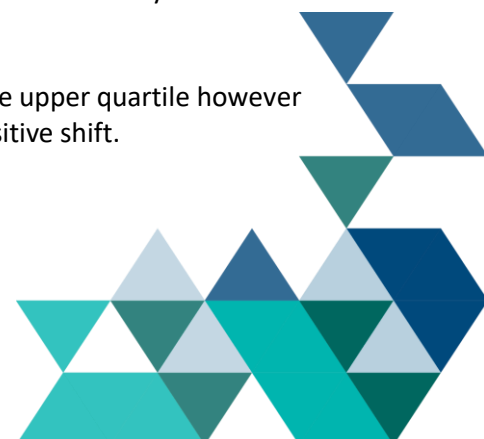
Pay Quartiles

Proportion of "white" and "other ethnicity" in each quartile

LOWER QUARTILE — White 51%, Other Ethnicity 49%

LOWER MIDDLE QUARTILE — White 47%, Other Ethnicity 53%

UPPER MIDDLE QUARTILE — White 41%, Other Ethnicity 59%

UPPER QUARTILE — White 61%, Other Ethnicity 39%

There is an even distribution of "white" and "other ethnicity" in the lower and upper middle quartiles, with only a 2% variation. The lower middle quartile reported a relatively even distribution with a 6% variance, with a higher proportion of "other ethnicity". This has decreased by 4% from the 2018/19 report (57%).

There maintains to be a higher representation of "white" employees in the upper quartile however this has reduced by 8% compared to 2018/19 report (69%), showing a positive shift.

Bonus payments

Bonus Gap

Difference between "white" and "other ethnicity"

	Mean	Median
Bonus paid	58.7%	0%

Proportion of staff awarded a Bonus

	White	Other Ethnicity
Received a bonus	79.8%	73.6%
Did not receive a bonus	20.2%	26.4%

Comparing the mean (average) bonus pay, there is a significant gap between "white" and "other ethnicity" employees reporting 58.7%. This gap has increased by 10.6% compared to the year before (48.1%). The median bonus remained unchanged compared to last year staying at 0%.

As per the Gender Pay Gap report, our bonus pay gap is not an equal bonus pay issue but a higher proportion of "white" employees (60.6%) in the upper quartile. Normally posts that sit in the upper quartiles are awarded Performance Related Pay (PRP) and some business-critical posts can receive a pre-agreed retention bonus.

The median bonus remained unchanged compared to last year staying at 0%. 79.8% of "white" employees received a bonus, this has decreased by 7.8% compared to 2018/19 (87.6%). 73.6% of "other ethnicity" employees received a bonus; this has also decreased by 9.7% compared to 2018/19 (83.3%).

All employees receive the same amount of Contribution and Development (CAD) bonus payments dependant on the rating awarded, either "Exceeds", a one-off bonus payment of £1,000. Or "Fully Met", a one-off bonus payment of £600 agreed by board.
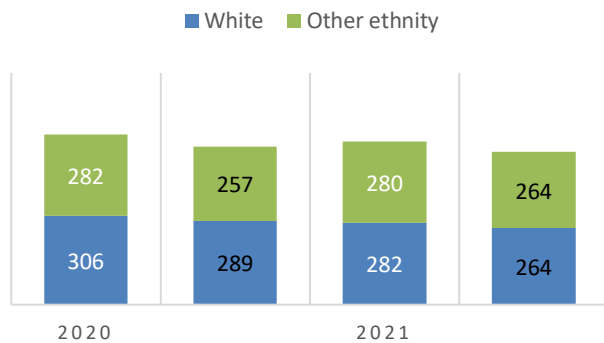PRP percentage is awarded to members in certain specialist roles, Senior Management Team and Executive Leadership Team.

