

Gender & ethnicity pay gap report 2023

A snapshot from 31 March 2023

Published March 2024



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LNER
LONDON NORTH EASTERN RAILWAY

A message from our Managing Director, David Horne

I believe that a diverse and inclusive workforce, that is representative of the communities we serve, is key to attracting, retaining, and developing world class people. To make meaningful and sustainable progress toward true equity, we know we must turn the dial and challenge some of the norms that have been inherent in the rail industry.

But it's not just about creating an inclusive culture, it's also about supporting everyone to achieve their full potential including those who don't typically fall within the usual railway stereotypes.

In 2023, our median gender pay gap was 15.18 per cent, a slight decrease from 15.24 per cent in 2022. While this is a step in the right direction, it is not as much progress as we would like. We'll assess and publish our 2024 pay gap data early in the next business year, to give a clearer picture of current representation in the business and better understand the impact strikes and contingent working have on our pay gaps.

Balanced representation, especially in the higher paid senior leadership and driver roles, is crucial to closing pay gaps. We have started to see some progress. In 2018, 35 per cent of our workforce was female and this has increased to 43 per cent in 2023.

“Our people form the very heart of our business.”

We continue to run targeted recruitment initiatives and continually review our flexible working policies, to help make LNER an employer of choice. Our goal is to increase our percentage of female drivers from 12 per cent to 15 per cent by 2025. Overall, across the business, we want to increase female representation from 43 per cent to 45 per cent by 2025.

Ethnicity reporting is still voluntary in the UK; however, we are proud to continue pushing for transparency. Nine per cent of our colleagues

are from an ethnic minority background but we know this is not high enough. This year we have seen an increase in our median ethnicity pay gap from 8.22 per cent in 2022 to 12.10 per cent in 2023. This gap tells us that there is still under representation of ethnic minority employees across all roles.

Our EDI strategy is now well underway, with the appointment of a dedicated team who are working with the business to deliver the strategy. And our employee-led Inclusion Network continues to build momentum. We continue to empower our leaders through ongoing training and development plans that help create an inclusive culture. And through our EDI strategy, we are empowering everyone within LNER to take collective ownership.



David Horne
LNER
Managing Director

Fast facts

3,236 colleagues

| | |
|---|---|
| 43% of all colleagues are women | 9% of all colleagues from ethnic minority backgrounds |
| 12% of our drivers are women | 4% drivers are from ethnic minority backgrounds |
| 43% of our senior leadership women | 3% of senior leadership are from ethnic minority backgrounds |
| 31% of our apprentices are women | 6% apprenticeships are from ethnic minority backgrounds |



We're on a journey

Equality, diversity and inclusion are key themes within our Responsible Business strategy – a plan for us to deliver on our commitments to our people, places and planet. LNER's Responsible Business Steering Group continues to meet monthly to monitor progress, share best practice and highlight areas for improvement.

Over the past 12 months it's become clear that more of our colleagues are stepping forward and asking how they can make a difference – they feel confident that they can challenge stereotypes and stigmas and be part of a movement to do things better.

With the support of the steering group, our People team has introduced further governance and rigour around how our pay increases are approved so we can monitor impacts on equal pay. Work is also being done to mitigate bias and make our recruitment processes, including internal promotions, fair and equal for all.

Our dedicated EDI team review and evolve our EDI strategy to ensure it is progressive and will create positive impact for the long term. We will continue to focus on gender and ethnicity representation, particularly into senior roles, which will continue to positively shift the direction of our pay gaps across both areas.

