



# Ethnicity pay gap report 2023/24

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Representation and compensation as  
at 31 March 2024

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# Introduction

Our ethnicity pay gap is 22.9%, a slight increase of 1.9 percentage points since last year. We continue to work hard to close this gap and this latest report shows our data and initiatives for the 2023/24 financial year.

Whilst it is positive that 30% of our employees are from ethnic minority backgrounds (a higher proportion than the UK workplace average) and 40% of new starters in the past year are from ethnic minority groups, it is clear more needs to be done to close the overall gap.

Ethnic minority groups are under-represented at executive and director level. Of new starters from ethnic minority backgrounds in the last year, 19% joined in the upper-mid and upper pay quartiles, compared to 29% from white backgrounds, whilst 76% joined in the lower quartile, compared to 42% from white backgrounds.

The number of leavers from ethnic minority backgrounds has increased by 7 percentage points compared to last year, of which 39% were in the upper-mid and upper quartile. This further impacts on our pay gap.

On a more positive note, our mean bonus gap has closed considerably in the last year to 14.4% from 21.9%. This is the smallest gap since 2018. And the median bonus gap remains zero for the fourth consecutive year.

There's no hiding away from the fact we need to do more. And we're tackling it head on.

Highlights from 2023/24 include:

- Launching our new DE&I training to support our ambitions and create strong role models across Nest.
- A proactive approach to attracting talent from ethnic minority backgrounds across our recruitment touchpoints.
- A development programme to provide greater opportunities to those from ethnic minority backgrounds.
- A commitment to the 10,000 Black Interns programme for a third year.

This report shows, in detail, what we've been working on and what's happening next.



**We've laid solid foundations which can be seen in a number of areas, such as our commitment to DE&I training and inclusive recruitment, and I'm proud that colleagues play a leading role co-creating our policies. But these figures show that we must challenge ourselves to do more – seizing all opportunities and driving actions forward in order to close the gap.**



**Ian Cornelius**

Interim Chief Executive Officer

# What we've already done

## Putting DE&I front and centre

To change mindsets, behaviours and create an organisation where diversity, equity and inclusion is deeply embedded in our culture, we have reviewed and refreshed our DE&I training. This launched in September 2023 and sees monthly cohorts of colleagues expand their knowledge and learn to think more inclusively. We have hosted specific sessions for our directors and ExCo so they can lead the way with confidence and clarity.

We have also updated our resource hub with training across a variety of DE&I topics, including LinkedIn learning courses, podcasts, toolkits and webinars, enabling managers and their teams to upskill their knowledge.

## Developing our people

We have continued to promote personal learning accounts that provide £2,500 towards training and development. 40% of staff from ethnic minority backgrounds have accessed their learning account, an increase of 2 percentage points from last year. We've also hosted a LinkedIn Learning event enabling colleagues to engage with a diverse range of modules suited to their individual passions and vocations.

We launched a development programme in April 2023 which has seen colleagues from ethnic minority backgrounds be sponsored by members of our senior leadership team. The programme helps to open doors which may not be accessible through usual routes and includes bespoke workshops on topics such as 'future-proofing your career'. The feedback from the first year has been positive and we will track the progression of this group over the next year to understand its true impact.

## Attracting and recruiting diverse talent

Over the last year we have made good progress updating our website, with dedicated DE&I content in the careers section where job searchers look. This showcases the positive work that we're doing to promote equality at Nest.

We also remain committed to ensuring an inclusive recruitment process by anonymising applications at the shortlisting stage.

We have taken positive action in our recruitment campaigns to attract applicants from ethnic minority backgrounds in areas and grades within the organisation where our data shows there is a lack of ethnic balance. We will wait to see the outcome of this approach over time.

We are aware that there is no movement in our 2025 targets of achieving a minimum of one director from a Black heritage background and of having 13% of our executive team be from an ethnic minority background. However, we have put in place a series of measures to bolster our efforts. For example, senior leaders worked with our DE&I Business Partner on our latest drive to recruit new directors. We shortlisted a pool of diverse candidates and ensured the process was fully inclusive, including the use of diverse job boards and recruitment agencies. In addition, we continue to work with key stakeholders to ensure we take a targeted approach to pay gaps. We will continue to review and report our progress in this important area over time.

### Improving our data

We have successfully embedded our data declaration campaign to encourage colleagues from ethnic minority backgrounds to declare their data. This helps us to understand their experiences and any potential barriers they may face.

PWC's Diversity Data Guide states organisations should aim for an employee response rate of 80% in order to gain effective insight. We're pleased our declaration rate for ethnicity is 99%.

