

Anglian Water Ethnicity Pay Gap Report 2023





Introduction

Welcome to our 2023 Ethnicity Pay Gap Report

At Anglian Water, we recognise that we have a responsibility to ensure we are an inclusive and equitable workplace, and one which reflects the ethnic diversity of our region. That's why, for the second year running, we're pleased to share our progress in fostering an inclusive and diverse workplace, where everyone has the opportunity to thrive.

We firmly believe in doing what's right, not just what's required. Although the ethnicity pay gap is not a statutory requirement, we continue to proactively ask our workforce to voluntarily disclose their ethnicity to compile this report.

Starting from a baseline of 35% of employee data in 2020, we now have responses from 73% of our people, which is a tremendous result. We would like to thank our employees for their contribution to enable this report and will continue to encourage remaining employees to share their ethnic identity, so we can have greater clarity on the demographic of our workforce in future years.

Increased data on employee ethnicity has brought with it an enhanced understanding of areas we need to improve on. As predicted, we've seen a slight increase in the pay gap, although at this stage we recognise we're still working towards achieving accurate figures. Hearteningly, we've seen some improvements in the ethnicity split across the pay quartiles and role frameworks.

Amanda Bridger
Group Director of People and Change

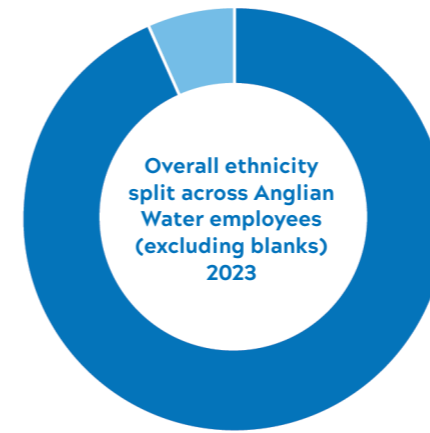
Over the past year we've been busy. Our Inclusion training has been completed by more than 90% of our people, we've continued to revamp our hiring practices to promote diversity, and created an employee support network for Ethnically Diverse Communities to ensure all voices are heard. We believe it's not just about ticking boxes; it's about creating real change. This report reflects the hard work and dedication of every member of our team over the past 12 months.

In 2023 we were delighted to receive recognition for our work on increasing inclusion throughout the business. Our Strength in Diversity project (page 12) was named Diversity and Inclusion Initiative of the Year at the Water Industry Awards 2023, and we won the Institute of Water award for Commitment to Inclusion and Diversity 2023.

It is a pleasure to work with and meet many people across Anglian Water who are passionate about building inclusion. We recognise that creating a vibrant and diverse workforce is a long-term journey, and while we continue to make small steps day to day, the overall momentum we're gaining is exciting. As we look forward to the coming Asset Management Period (AMP) it gives me hope for the future of our company, and achieving a diverse and inclusive workforce that reflects the region we serve.

Anglian Water is the largest water and water recycling company in England and Wales by geographic area.

From the Broads of Norfolk to the hills of the Lincolnshire Wolds, fast-growing cities to the dramatic Suffolk coastlines, the landscape of our region is very varied. We supply water and water recycling services to almost seven million people in the East of England and Hartlepool.



↓ **93.6%**
White
(2022: 95.2%)

↑ **6.4%**
EDC*
(2022: 4.8%)

*Ethnically Diverse Communities



88%
White

12%
EDC*

*Ethnically Diverse Communities



- Our workforce has traditionally comprised of men, the majority of whom spend their entire working lives with us.
- A third of our workforce is due to retire in the next decade and we are seizing the unique opportunity to act now to create our future workforce, one which celebrates and includes people from all backgrounds and identities and is representative of the community we serve.
- We recognise we need to improve our ethnicity and gender balance across our entire workforce and have a long-term strategy in place to achieve this.

Our vision is to build an inclusive workforce where all our employees feel valued and welcomed during their time working with us, and one that is representative of the community we serve. It is important to note that our view is long term as we shift the culture of our business, which operates in a traditionally male-dominated industry.

This report covers the period from 6 April 2022 to 5 April 2023 and is in relation to employees of Anglian Water Services who have self-reported their ethnic identity.