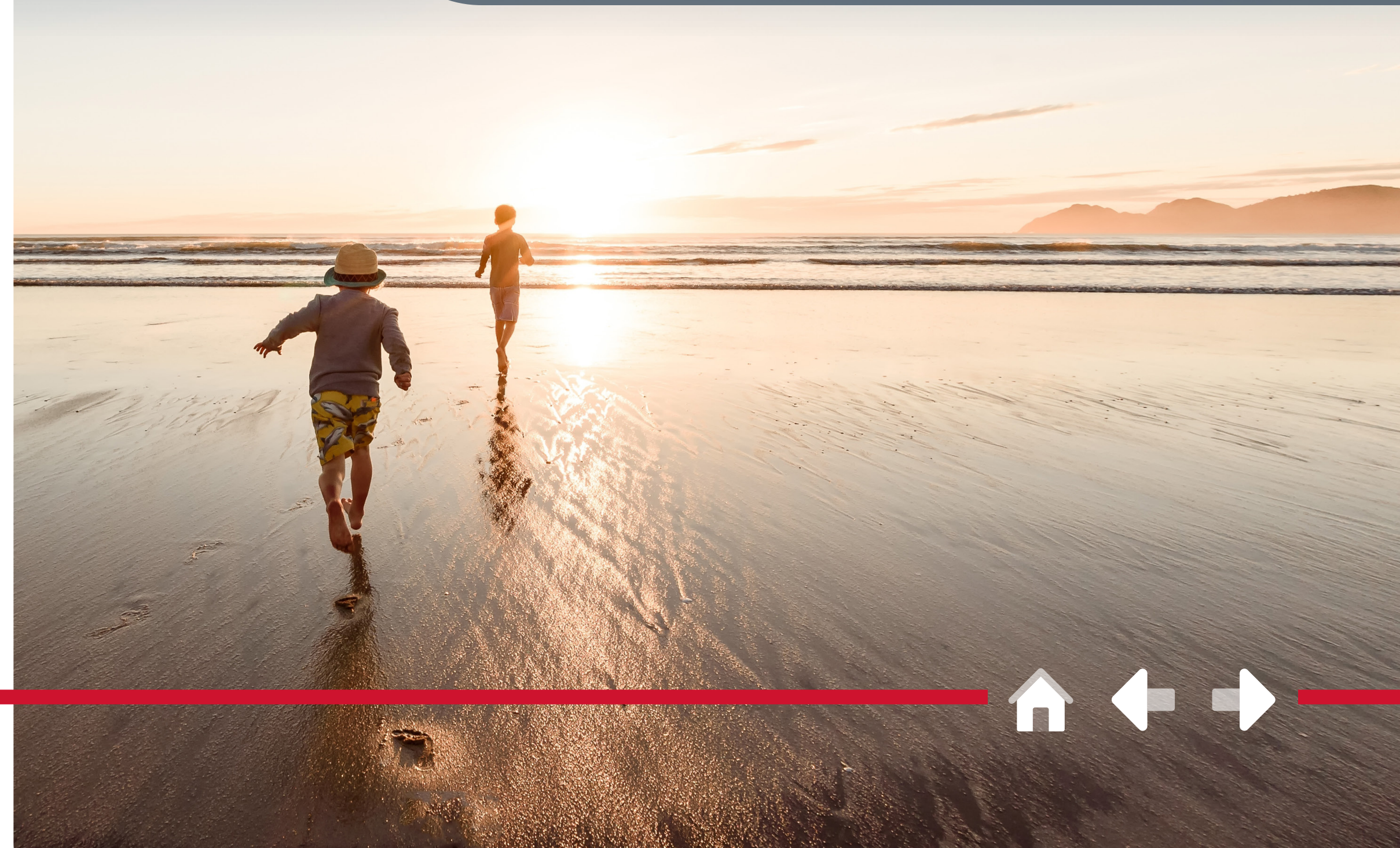


Warrick Dent
Safety & Operations
Director and Responsible
Business Steering
Group Chair



A LNER we are committed to doing things better for our people, our places and our planet. Ensuring we are representative, inclusive and fair to each of our 3300+ colleagues is part of our commitment to being a fully responsible business.

To learn more about what we are doing, please see our [Responsible Business Report](#).





Equal opportunities

As LNER's Ethnicity Sponsor, it's my mission to support a culture of inclusion and equality where every single one of our colleagues feel like they are heard and have the opportunity to grow and progress with us. With the support of my team, a focus has been on identifying barriers that are potentially preventing those from diverse ethnic backgrounds entering, or progressing, a career in rail. We know stigmas exist within our industry, and these are hard to shift, but I am proud that LNER isn't just standing back - as a business we work so hard to create an environment where positive change is celebrated and encouraged.

Since signing the Race at Work Charter, we have progressed plans aligned to the seven actions of the Charter so we can improve representation across all levels of the business. This is absolutely vital for our long-term health and prosperity as we know that by having different views, values and beliefs represented, it increases our resilience to external factors and challenges.

To raise awareness among our colleague population of the different cultures and traditions that are represented we now mark certain celebratory dates with educational content and activities. We recently did this for Ramadan and Black History Month and shared colleagues' stories through our internal communication channels to create a steady drumbeat of EDI messaging.



Claire Ansley
People and Customer
Experience Director

Definitions

What is the gender pay gap?

The gender pay gap indicates the difference in the average hourly earnings of men and women across an organisation, regardless of their roles. Figures are expressed as a percentage of the average male earnings. The statistics can be affected by a range of factors, for example the different number of men and women in senior roles across the business. The Government Equalities Office has set out calculation methodology for all organisations to report their mean and median gender pay gap, bonus gap and distribution across pay quarters.

What is the ethnicity pay gap?

For this report, our ethnicity pay gap shows the difference in rate of pay for white, full-pay relevant employees and that of full-pay relevant employees from ethnic minority backgrounds using the same measures organisations are asked to report on for gender pay gaps. The term ethnic minority, as used in the UK, includes all ethnic groups except the white group.

Median pay gap:

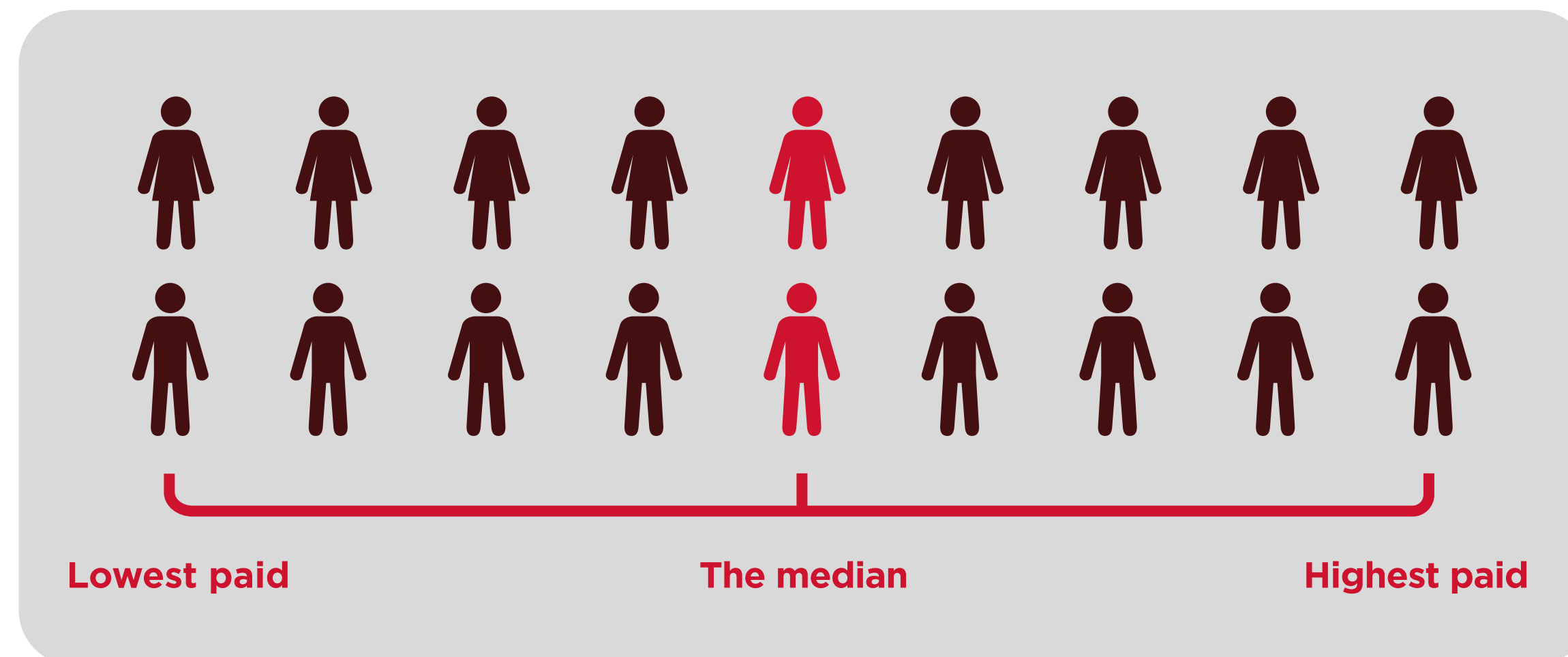
The median pay gap is the difference between the midpoints in the ranges of hourly earnings of males and females. The same approach is applied to establish the difference between the midpoints in the ranges of hourly earnings of minority ethnic colleagues and white colleagues. It takes all salaries in the sample, lines them up in order from lowest to highest, and picks the middle salary.

