

# Anglian Water Ethnicity Pay Gap Report 2022



## Introduction

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At Anglian Water we are committed to promoting diversity and inclusion in our organisation and are proud to publish this, our first-ever Ethnicity Pay Gap Report. While we are not legally obliged to publish this report, we believe it is the right thing to do in order to promote transparency and accountability within our organisation in line with our Purpose.

We have a long-term inclusion strategy which supports our Purpose to bring environmental and, crucially, social prosperity to our region. We are proud of our low employee turnover and the recognition we've received over the years for being a great place to work. However, we recognise that we have a responsibility to ensure we are an inclusive and equitable workplace which reflects the ethnic demographic of our region.

In order to compile this report we first needed to understand the ethnic split of our people, as we had not previously recorded this information. Beginning in 2020, we have proactively asked our workforce to voluntarily report their ethnicity. We began with a baseline of 35 per cent of employee data and now have responses from more than 70 per cent of our people, which is a tremendous result. We will continue to encourage remaining employees to share their ethnic identity so that we can have greater clarity on the demographic of our workforce in future years, which will only enhance future Ethnicity Pay Gap Reports.

As noted in this year's report, our workforce is currently predominated by White ethnicities, and that this composition has contributed to an ethnicity pay gap. Improving our ethnicity pay gap will take time and effort, but we are dedicated to making progress in this area in order to have a more equitable and inclusive workforce.



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**As Anglian Water's lead Board Member for race, I focus on improving ethnicity inclusion across our business. It is our duty to ensure no one feels excluded from applying for a role because of their ethnicity and there is no 'glass ceiling' for anyone. As an ally, I am using my position to influence cultural and organisational change.** “

We are confident that by implementing diversity targets - which are new for this year - alongside targeted recruitment, wider employee retention, and engagement with our region's ethnically diverse communities, we will gradually grow a more inclusive and equitable workplace.

We would like to thank all of our employees for their contribution so that we could compile this report, and we look forward to continuing to work together to promote diversity and inclusion at Anglian Water.

**Susannah Clements**  
Group Director of People and Change

# Who we are



Anglian Water is the largest water and water recycling company in England and Wales by geographic area. We supply water and water recycling services to almost seven million people in the East of England and Hartlepool.

**We were the first major utility to enshrine our Purpose in the fabric of our company constitution by changing our Articles of Association. This locks public interest into everything we do, and went on to become our Purpose: To bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop.**

This is a bold idea about the role we want to play in the world. It acts as a north star for our team and is a genuine promise to our customers, partners and shareholders. We're constantly challenging ourselves to be the best company we can be, and to make a real and meaningful impact for our customers, communities and the planet. What's powerful about a north star, is that it's forever pursued, but always out of reach,

and that keeps us striving and challenging ourselves to go further.

Everything we do as a business, including for our employees is guided by the values that drive our continued progress: Together, we build trust; We do the right thing; We are always exploring.

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. However, we recognise that a third of our male workforce is due to retire in the next decade, and we need to act now to create our workforce of the future. We are working to improve our gender balance across our entire workforce.

This report covers the period from 6 April 2021 to 5 April 2022 and covers employees of Anglian Water Services.





# What is the ethnicity pay gap?

Unlike gender pay gap reporting, ethnicity pay gap reporting is completed on a voluntary basis and therefore there is limited data available to allow us to compare ourselves to other organisations.

We have asked our workforce to report their ethnicity so that we could compile this report. Reporting ethnicity is voluntary and to date 70 per cent of our people have done so. Because of this, actual figures may differ slightly. We continue to engage with our people and encourage them to share their ethnic identity so that 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 staff 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, such as White British or White Other.

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

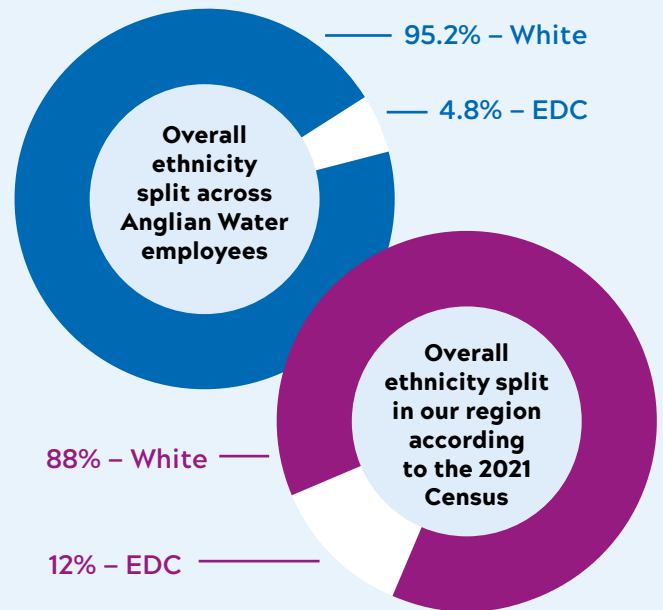
The mean is calculated by adding up all of the pay elements of employees in a company and dividing that figure by the number of employees. This means the final figure can be skewed by a small number of individuals at either end of the pay scale.