Going forward, this should help us to do a number of things. For example, understand the reasons for the increase in leavers from ethnic minority backgrounds. We can use this data to focus on retaining ethnically diverse colleagues and reduce the pay gap.

### Listening and learning from

The more we listen to our colleagues, the more we establish two-way dialogue where everyone feels valued. All our policies have been designed in conjunction with our DE&I working groups, made up of colleagues from all levels of the organisation.

We have also shared proposals and obtained feedback from our staff forum, before finalising decisions.

We've continued our 'Let's Talk About Race' sessions to share challenges faced by employees from ethnic minority backgrounds in the workplace and strive to resolve them.

And we continue to respond to trends from our annual colleague survey, using the feedback to address any concerns via focus groups. We're pleased that engagement from Black colleagues is above our organisational average, and we are committed, through our ongoing efforts, to ensuring all other ethnic groups feel equally as engaged.

### Taking a lead in our industry

We're a leading member of the 30% Club Investor Group and are proud that a Nest colleague is co-chair. In our work to promote race equality, we've written to a number of US companies with poor gender and ethnicity board representation to set out expectations for improvement.

This year, we joined the ShareAction Good Work Coalition's ethnicity pay gap steering group. This has led to multiple meetings with UK companies on ethnicity pay gap reporting and a range of successful outcomes which we'll be sharing in our annual Responsible Investment report.

We're a committed member of the 10,000 Black Interns Programme and have taken on three talented individuals within our investment team (in previous years this has been two recruits).

# Our ethnicity pay data for 2023/24

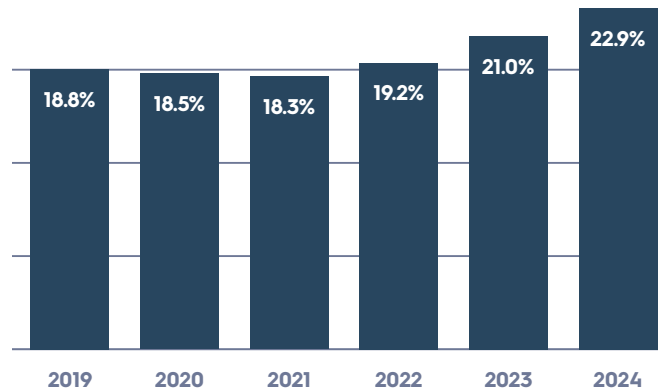
Making our data transparent is important to us, even though the results are not what we would want. We accept there is much work to do.

## Mean hourly pay gap

A gap of 22.9% in 2023/24. This works out to be £9.43 per hour.

This is an increase of 1.9 percentage points from 2022/23 when the gap was 21% and £8.98 per hour.

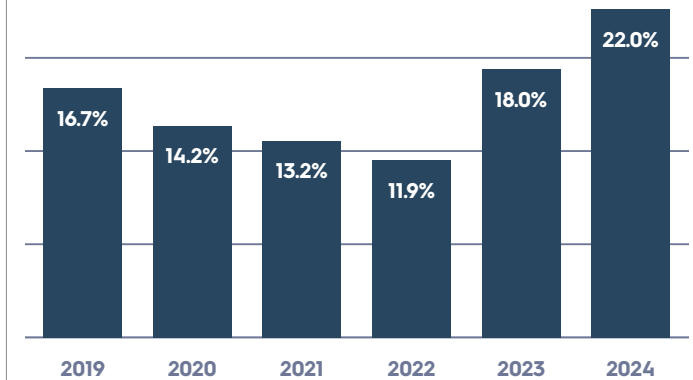
In 2023/24, 32% of ethnic minority leavers at Nest were from upper-mid and upper quartile roles. This loss of ethnic minority staff in higher paid positions will have impacted the pay gap figures.



## Median hourly pay gap

A gap of 22% in 2023/24. This works out to be £7.93 per hour.

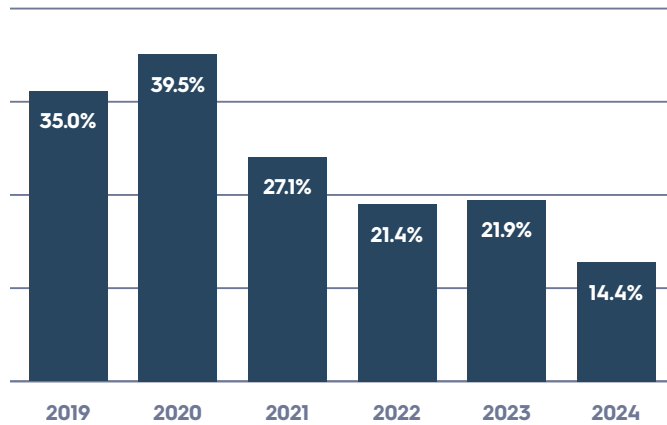
This is an increase of 4.0 percentage points from 2022/23 when the gap was 18.0% and £6.03 per hour.