Mean pay gap:

The mean gender pay gap confirms the difference between the average hourly earnings of males and females. The same approach is applied to establish the difference between the average hourly earnings of minority ethnic colleagues and white colleagues.

Bonus pay gap:

The bonus gap is calculated using actual bonuses paid to colleagues for the 12 months from 1 April 2022 to 31 March 2023. The mean bonus, median bonus and overall gap is calculated using the same formula as hourly pay.





Gender identity

Gender pay gap legislation requires employers to report on binary sexes (male and female), which does not represent employees with gender nonconforming identities.

This report relates to the pay between males and females in line with legislation, we recognise that this does not represent how all our colleagues identify. We are committed to inclusion for all genders at LNER and support a greater focus on trans inclusion and better recognition of non-binary genders, as well as the right to self-define one's gender without unnecessary medicalisation.

We accurately record and analyse all pay data, no matter the gender identity of our employees and work proactively to address any pay concerns.

Equal pay:
The gender pay gap is different from equal pay. 'Equal pay' is about men and women receiving equal pay for the same jobs, similar jobs, or work of equal value.

Gender pay gap



Our results

Understanding our gender pay gap

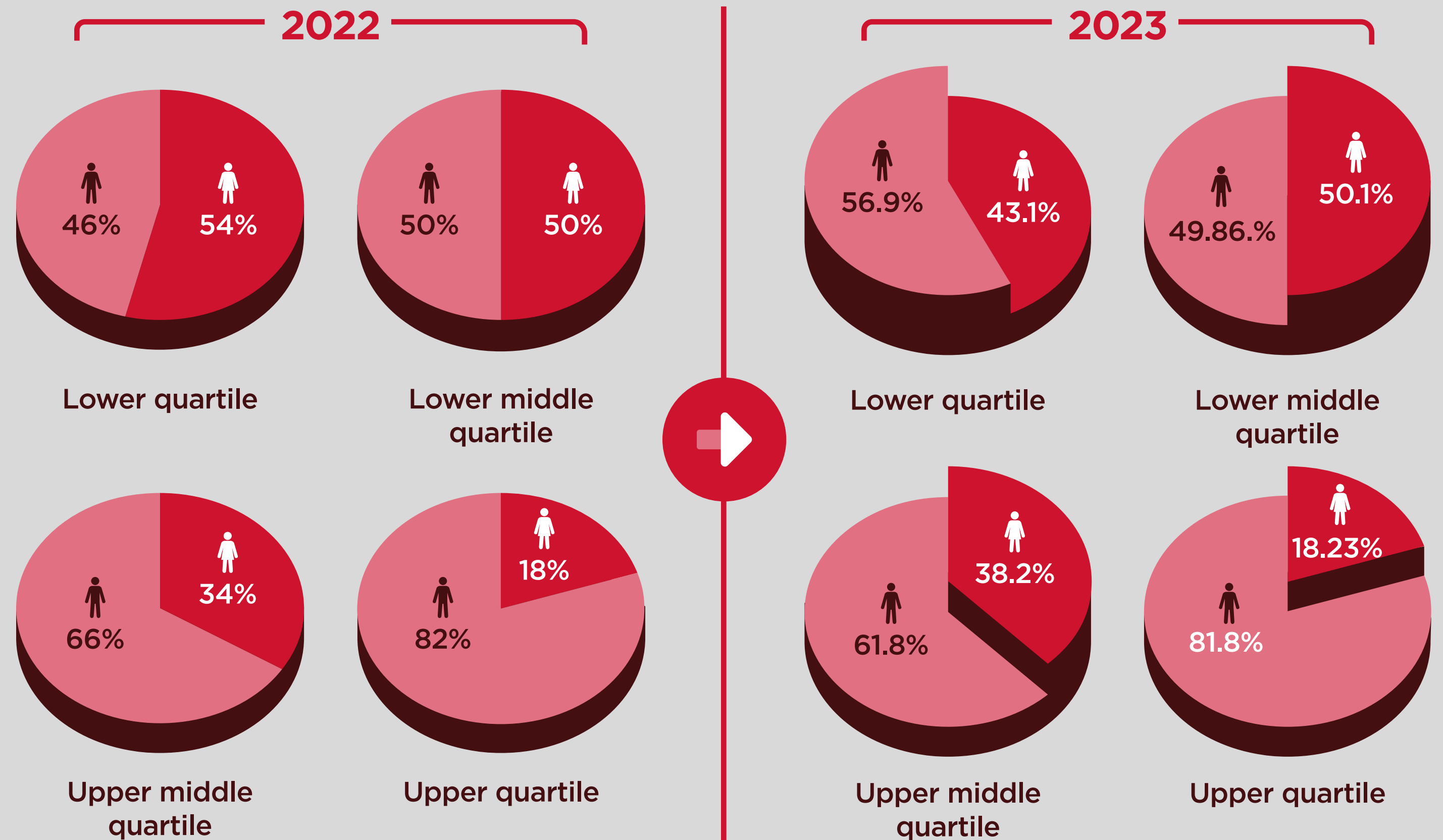
This year our median and mean pay gaps remained similar, with a slight decrease to 15.18 per cent (2022: 15.24 per cent) and 22.73 per cent (2022: 23.43 per cent) respectively. There are many factors that influence the pay gap each year and our data shows that this year's decrease in the median data set is due to an increase in female representation. While we are pleased to see progress, we recognise that more representation across key roles (including drivers and senior leaders) is needed.