Why are we reporting our ethnicity pay gap, and what calculations have we used?

Unlike gender pay gap reporting, ethnicity pay gap reporting is completed on a voluntary basis. We believe reporting on our ethnicity pay gap it is the right thing to do, although it is not a statutory requirement. This is the second year we have reported on our ethnicity pay gap.

We asked our workforce to report their ethnicity so that we could compile this report. This information is shared voluntarily and to date 73% of our people have done so, an increase of 3% from 2022. This has resulted in a reporting population of 65.9%, up 4.8% on the reporting population in 2022.

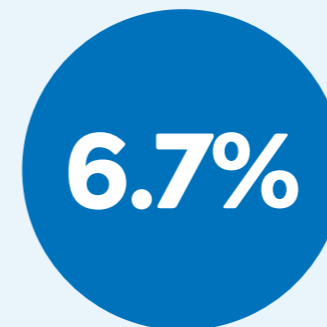
As a result, our data is increasingly representative of our actual ethnically diverse population, and more employees overall have been included in the reported figures. However, the ethnicity of the remaining 27% of our employees is still outstanding and therefore have not been included in the reported figures. For this reason, we believe the actual figures may differ.

We continue to engage with our people and encourage them to share their ethnic identity so we can have greater clarity on the demographic of our workforce in future years.

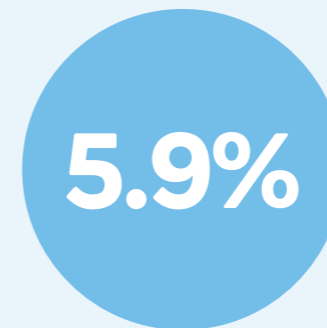
In calculating our ethnicity pay gap, we have used the same principles that are applied to statutory gender pay gap reporting. The ethnicity pay gap shows the difference in the average pay between employees from Ethnically Diverse Communities (EDC) in the workforce, compared to White employees (including those that identify as White Other).

For the purposes of this report, we have divided our data into EDC - which includes people who are Black, Asian, Mixed Race, or identify as 'Other' on the UK census - and White, which includes all categories of people who identify as White, including White British, White Irish, White European and White Other.

What is our ethnicity pay gap for 2023?



2023
Mean
ethnicity
pay gap
(2022: 6.1%)



2023
Median
ethnicity
pay gap
(2022: 4.6%)

This year we have seen a slight increase in our reported pay gap figures compared to 2022. As this is only our second reporting year it is too early to say whether the fluctuation is related to the increased level of recorded ethnicity, however this is something we will be monitoring in future years.

The ethnicity pay gap is impacted by the low numbers of people from EDCs in our organisation overall, which has affected the mean figure.

The low number of ethnically diverse people employed in leadership and senior roles has resulted in a gap in the median figure.

Both these factors, plus a number of new hires not eligible for a bonus under the policy rules, have also impacted the bonus pay gap for ethnically diverse people in our organisation (see page 9).

What is the difference between the mean and the median figures?

The mean is calculated by adding up all the pay elements of employees in a company and dividing that figure by the number of employees.

This means the final figure can be skewed by a small number of individuals at either end of the pay scale.

The median is the number that falls in the middle of a range when everyone's pay is lined up from smallest to largest and is more representative when there is a lot of variation in pay.

This is especially true with Anglian Water, as we have more than 6,100 employees across our region.

Ethnicity split across the organisation

For cross comparison, we have divided our workforce into four quartiles: lower, lower middle, upper middle and upper, based on hourly rate.

The table on the right shows the proportion of EDC and White employees as a percentage within each quartile.

In 2023 we have seen a positive change with a higher proportion of EDC representation in virtually all of the quartile levels, which is particularly significant at quartile four, which contains the highest paid employees.