Comparable data analysis

Number of staff in snapshot period

ETHNICITY SPLIT WITHIN SNAPSHOT PERIOD

■ White ■ Other ethnity

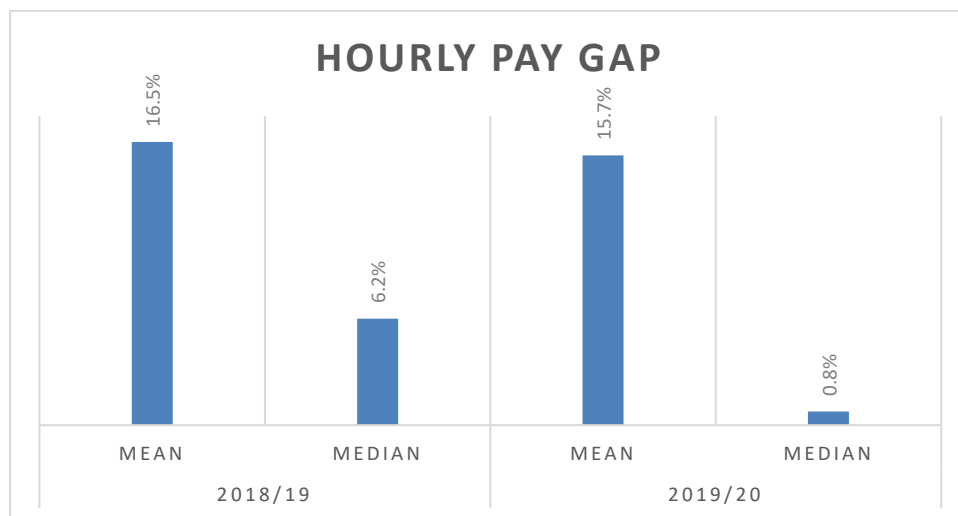|			
282	257	280	264
306	289	282	264

2020   2021

The snapshot period/relevant pay period is from the 1 April to 31 March and includes all employees employed by Network on the snapshot date of a given year.

The first column (number in white) represents the total white and other ethnicity split of all relevant employees (includes employees who were paid less than their basic pay).

The second column (numbers in black) represents the total white and other ethnicity split of all full pay relevant employees (who were paid their usual full basic pay).

Since Network first started reporting ethnicity pay gap for 2018/19, the total number of employees have decreased in 2019/20 by 26, 24 leavers were "white" and 2 where from "other ethnity".

Hourly Pay Rate

HOURLY PAY GAP

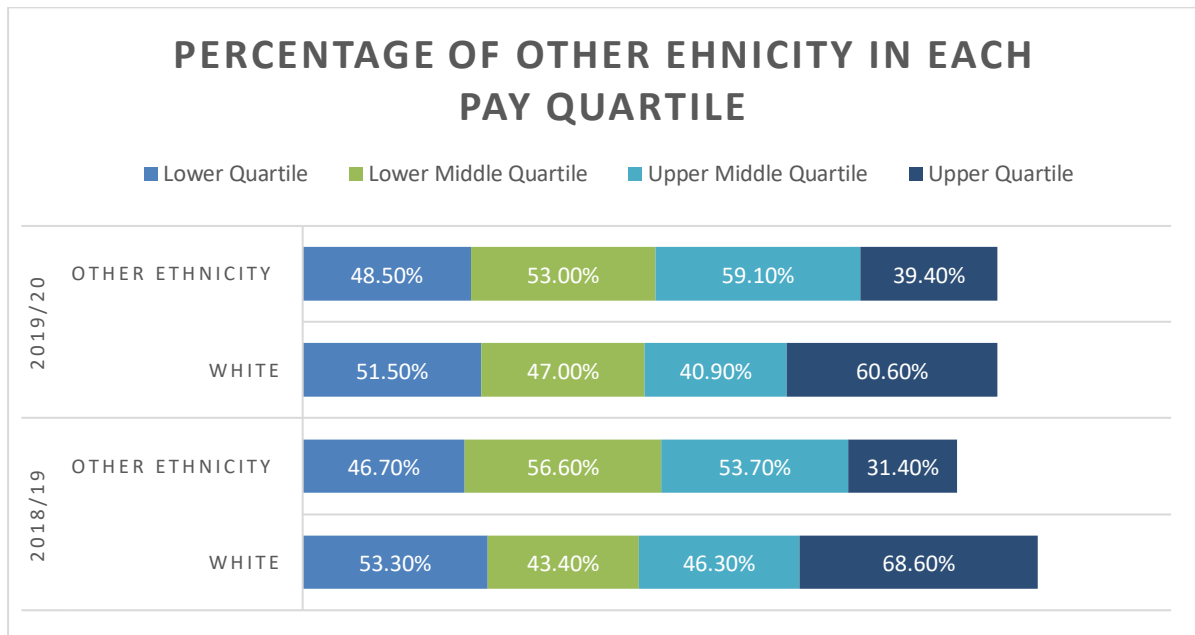|			
16.5%	6.2%	15.7%	0.8%
MEAN	MEDIAN	MEAN	MEDIAN
2018/19		2019/20	

The mean (average) hourly pay gap reduced by 0.8% from 2018/19 to 2019/20. The medium hourly pay gap also reduced by 5.4%.

