

GENDER PAY GAP REPORT 2020

MARCH 2021



INTRODUCTION

Our customers come from a variety of backgrounds and in order for us to deliver our best services to them, our workforce needs to reflect them. Research has consistently demonstrated that diverse organisations optimally perform through better collaboration, problem solving, decision making and innovation. Rail has historically been a male dominated industry, which skews the balance of pay.

We passionately believe in taking robust strides to create a culture that is authentically inclusive, where everyone feels that they belong and bring their whole selves to work regardless of their gender, preferences or background.

We know that by bringing our diverse backgrounds, cultures and perspectives together we will achieve our vision 'to be the most loved, progressive and responsible way to travel, for generations to come'.

Over the last three years we have seen year on year improvement on female applications for roles that may not have been considered by women traditionally, e.g. train driver. Our efforts and results are monitored at Board level and form the set of KPIs that we believe significantly drive our business. We have two Executive Sponsors for the female diversity strand of our plan, and we will continue to annually publish our Gender Pay figures and report against our goals. This year we became a signatory of the EDI Charter, championed by the Rail Industry Association (RIA) and Women in Rail (WiR). At LNER we are proud to have a gender balanced Executive Committee with the eight most senior roles in our organisation (excluding the MD role) occupied 50% by men, and 50% by women.



DEFINITION

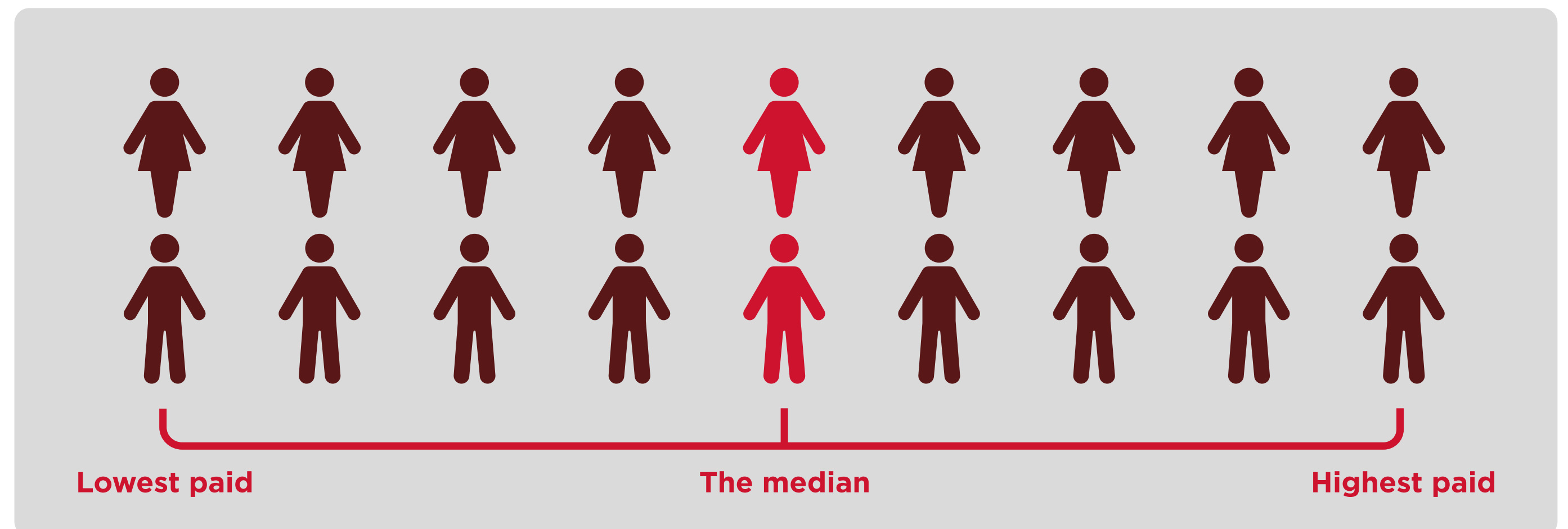
DEFINITION

Different roles pay differently and the number of men and women performing these jobs varies, which can potentially create a gender pay gap.

