

ETHNICITY PAY GAP REPORT 2025





Baljinder Kang
Executive Director of
Corporate Resources

For the fifth year, we continue to lead our sector in voluntarily reporting the Ethnicity Pay Gap. Our median ethnicity pay gap has decreased significantly from 11.32% in 2024 to **5.88%**. Disappointingly, our mean ethnicity pay gap is **15.72%**, an increase of 4.03%. I remain assured, however, that our overall demographics are representative of our tenants and geography.

The recent divestment of our retirement living services has influenced this fluctuation in our ethnicity pay gap. Transferring these services out of Midland Heart was a strategic business decision but it's important that we acknowledge the non-intentional impact on our ethnicity pay gap.

We continue to dissect our ethnicity pay gap data to better understand the root cause and implement our actions accordingly. Our highest pay gaps remain between both White and Asian colleagues when compared to Black colleagues. This is because we have less Black colleagues in our upper pay quartiles compared with other ethnic groups.

However, I'm pleased to see some progress in this area as representation of Black colleagues in the upper pay quartiles has increased by 1.8%. More broadly in the last 12 months, we have also seen an increase of 6.24% in representation of all ethnic minority groups in the upper pay quartiles.

Progress in closing our ethnicity pay gap continues to be gradual, but by choosing to report voluntarily, we are holding ourselves accountable. We know there's a lot more for us to do, and we remain determined, with time, to improve our ethnicity pay gaps.

How we calculate our Ethnicity Pay Gap

Mean: We calculate the average pay for employees of different ethnic groups and then determine the percentage difference between these averages.

Median: We list all salaries for each ethnic group in order and identify the middle value, then calculate the percentage difference between the median salaries of the groups.

FOREWORD



OUR 2025 ETHNICITY PAY GAP

15.72%

Mean Ethnicity Pay Gap

5.88%

Median Ethnicity Pay Gap



The ethnicity pay gap for our colleague groups when compared to White colleagues is shown in the table below:

Ethnicity	Mean Pay Gap	Median Pay Gap
Asian	7.34%	0.45%
Black	25.20%	17.55%
Dual Heritage	18.79%	3.90%
All ethnic minority colleagues compared to White colleagues	15.72%	5.88%