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 5,000 employees across our region.

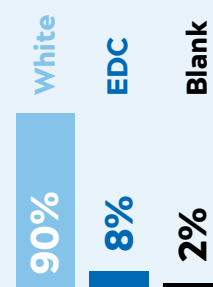
## What is our ethnicity pay gap for 2022?

Mean ethnicity pay gap **6.1%**

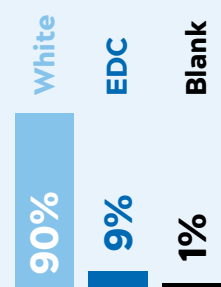
Median ethnicity pay gap **4.6%**



### New hires ethnicity split



### Senior hires ethnicity split



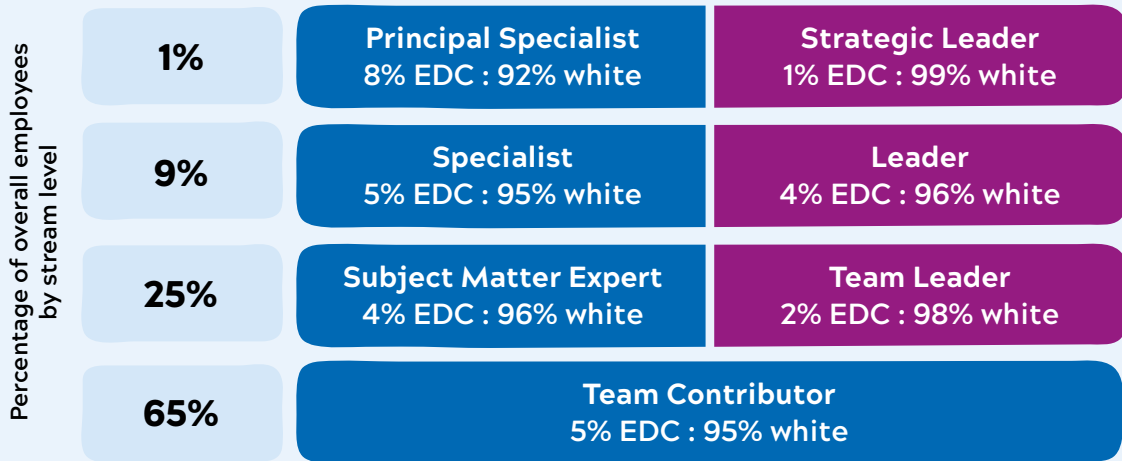
# Ethnicity split across the organisation

For cross comparison, we have divided our workforce into four quartiles: lower, lower middle, upper middle and upper, based on hourly rate. The table below shows the proportion of EDC and White as a percentage of relevant employees within each quartile.

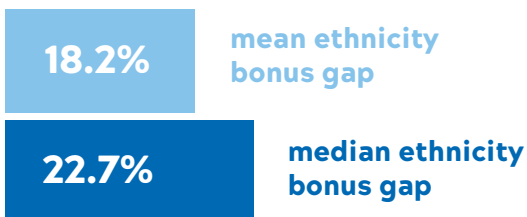
Quartile	EDC	White
Lower	5.1%	94.9%
Lower Middle	6.1%	93.9%
Upper Middle	4.1%	95.9%
Upper	3.8%	96.2%



## Ethnicity split across role framework



### Bonus pay across the organisation



### Employees receiving bonuses



## Why we have an ethnicity pay gap

As shown, we currently have an ethnicity pay gap in our organisation. This is due to 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.

**It is important to note that the ethnicity pay gap is different to equal pay. We are confident we meet the legal requirements regarding equal pay.**

Our organisation operates in a traditionally male-dominated and White industry, with many of our employees spending their entire working lives with us. We recognise that we need to act now to create our workforce of the future: one which includes a greater percentage of women, people from EDCs, and other members of the community who might be traditionally excluded or marginalised.

As this is the first year we have conducted a report of this kind, we plan to reflect on these results and continue to take steps to improve our ethnicity balance across our entire workforce, as detailed below.

## Steps we're taking to close the ethnicity pay gap

We want to close our ethnicity pay gap and increase the diversity of our employees at Anglian Water.

We know that having a diverse workforce benefits not only our organisation, but our country as a whole. In 2017 an independent review, 'Race in the workplace: The McGregor-Smith Review', commissioned by the Department for Business, Energy and Industrial Strategy, noted that race equality in the UK will potentially bring a £24 billion per year boost to the UK economy, which equates to 1.3 per cent GDP and £481 million a week.