### Mean bonus pay gap

A gap of 14.4% in 2023/24. This works out to be an average bonus gap of £277.58.

This closes the gap by 7.5 percentage points from 2022/23 when it was 21.9% and £352.66.



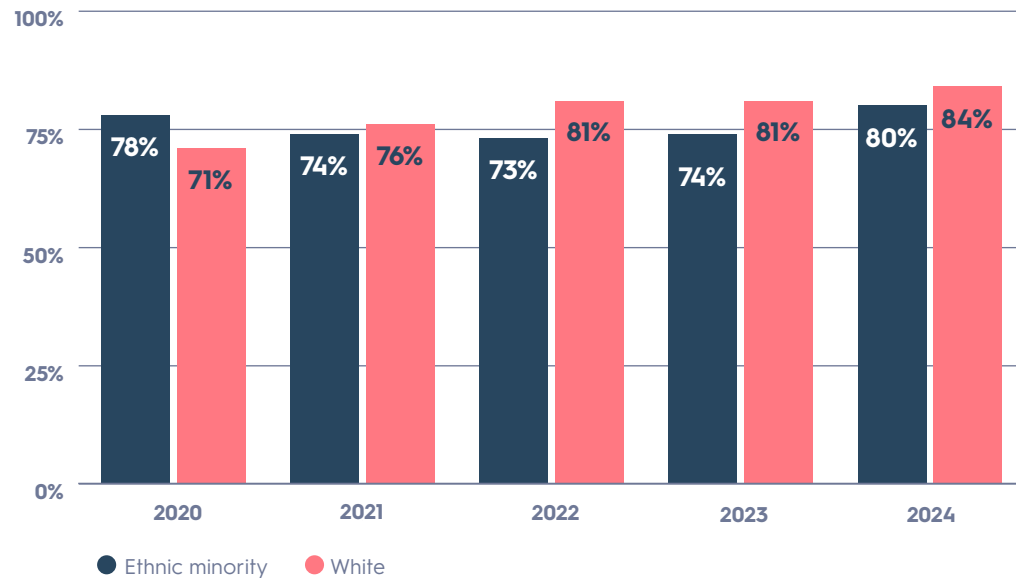
### Median bonus pay gap

There is no gap in 2023/24. Employees from ethnic minority backgrounds received the same median bonus as white employees. This has been the case since 2021/22.



### Proportion of people from ethnic minorities who received a bonus in 2023/24

80% of employees from ethnic minority backgrounds received a bonus. This is an increase of 6 percentage points from 2022/23. In comparison, 84% of white employees received a bonus in 2023/24, an increase of 3 percentage points. Both these figures are the highest since 2018.

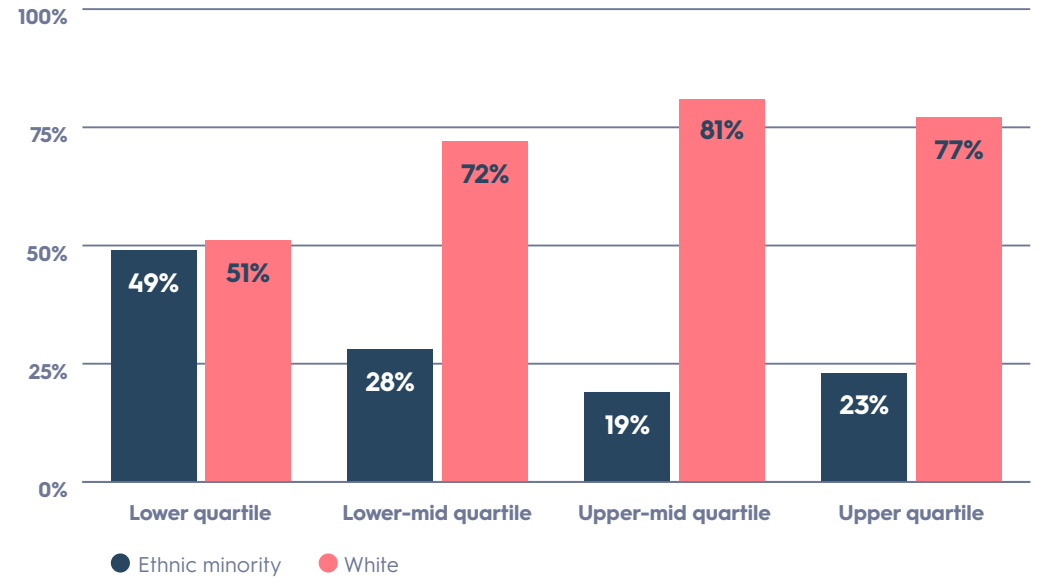


### Distribution of employees per pay quartile

Employees from ethnic minority backgrounds make up 30% of the Nest workforce. Last year this was 27%. The data does not account for those who chose not to disclose their ethnicity.