Although we are pleased to see an improvement over the past year, the proportion of female representation across our colleague base is lower than we want to see, particularly amongst upper middle and upper quartile data. Specifically, upper quartile roles, such as Train Drivers have only 12 per cent female representation, impacting gender pay gap figures. We continue to work to increase female driver representation to 15 per cent by 2025 and across our organisation, achieve female representation of 45 per cent, from the current 43 per cent.

Gender pay gap

Pay quartiles

The charts show the proportion of males and females in each pay quartile. Each quartile contains 702 employees and shows the comparison between 2022 and 2023.



Our results

The overall pay gap and bonus gap differences between men and women in 2023 in comparison with 2022.

| | 2022 | | 2023 | |
|------------------|----------------|-----------------|----------------|-----------------|
| | Mean (Average) | Median (Middle) | Mean (Average) | Median (Middle) |
| Gender pay gap | 23.43% | 15.24% | 22.73% | 15.18% |
| Gender bonus gap | 38.9% | 24.12% | 45.06% | 36.24% |

Employees by role type

| Role | Female | Male |
|---|--------|------|
| Senior Manager - Executive Director level | 50% | 50% |
| Train Driver | 12% | 88% |
| Head of Department | 21% | 79% |
| On Train Manager | 34% | 66% |

Gender pay gap:

This year, our mean pay gap reduced by 0.7 percentage points to 22.73 per cent. The median pay gap has also decreased by 0.06 percentage points, to 15.18 per cent.

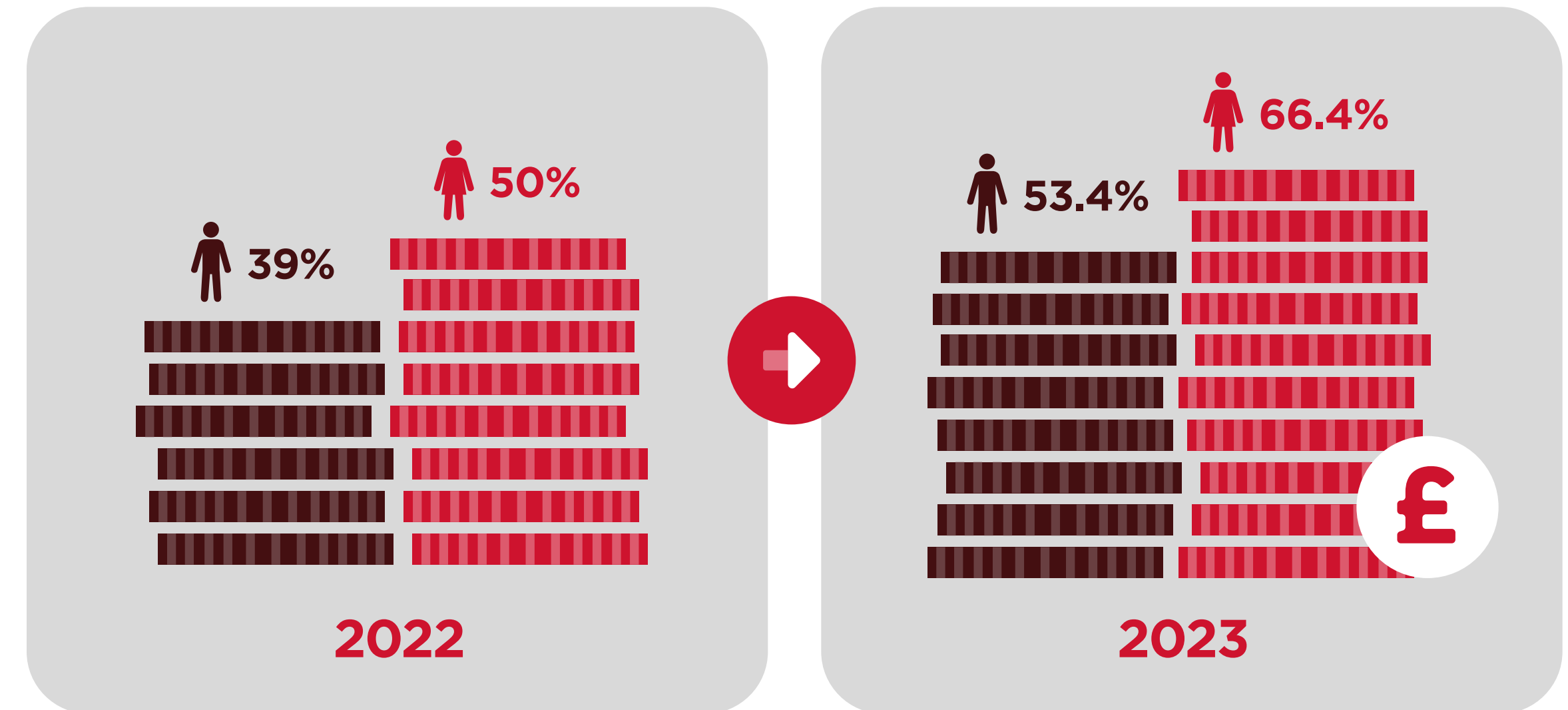


Gender pay gap

Understanding our gender bonus gap

Proportion of female and male employees receiving a bonus

Male Female



Some of the non-management roles within our Customer Experience directorate earn commission based on food and ticket sales. Under Gender Pay Gap Reporting regulations, these commission payments are classified as a bonus.