This report looks at the difference between the average hourly pay and bonuses men and women receive across LNER.

If all company employees were lined up in a female line and a male line, in order of pay from highest to lowest, **the median gender pay gap compares the pay of the female in the middle of their line with the pay of the male in the middle of their line.**

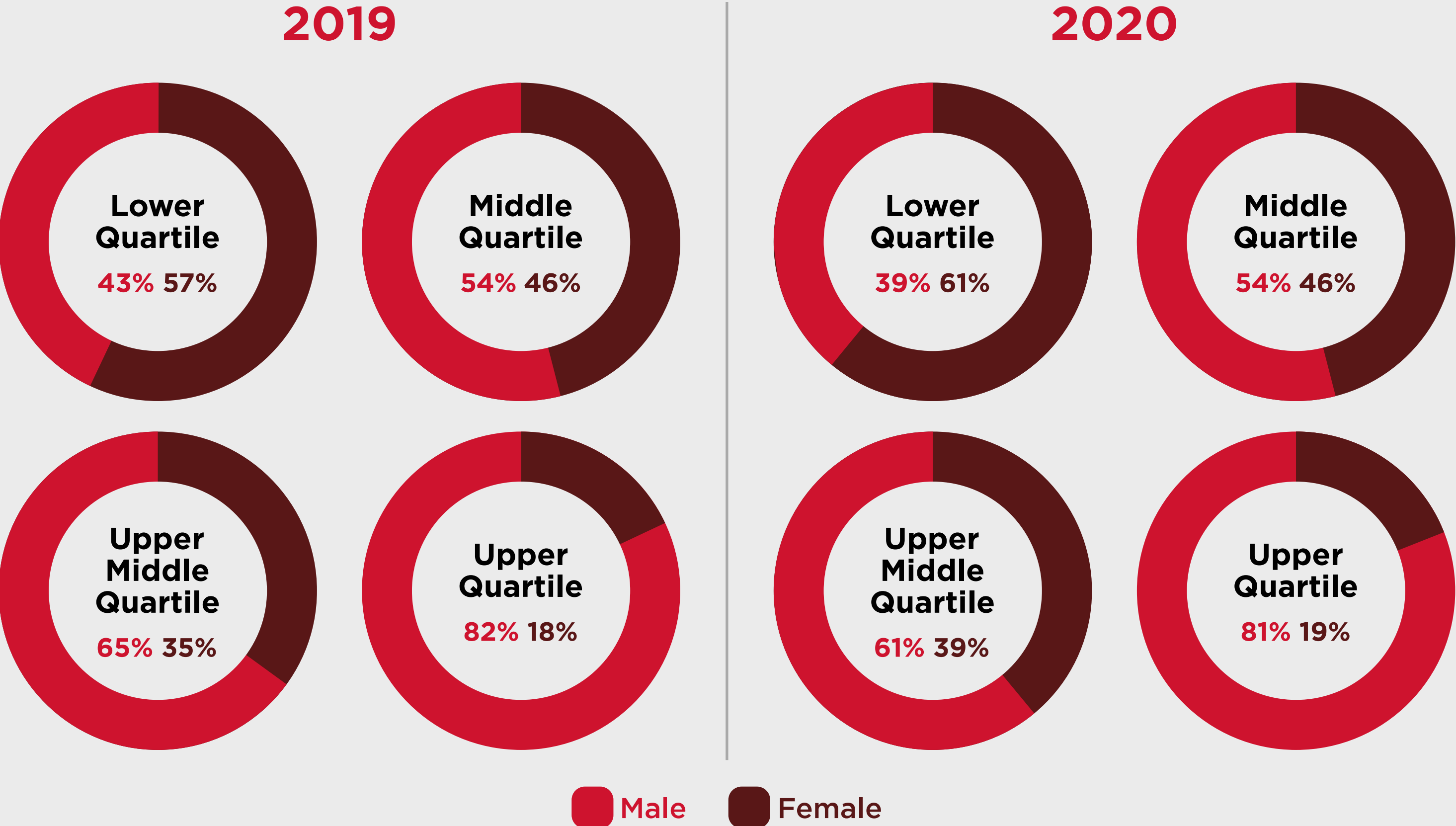
A gender pay gap exists in most organisations - the current national average is 15.5% (Source: ONS 2020). Sometimes people become confused between 'gender pay' and 'equal pay' however, they are different. 'Equal pay' is the difference in salary between men and women who carry out the same or similar roles.