	EDC	White
	2023	2023
Quartile		
Lower	6.5% (2022: 5.1%)	93.5% (2022: 94.9%)
Lower Middle	6.1% (2022: 6.1%)	93.9% (2022: 94.9%)
Upper Middle	4.5% (2022: 4.1%)	95.5% (2022: 95.9%)
Upper	4.9% (2022: 3.8%)	95.1% (2022: 96.2%)

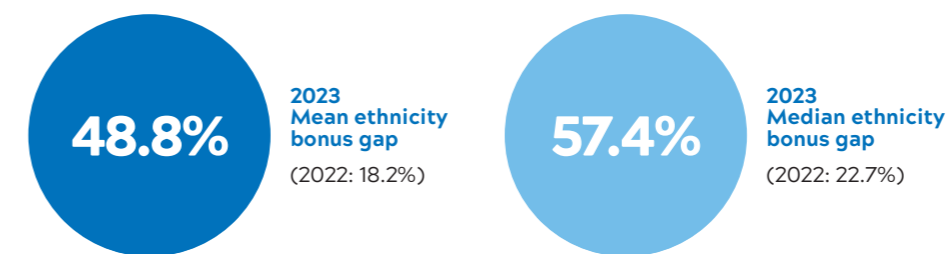
Ethnicity split across role framework

This year the ethnicity split across role frameworks has broadly improved.

% of overall employees in stream levels	Stream	EDC	White
		2023	2023
2% (2022: 1%)	Principal Specialist	2% (2022: 7%)	98% (2022: 93%)
	Strategic Leader	2% (2022: 2%)	98% (2022: 98%)
7% (2022: 9%)	Specialist	7% (2022: 5%)	93% (2022: 95%)
	Leader	7% (2022: 3%)	93% (2022: 97%)
19% (2022: 25%)	Subject Matter Expert	7% (2022: 4%)	93% (2022: 96%)
	Team Leader	4% (2022: 3%)	96% (2022: 97%)
75% (2022: 65%)	Team Contributor	7% (2022: 5%)	93% (2022: 95%)

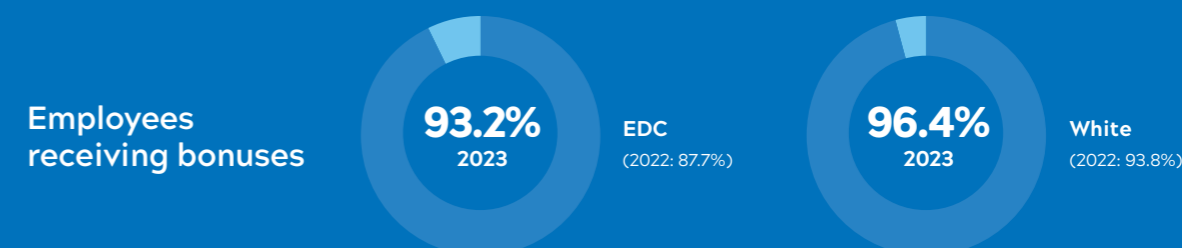
Source AW_-_Establishment_List_-_Diversity_Ethnicity 5.12.23.xlsx

Bonus pay across the organisation



Similarly to the gender bonus gap reporting (where we see fluctuations year on year), the same is happening for the bonus gap, which reflects small fluctuations in performance alongside the split of full and part-time employees.

A factor impacting these figures is the smaller proportion of EDC employees receiving long service awards. This reflects historic ethnicity levels with long serving employees, and something we are aiming to improve in future years.



Why we have an ethnicity pay gap

Our organisation operates in a traditionally male-dominated and white industry, with many of our employees spending their entire working lives with us: 97% of people with over 25 years' service are white.

We recognise we need to act now to create our workforce of the future: one which includes a greater percentage of women, minority genders, people from EDCs, and other members of the community who might be traditionally excluded or marginalised, such as disabled people.

It is important to note the ethnicity pay gap is different to equal pay. We meet the legal requirements for equal pay.

We are committed to continuing efforts to improve our ethnicity balance across our entire workforce, as detailed below.