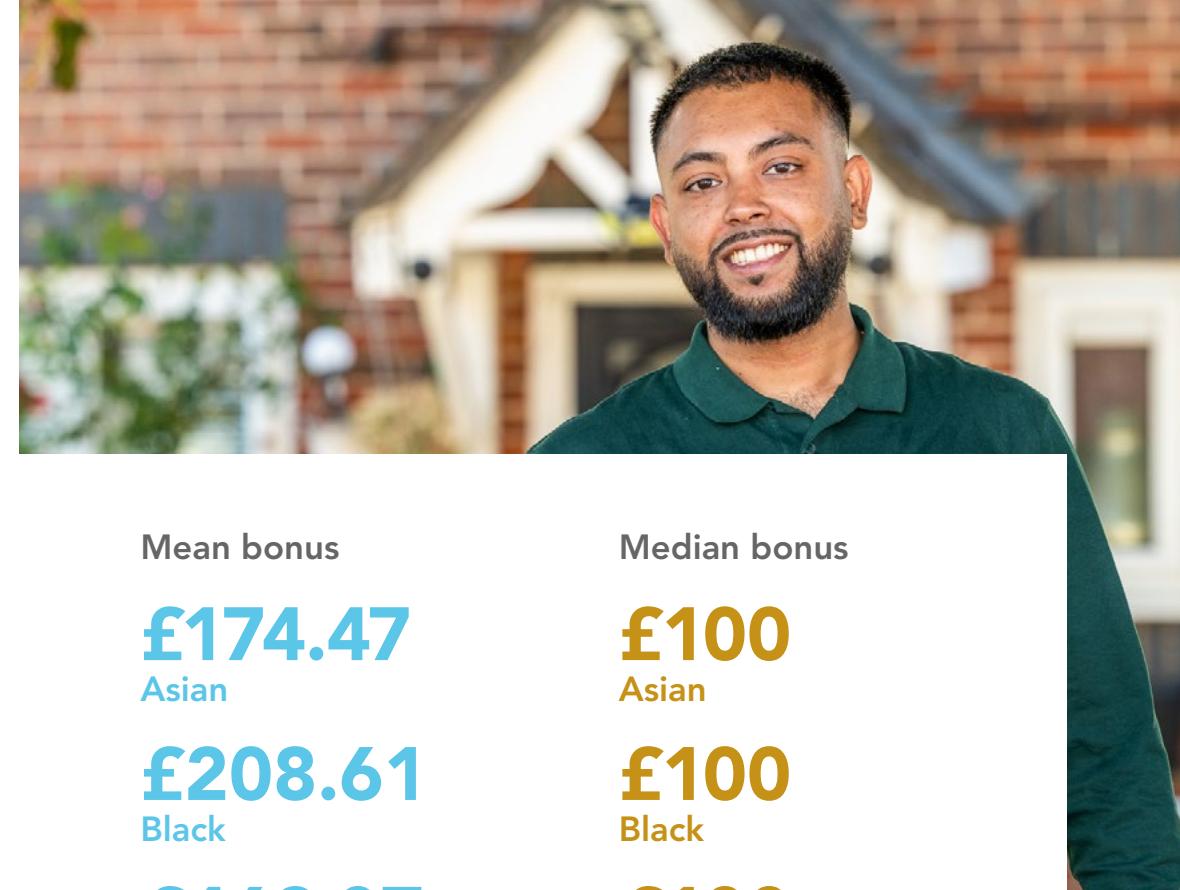
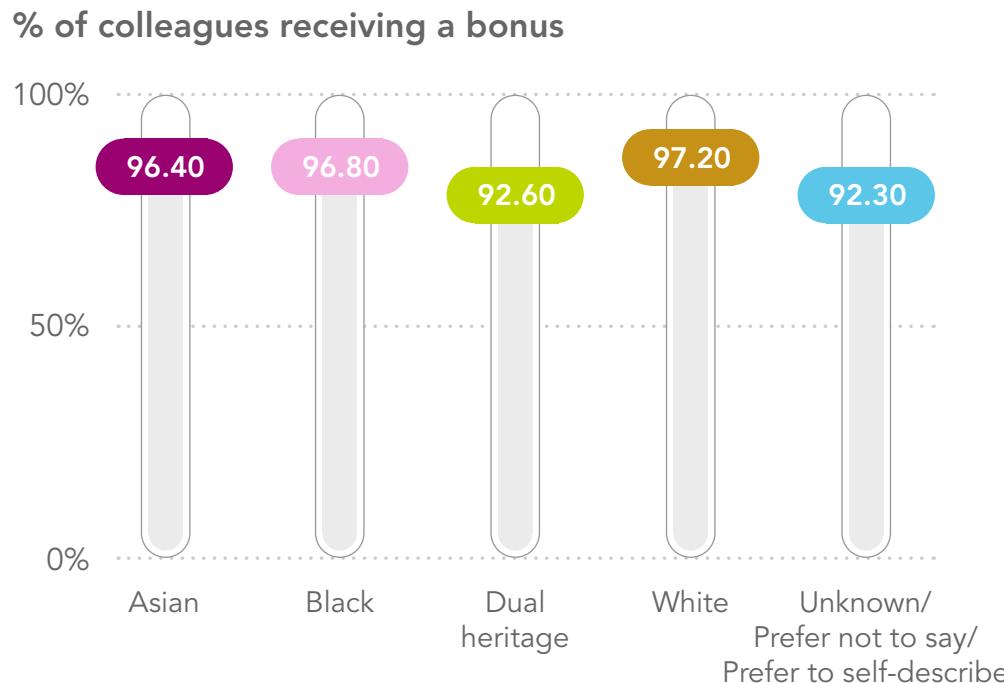


The distribution of colleagues by ethnic group across each pay quartile is as follows:

Quartile Profile April 2025	Asian	Black	Dual Heritage	White	Unknown/Prefer not to say/Prefer to self-describe
Lower	17.30%	26.00%	6.30%	48.30%	2.10%
Lower Middle	20.70%	17.20%	5.80%	50.40%	5.90%
Upper Middle	19.10%	11.30%	6.30%	59.40%	3.90%
Upper	19.10%	7.00%	2.70%	68.00%	3.20%
Overall Profile	19.06%	15.35%	5.28%	56.50%	3.81%

OUR 2025 ETHNICITY BONUS GAP

All our bonus payments by ethnic group are as follows:



Mean bonus

£174.47

Asian

£208.61

Black

£469.07

Dual heritage

£497.98

White

£615.59

Unknown/
Prefer not to say/
Prefer to self-describe

Median bonus

£100

Asian

£100

Black

£100

Dual heritage

£100

White

£100

Unknown/
Prefer not to say/
Prefer to self-describe

When all ethnic minority groups are compared to White colleagues then the mean total bonus gap is 54.40%. The median bonus is 0%.