Last year, 133 females and 210 males received contingency payments to cover safety critical front-line roles. Due to the higher number of

males trained in contingency duties, this has impacted the bonus gap. These payments also saw an uplift in 2022, to ensure as many services as possible could continue to run during times of industrial action.

An agreed backdated bonus payment was made to managers in March 2023, which due to the gender split at management grades, has also contributed towards the bonus gap.



Ethnicity pay gap



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Our results

Understanding our ethnicity pay gap

The ethnicity pay gap shows the difference in average pay between white and ethnic minority employees who have declared their ethnicity. After narrowing the gap in 2020 and 2021, we have seen an increase in our median ethnicity pay gap this year from 8.22 per cent in 2022 to 12.10 per cent in 2023, however our mean ethnicity pay gap this year has seen a slight decrease from 14.36 to 14.17 per cent. As our ethnic minority employees make up just nine percent of our workforce, the pay gaps will be sensitive to fluctuations due to the relatively smaller sample size. As we increase our representation, we hope to see not only fewer fluctuations, but a decrease in our pay gap.

Although we are pleased to see an improvement in overall ethnic minority representation over the past year, the proportion of ethnic minority representation amongst upper middle and upper quartile data is lower than we want to see. Specifically, upper quartile roles, such as Train Drivers have only 4 per cent ethnic minority representation, impacting ethnicity pay gap figures. We continue to work to increase ethnic minority driver representation to 10 per cent by 2025 and across our organisation, achieve overall ethnic minority representation of 10 per cent, from the current 9 per cent. As we continue to strive to increase representation across our business, in 2023 25 per cent of job applications were from candidates identifying as from an ethnic minority background.

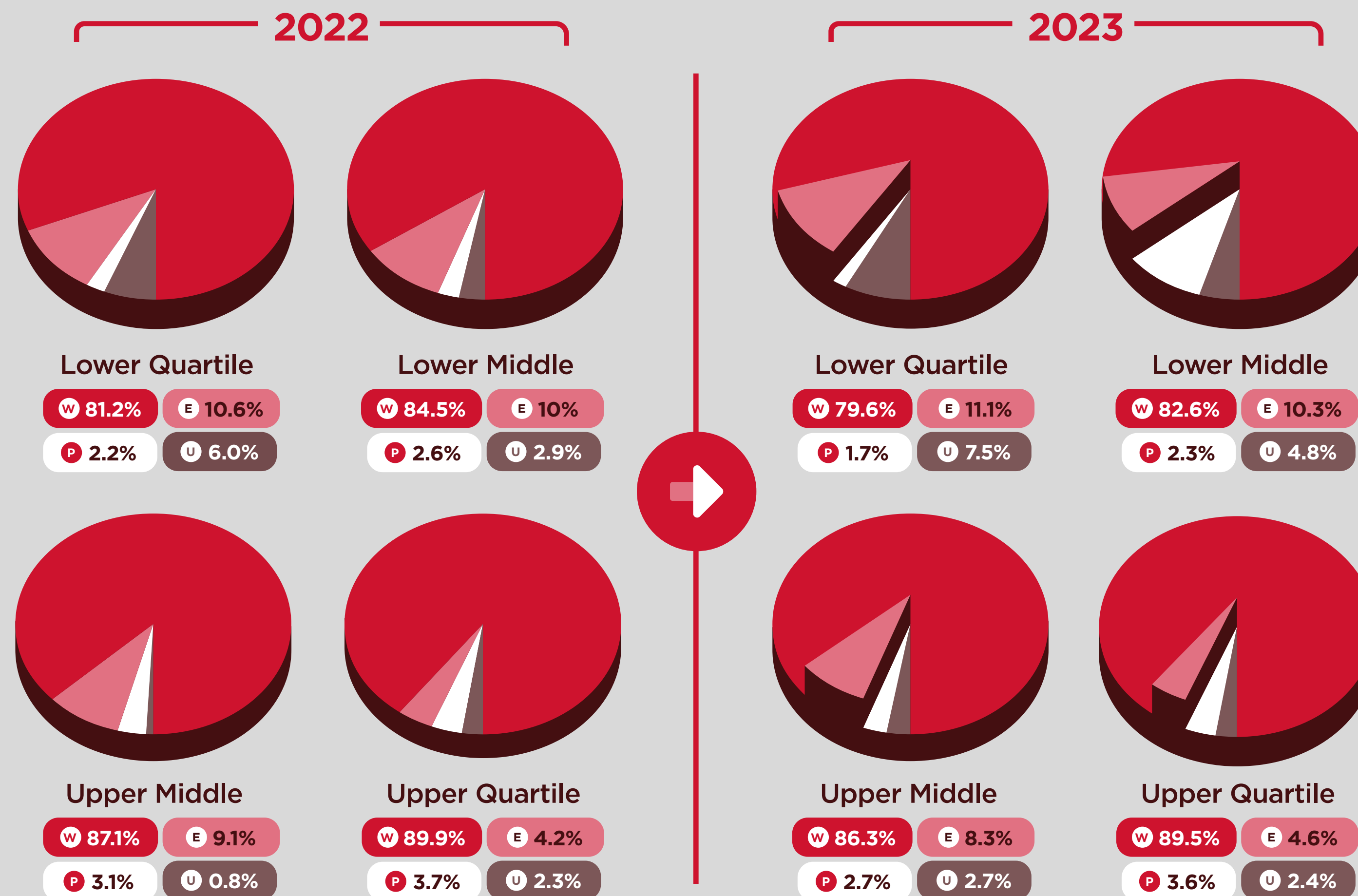


Ethnicity pay gap

Ethnicity population by pay quartile

Each quartile contains 702 employees and shows the comparison between 2022 and 2023. If we split our relevant paid colleagues into four equal quartiles, this is our ethnicity distribution for each quartile.