Steps we're taking to close the ethnicity pay gap

We're working to build an organisation that is diverse and inclusive, with equality and representation at all levels. We're taking the following actions to improve the ethnic diversity in our workforce:

Setting diversity hire targets:

Target	Target for 2023	2023 Outcome	End of AMP 7 target (2025)
Increase the percentage of new hires from ethnically diverse communities (EDCs) to better reflect the wider demographic of our region	To increase new EDC hires by 5% in 2023, bringing the total number of EDC hires to 14% (in 2022 new hires from EDC was 9%)	10%	By the end of 2025 we want 20% of all new hires to be from EDCs
Increase the number of senior positions held by people from EDCs, reflecting our broader employee percentage (4.8%)	To increase the number of senior positions held by employees from EDCs to 4% (in 2022 3% of roles were held by employees from EDCs)	5%	By the end of 2025 we want 8% of senior positions held by employees from EDCs

We are signatories of Business in the Community's (BITC) Race at Work Charter and are implementing its recommended seven key actions to improve the quality of opportunity in our workforce as part of our inclusion strategy.

Putting inclusion at the heart of our recruitment strategy

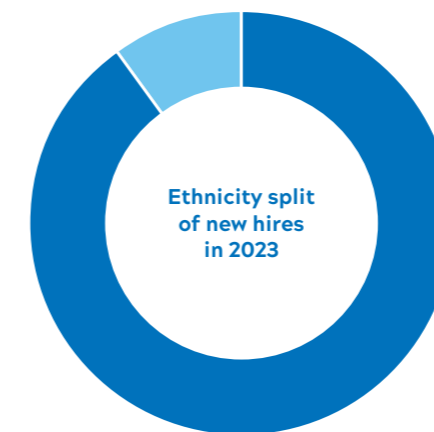
We are working to attract and retain ethnically diverse candidates in a wide variety of roles across our organisation. To do this we have changed our recruitment efforts to ensure we're reaching - and supporting - a diverse range of candidates into roles.

Some of the changes we have made in 2023 include:

- Introducing independent volunteers to review and constructively challenge conscious and unconscious bias anywhere in the recruitment process - from the writing of adverts all the way through to offer stage.
- Piloting mandatory independent panel member on interview panels, with the sole purpose of challenging bias for the hiring of specific roles (typically in operations).
- Changing the way, we recruit graduates and apprentices, focusing on the skills and behaviours that really matter. We've also improved our in-person assessments to make sure they're fair and welcoming environments where everyone can shine.

In addition we are also:

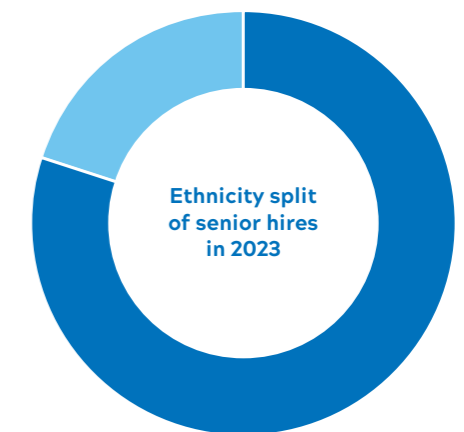
- Working to address and eradicate bias at each stage of internal and external recruitment, including advertising placement, imagery, wording of job descriptions and gender composition of interview panels.
- Directing hiring managers to undertake unconscious bias training as part of our Recruitment and Interviewing Skills training course.
- Strongly recommending to hiring managers to make interview panels diverse.
- Closely monitoring the ethnicity split at application as well as at various stages within the assessment and selection pipeline (particularly for early careers) to ensure we are attracting from as wide a talent pool as possible.
- Publishing key policies on our careers website, including our maternity leave policy, flexible working policy, shared parental leave policy and transgender and transition policy.



90% White (2022: 90%)

↑ 10% EDC (2022: 8%)

2022 not disclosed: 2%



↓ 80% White (2022: 90%)

↑ 20% EDC (2022: 9%)

2022 not disclosed: 1%

Supporting social mobility in our region

Our Strength in Diversity (SID) programme seeks to diversify our business by targeting specific towns in our region and working with schools, community groups and jobseekers to support them into work.

Launched in 2022, SID engages with the local community at multiple touchpoints to break down the barriers experienced by marginalised groups entering the workforce.

We have prioritised delivering practical actions, such as work experience, interview training and supporting the development of employability skills, to make a positive difference and help improve social mobility for people in our community.

In 2023 we expanded the programme to include:

Working with prisons and ex-offenders to improve employability skills:

- This year we have visited prisons in Peterborough, Norwich, Lincoln, Boston and Northampton, attended job fairs, held employability sessions and built relationships with new sites to plan for future employability sessions.