In 2023/24 the median hourly salary for ethnic minority leavers was higher than the median hourly salary for ethnic minority starters. This will have impacted the pay gap figures.

Employees from ethnic minority backgrounds continue to be under-represented in the upper pay quartile and over-represented in the lower quartile, as shown in the graph below. We are committed to understanding the reasons for this, and we will keep focusing on developing our talent to support employees from ethnic minority backgrounds to progress into upper-pay quartile roles.



# What we'll do next

We're committed to continuing our work to close the pay gap. We will build on our progress and launch new projects and initiatives backed by data as we take an evidence led approach.

## Improving the attraction and recruitment experience

Following the positive work on recruitment over the past few years, we will make further enhancements to our employer brand, including an overhaul of our content on LinkedIn to better demonstrate our commitment to DE&I.

We'll review our recruitment training to support hiring managers with the aim of helping them to become more consciously inclusive. This includes a recommendation that all hiring managers take action for more diverse interview panels.

And we'll continue to seek out job boards aimed at people from ethnic backgrounds, especially for positions in area and grades where ethnic diversity is under-represented.

## Using data to identify opportunities

Working with a benchmarking organisation, we are currently reviewing our reward proposition. This will ensure greater transparency around our pay bandings for all colleagues.

We will create a dashboard to understand the varying experiences of our colleague groups across the employee life cycle and regularly review this data, working to address areas of opportunity and equality.

Our newly refreshed leavers survey will enable us to establish any trends as to why colleagues from ethnic minority backgrounds leave.

And we'll continue to gather data and insight from our annual staff survey and feedback from our race working group to understand the experiences of colleagues from ethnic minority backgrounds.

## Developing our workforce

We know we need to do more to ensure colleagues from ethnic minority backgrounds have the support to progress through Nest and we'll take a number of steps to do this. For example, we'll be launching a mentoring programme to give these colleagues greater opportunities to grow and develop.

Succession planning is of key importance at all levels of the organisation, but we must do more to increase the number of colleagues from ethnic backgrounds in the upper-mid and upper quartiles. Whilst we have a good number of colleagues from ethnic backgrounds as heads of department, we must remain bold in our commitment to improving the diversity of our leadership teams. We'll look at all training and development opportunities and our DE&I Business Partner will continue to work with our executive committee to ensure the succession planning process is fully inclusive.

We will also expand our learning and development offering so DE&I becomes even more engrained within our culture. DE&I training will become mandatory across the organisation to further educate colleagues and create strong role-models.

We will support our executive committee and directors with DE&I programmes so they feel enabled to lead the way with clarity and confidence. And we'll provide more DE&I training opportunities for line managers on how to be consciously inclusive.

## Listening and learning from each other

Our race working group will remain a trusted sounding board for policy decision making and will be empowered to bring further suggestions and opportunities to the table.

We will also act on employees' feedback following our annual staff survey, as in previous years.



## Striving for more in the wider world

Taking action where it's needed is important to us. We will continue to be a leading voice at the 30% Club Investor Group.

Similarly, we'll use our scale to push for positive change and collaborate with our peers. We'll keep working to improve diversity across our industry, whether that's through initiatives like the 10,000 Black Interns Programme and Diversity Project or new opportunities we think can be influential.

Pushing for change involves encouraging our fund managers to do more on DE&I, not only within their stewardship practises but also their organisations. We expect our fund managers to have commitments evidenced by robust policies, integrated business strategies and implementation plans. Nest is part of the Asset Owner Diversity Charter steering group which pushes for diverse representation across the fund management industry.

We will keep on following the recommendations to improve workplace diversity as set out in the UK government commissioned McGregor-Smith review.

And we'll be transparent in all that we do, by voluntarily publishing our ethnicity pay gap data each year and reporting on our progress.



**The latest data shows there's still much work to be done. We remain steadfast in our commitment to diversity, equality and inclusion at Nest and will continue to build on our long-term plans to close the gap with a wide range of initiatives to attract, develop and retain talent from ethnically diverse backgrounds.**



**Richard Lockwood**  
Chief Financial Officer



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