W White E Ethnic minority
P Prefer not to say U Unknown



Our results

The overall pay gap and bonus gap differences between white and ethnic minority employees in 2023 in comparison with 2022.

| | 2022 | | 2023 | |
|-------------------------|----------------|-----------------|----------------|-----------------|
| | Mean (Average) | Median (Middle) | Mean (Average) | Median (Middle) |
| Ethnicity pay gap | 14.36% | 8.22% | 14.17% | 12.10% |
| Ethnicity bonus pay gap | 1.74% | 7.70% | 42.89% | 13.68% |

Employees by ethnic identity

| | As a % |
|-------------------|--------|
| White | 84% |
| Ethnic minority | 9% |
| Unknown | 4% |
| Prefer not to say | 3% |

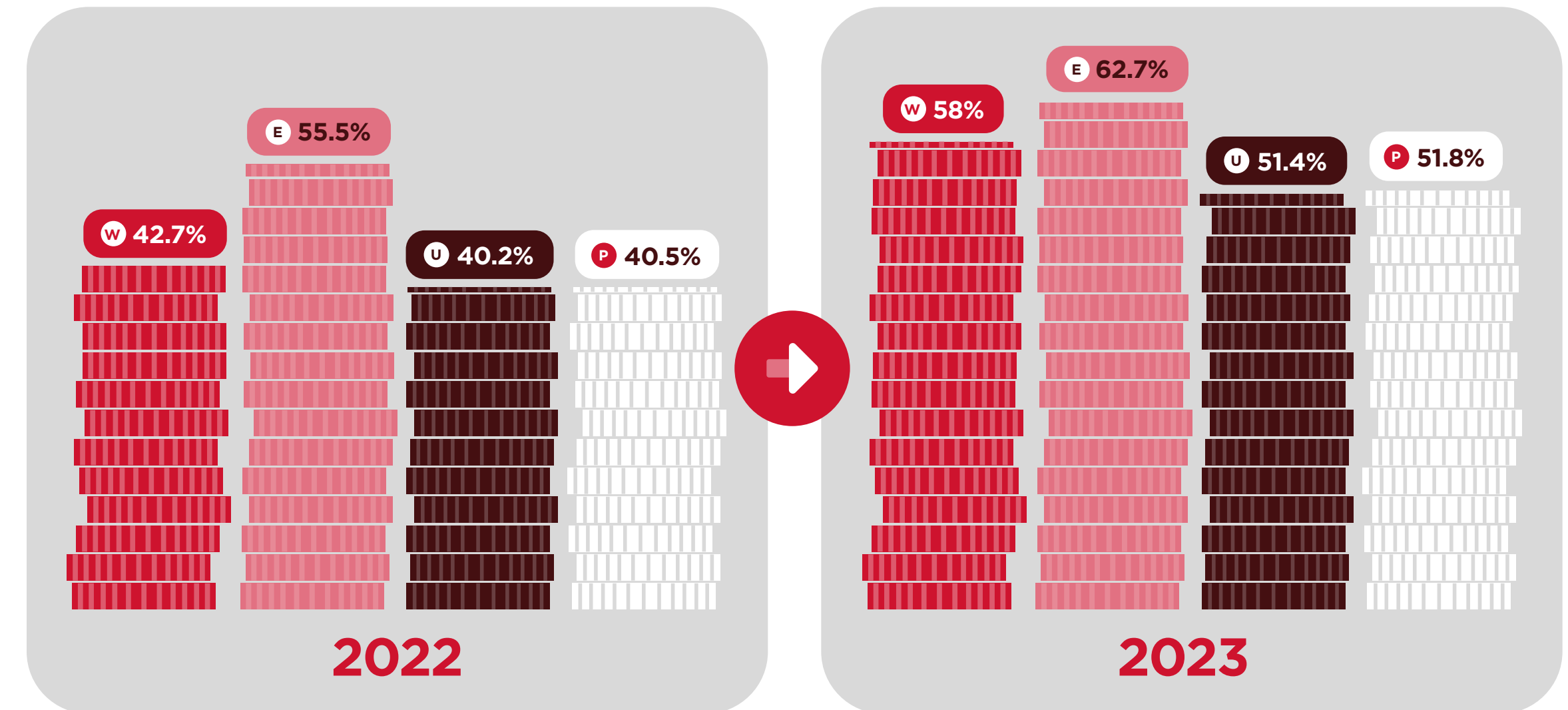
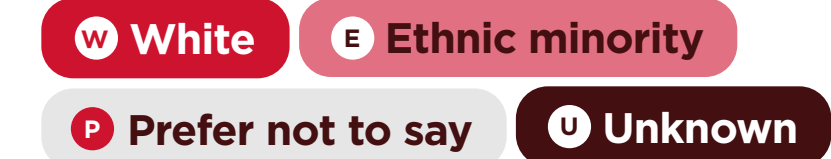


As of the snapshot date, 31 March 2023, a total of 93 per cent of our workforce have shared their ethnicity identity. This is an increase from 84 per cent in 2022, and we want to continue to make more colleagues feel comfortable to share this information so we have an accurate view of our workforce and can make informed decisions around how to further improve.