Percentage of Ethnicity split in four Pay Quartiles

PERCENTAGE OF OTHER EHNICITY IN EACH PAY QUARTILE

Legend: ■ Lower Quartile ■ Lower Middle Quartile ■ Upper Middle Quartile ■ Upper Quartile

2019/20

	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
OTHER ETHNICITY	48.50%	53.00%	59.10%	39.40%
WHITE	51.50%	47.00%	40.90%	60.60%

2018/19

	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
OTHER ETHNICITY	46.70%	56.60%	53.70%	31.40%
WHITE	53.30%	43.40%	46.30%	68.60%

In 2018/19 there was a higher proportion of "white" employees in the lower and upper quartiles, this remains unchanged in 2019/20 however the percentage has decreased by 1.3% in the lower quartile and by 8% in the upper quartile. These are positive shifts as there is a more even distribution in the lower quartile and this has increased the proportion of "other ethnicity" in the upper quartile.
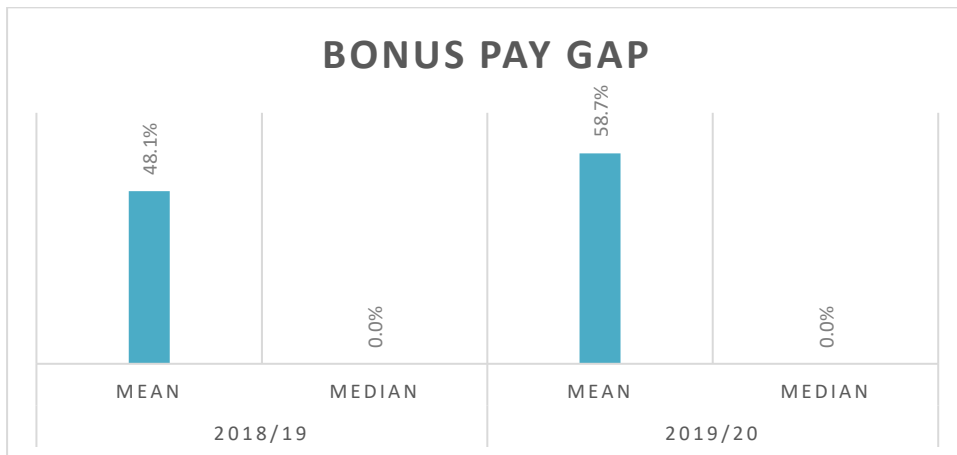
There remains to be a higher percentage of "other ethnicity" in lower middle and upper middle. There has been a 3.6% shift in the lower middle quartile towards a decrease in "other ethnicity" and increase in "white".

There has been an opposite movement in the upper middle quartile, still having a higher percentage of "other ethnicity" but the 5.4% shift is reflecting a decrease in "white" and increase in "other ethnicity".

Year on year there remains to be a higher proportion of "white" employees in the Upper Quartile (over 60%), resulting in Network Homes reporting a "pay gap" that "other ethnicity" hourly pay is lower than that of their "white" counterparts. However there has been a positive shift for 2019/20, an 8% decrease in "white" employees resulting in an increase in "other ethnicity".

Bonus pay gap

BONUS PAY GAP

	2018/19		2019/20	
	MEAN	MEDIAN	MEAN	MEDIAN
	48.1%	0.0%	58.7%	0.0%

The bonus pay gap remained very wide. We reported a mean (average) bonus pay gap of 48.1% in 2018/19, this has increased further by 10.6% in 2019/20 reporting 58.7%.
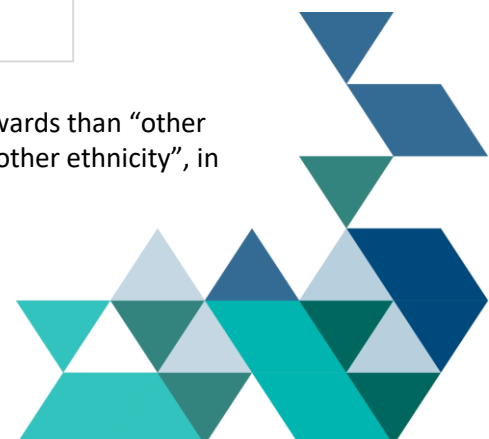
As previously started PRP is awarded to Senior Management Team members (majority are white) and members of the Executive Leadership Team (all white). There have been discussions to review our succession planning and talent mapping and both the Gender pay gap and Ethnicity pay gap reports will feed into the over proposals going forward to Board.

For 2018/19 and 2019/20 there has been no pay gap for the medium bonus pay, this support the view that there is not an equal bonus pay issue as majority of employees receive the standard Contribution and Development (CAD) bonus pay award and a small proportion of employees in senior positions receive PRP.

Who received a bonus?