In 2020 we signed up to the Business in the Community (BITC) Race at Work Charter and we are now implementing its recommended seven key actions to improve the quality of opportunity in our workforce.

We are also taking the following actions in order to improve diversity in our workforce.



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# Being an employer of choice for the ethnically diverse community

Our aim is to increase the ethnic diversity of our people across all levels at Anglian Water. We continue to work on developing talent internally, raising the profile of inclusion across the business and implementing policies that support our employees across all facets of their lives.

**Alongside a wide range of benefits which include flexible working, an enhanced maternity package and private healthcare, we've also introduced two policies which specifically cater to the needs of our EDCs.**

The first is our holiday swap policy, where colleagues of other faiths can swap Christian religious holidays for those of their own

faith. This policy has been well received and was shortlisted for a 2022 Water Industry Award for delivering greater inclusion.

We've also made practical changes following our 'Ways of Working' project. For this project we contacted a number of colleagues across the business to gather their feedback on our PPE equipment. As a result, we have tailored our PPE to be more inclusive, introducing a better range of female-fit clothing (including maternity and modesty wear) and safety shoes. We're also moving to one colour of polo shirts to drive the message of one team.

## Strength in Diversity

Our Strength in Diversity 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.

In 2022 we launched our programme in Peterborough, which has a high population of Black and Asian residents. As part of the programme, we have attended jobs fairs, run employability workshops, hosted a Women in STEM Day for Peterborough School and invited 18 pupils from the school to take part in a work experience activity.

We have seen great results from the programme to date. In 2022, our new hires in Peterborough from EDCs were 16 per cent, up from 10 per cent in 2021. This far exceeds our targets of 2 per cent by 2024, and we are continuing the programme



while also monitoring our progress to ensure this promising trend continues.

Our next locations for the Strength in Diversity programme will be Milton Keynes and Bedford, and our Education team will also be focusing its outreach programme in these areas to support this work.

# Our recruitment strategy

We are actively recruiting for a diverse workforce and have made changes to our recruitment efforts to ensure our roles are seen by a range of potential candidates. However, we always recruit for quality and do not positively discriminate. Some of the steps we are taking to ensure a wide reach when recruiting for new candidates include:



## Attraction strategy

- Increasing the number and variety of job boards that we advertise on. We now use the [Diversity Jobs Group Jobs Board](#), which advertises roles across a range of demographics, including ethnicity
- Using web accessibility and translation software (Recite me) to ensure our careers site is accessible.

We've also made a number of changes to our hiring process, including:

- Directing hiring managers to undertake unconscious bias training as part of our Recruitment and Interviewing Skills training course.
- Making interview panels diverse.
- Closely monitoring the gender 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.

## New diversity hire targets

For the first time, we have set ourselves new targets for diverse hires for 2023 to the end of the AMP period (2025). They are:

Target	Target for 2023	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	We want 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%)	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 (which is currently 4.8%)	We want 4% of senior positions to be held by employees from EDCs (currently 3% of roles are held by employees from EDCs)	By the end of 2025 we want 8% of senior positions held by employees from EDCs



## 1. Develop awareness and education

**Together we will raise awareness of key topics, recognise and celebrate national days and educate our people**

**Awareness:** We regularly invite guest speakers to educate and inform our people through sharing their lived experiences. Recent speakers include footballer Shaka Hislop, formula one driver Nic Hamilton and award-winning executive coach and mentor Dawn Morton-Young.

**Education:** Last year we launched mandatory inclusion training for our 5,000 plus employees, sending a clear message that inclusion and diversity are fundamental to our business and that we will not tolerate or accept any type of bullying, harassment or discrimination. To date, more than 90 per cent of our people have completed the training.

**Our Inclusion strategy**

## Driving greater inclusion

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

## 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 supported by our management board**

Our Inclusion Community helps colleagues to learn about all aspects of diversity and inclusion and find support – it has grown ten-fold in the two years since its launch.

## 3. Deliver specific interventions to move our organisation forward

**Together we will embed Inclusion within our policies and practices, and we will create interventions to remove barriers**

In 2022 we introduced an online reporting option where our people can share experiences, observations, micro-aggressions, or feedback with the Inclusion team. This helps us identify areas of the business that might need additional support or training, and is supported by the wider People and Change business unit to take additional steps to address issues where needed.

We are currently piloting a reverse mentoring scheme with members of our Inclusion Community and members of our management board. Reverse mentoring is recommended as part of the BITC Race at Work Charter and gives participants a better understanding the lived experience of the people from EDCs working for us.

# About ethnicity pay gap reporting

We confirm that the information and data reported are accurate and have 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 and Change 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: 

**Susannah Clements** | Group Director of People and Change



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