Ethnicity pay gap

Understanding our ethnicity bonus pay gap

Number of employee receiving a bonus



This year our data shows a significant increase in the mean bonus gap, due to the impacts of industrial action on bonus payments

As with the pay gap, due to our ethnic minority employees making up just under ten percent of our workforce, the bonus gap is sensitive to large fluctuations due to the smaller sample size. Last year, 316 white colleagues and 20 ethnic minority colleagues received contingency payments to cover safety critical front-line roles.

Due to the lower number of ethnic minority colleagues trained in contingency duties, this has impacted the bonus gap. In addition, the uplift in payments in 2022, is a contributing factor.

An agreed backdated bonus payment was made to managers in March 2023, which due to the white and ethnic minority split at management grades, has also contributed towards the bonus gap.





A better journey

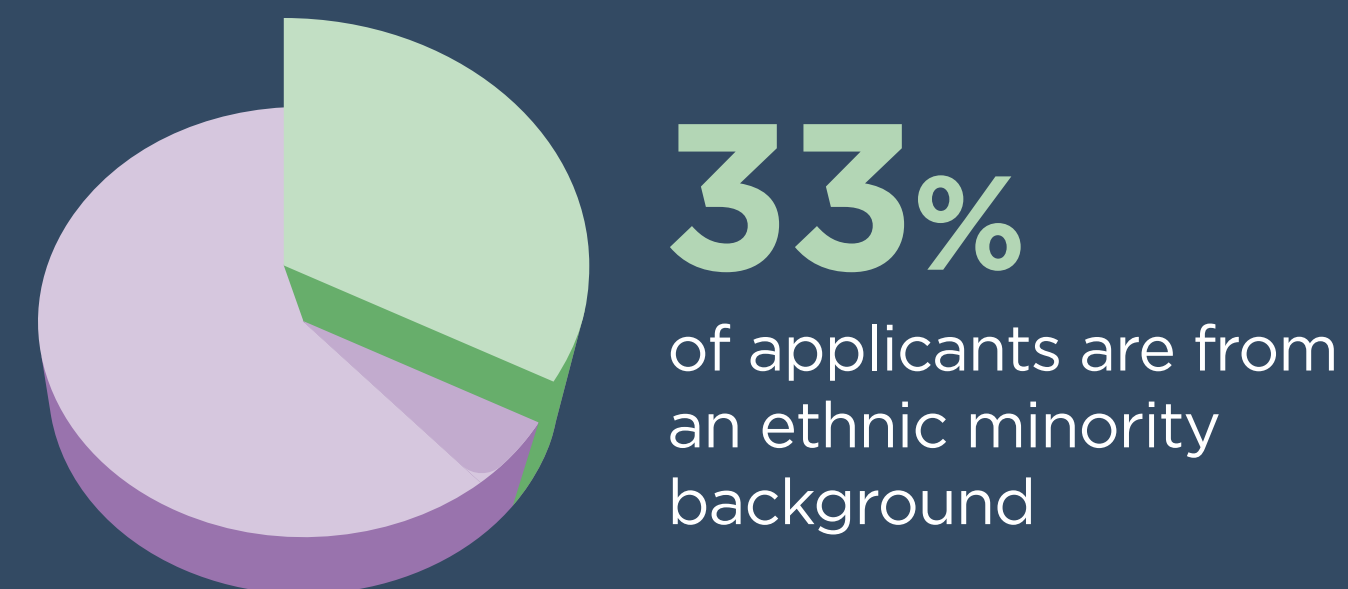
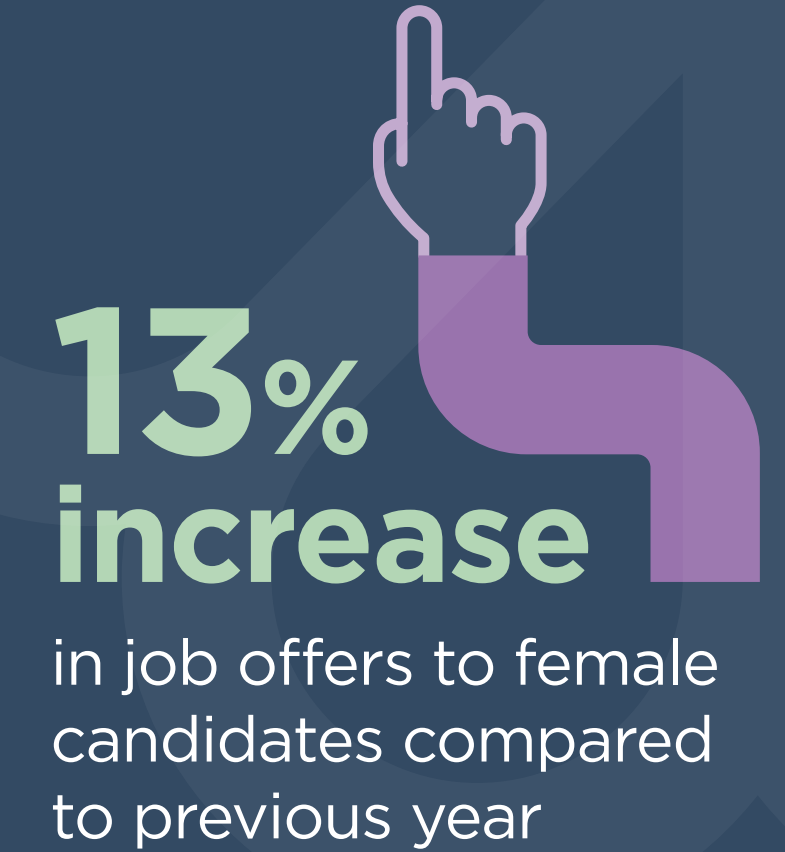
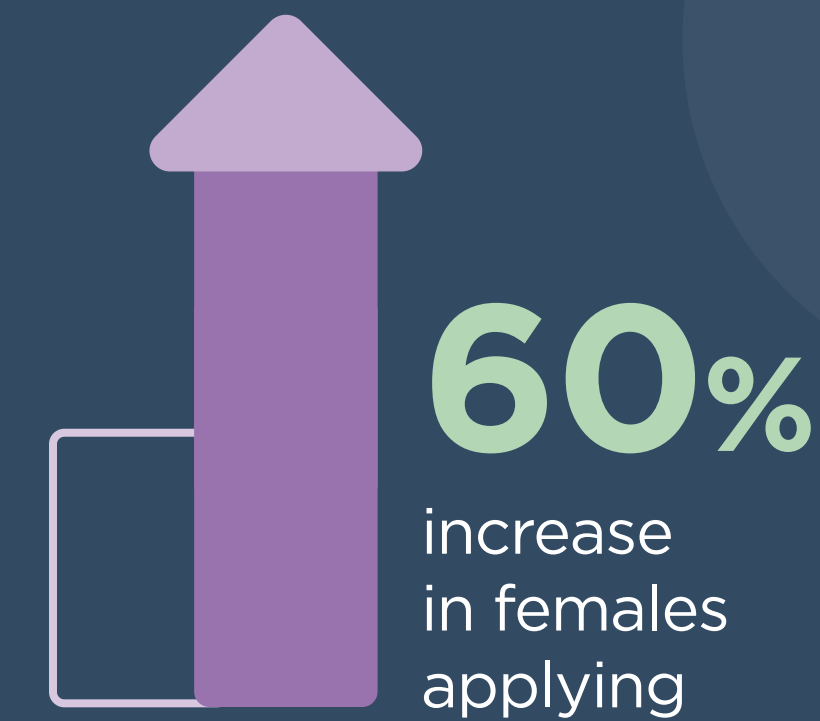
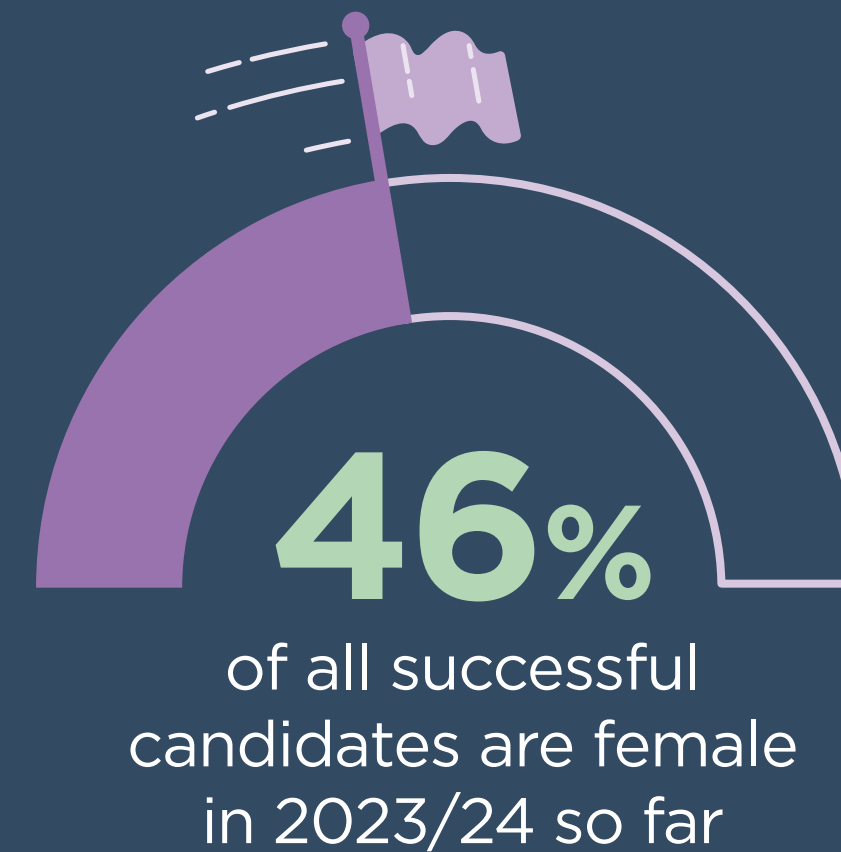
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Initiatives we have focused on include:

- ✿ Rolling out inclusive recruitment training for hiring managers.
- ✿ Monitoring and tracking representation throughout the recruitment process.
- ✿ Reviewing data to understand trends in drop-out rates throughout all stages.
- ✿ Refreshed our employee-led Inclusion Network.
- ✿ Provided work placements as part of the Never Mind the Gap initiative in partnership with Network Rail and Women in Rail.
- ✿ Supporting events with Muslims in Rail, an independent organisation that aims to connect, grow, and inspire people working or seeking a career in the rail industry.
- ✿ Launched a new equality, diversity, and inclusion colleague intranet page, sharing events and resources.
- ✿ Continue to invest in apprenticeships.
- ✿ Celebrating key EDI events, such as International Women's Day, Pride and Black History Month

Some recent progress we are seeing so far this year (2023/24) includes:



What we are doing to make LNER a great place to work:

Our equality, inclusion and diversity strategy focuses on five priorities:

1. Embedding accountability within all roles in the business.
2. Creating a solid foundation with policies, guidance, and tools to support colleagues.
3. Recruiting, developing, and retaining a diverse, talented, and motivated workforce reflective of the communities we serve.
4. Creating an inclusive and supportive workplace where everyone feels valued, able to be themselves and reach their full potential.
5. Ensuring clear governance

To learn more about what we are doing, please see our [Responsible Business Report](#).



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 LNERail

 [LNER.co.uk](https://www.lner.co.uk)

If you have anything to share, we'd genuinely love to hear from you.

Email us: [customers@LNER.co.uk](mailto:customers@lner.co.uk)

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