Working with the Department of Work and Pensions:

- This year we've built on our partnership to continue offering CV and careers advice sessions at Job Centres in our region. In Peterborough we are supporting DWP's Peterborough for Jobs campaign which aims to reduce worklessness in young people, holding employability skills and mock interviews with young people.

Offering support to schools in Milton Keynes and Bedford

- We've been engaging with local schools and colleges, inviting school students to an insight day at our Cotton Valley works to help them understand more about our business and the opportunities provided by our apprenticeship and graduate programmes.

Looking to the future:

In 2024/25 we are developing a Society Strategy to support our efforts to make a positive impact in the communities we serve.



Our inclusion strategy

At Anglian Water, inclusion means creating a culture where everyone feels heard and valued. Our inclusion strategy covers three strands:

Our inclusion strategy covers three strands

Key actions and updates in 2023

1. Developing awareness and education - raising awareness of key topics, recognising and celebrating diversity and educating our people.

- Our mandatory inclusion training (launched in 2022) has been completed by more than 90% of our people
- This year's Black History Month celebrations included a 'Saluting our Sisters' Panel event featuring Black Women leaders from across our business, while retired Police Officer Andrea Reynolds joined us to share her experience as a Black police officer and her work in Diversity & Inclusion.
- We also hosted webinars from Stuart Lawrence, brother of Stephen Lawrence and Lila Thompson, CEO of British Water.
- Throughout the year we've held events at Thorpe Wood House, Lancaster House and Enterprise House to share multicultural food to mark events such as Black History Month and religious festivals such as Diwali. We've also created an internal webpage to share celebration recipes of all cultures.

2. Build and grow our Inclusion community - together we will continue to grow the community as a safe place to share, engage and be allies, fully supported by our management board.

- This year we created a race and ethnicity group, Embrace which is employee-led. We now also have a Pride Family for LGBTQIA+, and an Ability Network for Disability
- We doubled signups for inclusion week events

3. Making changes to move our organisation forward - together we will embed Inclusion within our policies and practices, and we will create interventions to remove barriers.

- New inclusive hiring targets implemented
- New diversity and inclusion interview panel volunteers launched
- Strength in Diversity work continues, with an emphasis on social mobility (see page 13)
- Reverse mentoring programme continued throughout Anglian Water (see box out)

Our Reverse Mentoring programme has been rolled out across the business following a successful pilot in 2022, with fantastic feedback from all involved.



One of our mentees is Emily Timmins, Director of Water Recycling. Speaking of her experience she said:

“I want to be part of a culture where respect for difference is shown, valued and celebrated and it starts with education and educating myself. As a leader of this organisation, I need my eyes wide open to the challenges we need to face. Reverse mentoring has enabled me to walk a mile in someone else’s shoes, creating empathy and understanding but also inspiring me to do more.

The conversations my mentor and I have had have moved on from understanding and caring to doing ‘more’ and I can’t thank her enough for trusting me with those honest and inspiring conversations.”

Another senior mentees said:

“Through my catch ups with my mentor I’ve come to recognise that my own life experiences hadn’t provided me a meaningful understanding of the daily and life-long challenges faced by my Ethnically Diverse colleagues.

The opportunity has enabled me to gain a greater awareness and fresh perspective, which has enriched my knowledge and desire to promote diversity in Anglian Water. I can’t thank my mentor enough for her time, openness and willingness to share.”



About ethnicity pay gap reporting

We confirm the information and data reported is accurate and has been calculated in line with the gender pay gap statutory requirements, but in relation to ethnicity instead of gender.

Calculations are made using our HR and payroll records. All employees can confirm and update their records online or by contacting the People Support Team. This does not involve publishing individual employees’ data.

There are many objective reasons for pay differentials such as seniority, experience, location and, in a small number of cases, personal pay protection. The important point in any pay system is that it is fairly and equally applied considering these different factors.

We review our pay differentials to eliminate these gaps over time. We regularly review our policies, procedures and practices to ensure they are fair and reasonable.

Declaration

I confirm that this statement is true to the best of my knowledge and belief.

Signed:

Amanda Bridger
Group Director of People and Change



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