Who received bonus pay

Legend: ■ Other ethnicity ■ White

In 2018/19 and 2019/20 "white" employees have received more bonus awards than "other ethnicity". In 2018/19 there was a staffing split of 52% "white" and 48% "other ethnicity", in 2019/20 there is an equal 50/50 split.

Conclusion

Network is proud to have a diverse workforce with a 50/50 split of "white" and "other ethnicity". There is currently a 15.7% pay gap which has reduced compared to the 2018/19 report (16.5%).

Network introduced its Equality and Diversity and Inclusion 10-point plan in 2020 with actions on how to increase EDI.

Closing the gap

In September 2020 Network Homes formed the Racial Equality Action Group (REAG) to promote equality.

Equality, Diversity, and Inclusion – 10-point plan

In May 2020 Network Homes launched the 10-point plan, which sets out to increase equality, diversity, and inclusion. The plan is monitored and reported on quarterly.

- **Monitor and report on equality, diversity, and inclusion among colleagues** - Data on the protected characteristics of starters, leavers, promoted colleagues and people affected by restructures is published every quarter on Network's intranet system. The Equality and Diversity Engagement Group (EDEG) monitor progress being made with our EDI 10-point plan.

- **Create a more diverse workforce through enhanced recruitment techniques** – Network Homes have implemented the Rooney Rule, which ensures women or people from ethnic minorities are interviewed for senior positions, providing they meet the minimum requirements for the role. We fully capture and monitor all EDI information through the recruitment process and are aiming to have all personal information automatically redacted from applications by Autumn 2022. Diverse interview panels as part of the recruitment process are mandatory.

- **Provide talent development and career progression programmes** – A launch of Development programmes aimed at ethnic minority and female participants. Each programme is for 12 months and alternate year on year. The participants will receive continued support with their development and confidence.

  Springboard – A BAME development programme. This is ring-fenced to BAME employees (junior managers/non managers only), who want to build their confidence in a safe environment.

  Aspire – A women's development programme. This is ring-fenced to female employees and provides a safe and empowering environment for women to enhance their own skills and abilities; build their confidence, assertiveness, a positive image, and provide a platform from which to compete for higher-level posts.

  Members of these recent cohorts will be Mentors to our Executive Leadership Team (ELT) and Senior Management Team, as part of the newly launched HARTBeat+ Mentoring (circular mentoring) programme.

- **Ensure internal policies facilitate equality, diversity, and inclusion among colleagues** - As policies are updated due to changes or as part of the three-year review cycle, all are required to complete an equalities impact screening exercise and full equalities impact assessment if appropriate.

- **Increase diversity at Board and Senior Leadership level** - The aim is to have 50% of Board positions held by women, and 33% of Board positions to be held by people from an ethnic minority background, by 2025 and 40% women and 30% of people from an ethnic minority background, to be in leadership positions. The work with our external EDI consultant will help us understand how we can achieve these targets. The former should be easier to achieve than the latter, partly due to reduced turnover in senior positions compared to the board.

- **Raise awareness and provide training for colleagues** - Equality and Diversity training is mandatory for all new starters. Network is currently designing an inclusive leadership programme to provide training and ongoing support for managers on diversity and inclusion.

- **Raise awareness and provide training for colleagues** - Raising awareness on specific issues and subjects through teams' channels and diversity groups is working well. For example, International Women's Day is celebrated, and colleagues were asked to show their support for #ChooseToChallege. We have a newly formed Women's Equality Group, who have been successfully promoting events and seminars.

- **Learn from residents and empower them to influence & tackle equality issues facing residents** – As part of our Big Conversation survey during the winter we asked residents if they would be interested in setting up an LGBTQ+ residents' group. One of our residents wrote a blog; 'I got involved and you should too!' encouraging other residents to get involved. Residents have also requested organised events when we are able to physically meet.

- **Actively and visibly promote Equality, Diversity, and inclusion at all levels** - The Regular discussion take place across different EDI networking groups to share ideas, collaborate and maintain energy and momentum on all EDI issues. The Race Equality Action Group (REAG) have worked hard to make sure Black History month becomes something we talk about every month. The LGBTQ+ group held their first Network Thinks event followed by the launch of LGBTQ+ history month with the publication of our new gender transitioning policy.

- **Collaborate to influence** - Network is participating in sector-wide network groups, including HouseProud, a network for LGBTQ+ social housing professionals, Unity, a network for BAME housing professionals, and the London Diversity Group, a networking for anyone working one equality, diversity, and inclusion in social housing.

We are working with an EDI specialist consultancy. They will support us in our next steps to become a truly inclusive employer. The work included the launch of our EDI Survey, listening exercises and focus group exercises to understand our colleagues' current experiences and perceptions of Network.