As we have noted previously in our pay gap reporting, the mean bonus pay gap in our organisation solely exists as we have a productivity bonus scheme for our In-House Maintenance Team, 72.34% of whom are White. Whilst the overall bonus gap represents all our bonus elements, such as long service and recognition awards, which all our colleagues can enjoy, the Trades bonus scheme levels are higher, hence the significant impact on our mean compared to our median bonus position of 0%.



The courses and mentoring offered through the Black Colleague Development Programme helped strengthen my confidence, deepen understanding, and tackle barriers, including the barriers we may have set for ourselves. It encouraged me to recognise and pursue opportunities, such as my secondment with the Projects team and my successful application for my current role as Data Quality Assurance Team Leader. A key part of the program was the close-knit support network it fostered. Being surrounded by colleagues with similar ambitions created a space where we could openly share our career goals and support one another throughout our individual journeys.

Lorraine White Data Quality Assurance Team Leader

OUR PROGRESS

We recognise that closing the ethnicity pay gap is a long-term commitment and have continued to focus on two key improvement areas:

01

Increase representation of Black and ethnically diverse managers and leaders

02

Understand any challenges and potential barriers to progression across all ethnic groups

Career development

We have continued to invest in the development of our ethnically diverse colleagues, with 39% of funding allocated to this group, proportionate to their representation within our workforce. This investment has been through our Black colleague development programme, career development sessions and targeted development plans.

This has all contributed to:

- Our recent colleague engagement survey showing that colleagues across all ethnic groups feel they are being developed in their roles, suggesting a perception of fair and consistent development opportunities
- 38.5% of our promotions being achieved by our ethnically diverse colleagues
- 37.0% of our managers and leaders being from an ethnically diverse background



I'm really encouraged by the level of transparency and the organisation's openness to continuous improvement wherever gaps are identified. It makes me proud to be part of a workplace that doesn't just speak about inclusion, but actively takes steps to ensure everyone is represented and heard.

Israel Adekoya
Apprentice, Cyber Security Officer

Attracting a diverse pool of candidates

We continue to use a range of resourcing methods to attract candidates across all ethnicities. Key actions include:

- Anonymous shortlisting through our Applicant Tracking System (ATS) to reduce unconscious bias in early screening stages
- Promoting our inclusion networks and commitment to diversity through our career's website and employer branding
- Maintaining a diverse candidate pool by actively reaching out to underrepresented groups through varied sourcing channels
- Inclusive reward package
- Revamping resourcing training for hiring managers, ensuring they are equipped to lead inclusive recruitment campaigns from start to finish

This has resulted in:

- 36.0% of our degree apprentices being from ethnically diverse backgrounds
- 45.3% of our job roles offered to individuals from ethnically diverse backgrounds, exceeding the West Midlands' regional average of 36.0%
- 30.2% of our managerial and leadership roles offered to individuals from ethnically diverse groups



Creating a culture of inclusion

We are continuing to foster a culture where everyone can thrive and perform at their best. Over the past 12 months, we have taken meaningful steps to support this goal, including:

- Delivering a range of learning opportunities designed to help colleagues deepen their understanding and broaden their perspectives. These have included webinars on topics such as Black men's mental health and how the menopause is experienced differently across diverse backgrounds
- Launching our Inclusive Leadership Workshop for managers, aimed at deepening their understanding of the importance of inclusion and the critical role leadership plays in modelling inclusive behaviour

As a result, in our most recent engagement survey, colleague satisfaction levels across ethnic groups were broadly consistent, with 79% of colleagues agreeing that they are satisfied with Midland Heart as a place to work.



Throughout the duration of our new Corporate Plan, we'll continue to build on the work we've already started to ensure it has a real impact for our ethnically diverse colleagues.

MOVING FORWARD

Aside from our two improvement areas to reduce our ethnicity pay gap mentioned above, over the next year we will also focus on:

- Increasing the number of ethnically diverse colleagues in the upper pay quartiles by reviewing and revising our career development opportunities
- Investing in a sector leading early careers offer to attract a diverse pool of talent to grow their careers with us
- Continuing to review our business-critical roles, to strengthen and improve diversity in our succession plans
- Continuing to regularly monitor and review internal promotions, external recruitment and pay review requests
- Increasing colleague's diversity data completion rates and turn any 'prefer not to say' into disclosures, so that we're informed by the most accurate data
- Using our new applicant tracking system to review our recruitment practices looking for opportunities to improve inclusion and accessibility



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