OUR RESULTS

Pay Quartiles

Proportion of males and females in each pay quartile. Each quartile contains 749 employees.



The overall difference between men and women 2019	Mean (Average)	Median (Middle)
Gender Pay Gap	23.38	14.5
Gender Pay Bonus	39.01	24.81

The overall difference between men and women 2020	Mean (Average)	Median (Middle)
Gender Pay Gap	23.88	15.54
Gender Pay Bonus	29.17	28.56

OUR RESULTS



The increase in the mean and median pay gaps can be attributed to the increase in the number of full pay relevant employees included in the calculation, as a result of lower level sickness absence within our frontline customer experience grades on the snapshot date (31/03/20).

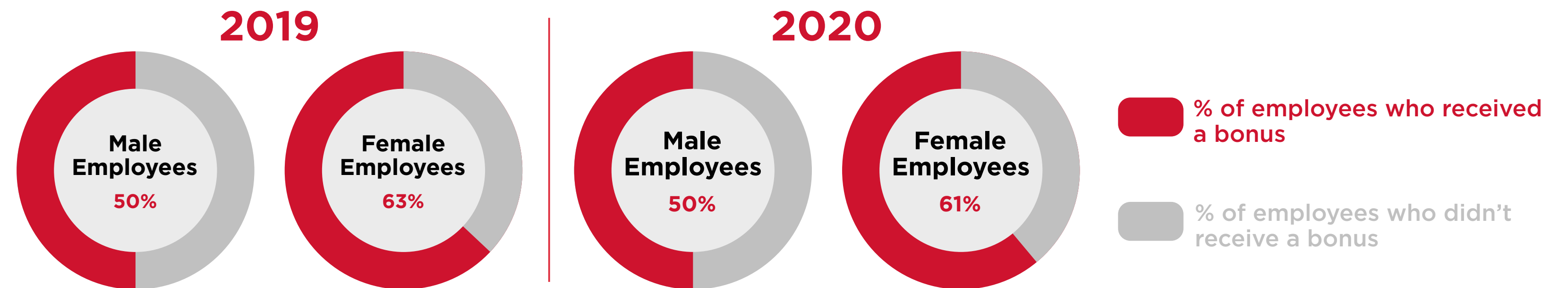
The gender balance within our Upper Quartile has a significant impact on our overall results. This category contains a population of 377 train drivers of which 90% were male on the snapshot date. Additionally, as we are progressing well with our campaigns, the increase of female trainees within the driver population presents a disproportionate impact for a short period of time e.g. until drivers have achieved all incremental pay steps to the point of qualification.

Our train manager occupation, similarly to drivers, has traditionally attracted more males than females. These roles sit within the Upper Quartile, increasing the male to female ratio. As with drivers, it is critical that we work harder to attract more females to apply for these roles.

Proportion of females and males receiving a bonus

Some of the non-management roles within our customer experience directorate earn commission on food and ticket sales. Under Gender Pay Gap Reporting regulations, these commission payments are classified as a bonus and are reflected in our Gender Pay Bonus Gap results. Whilst there was a 2% decrease in females earning a bonus in 2020 compared to 2019, this is partly attributed to women who successfully transitioned from commission earning 'on-train' roles, such as train manager to trainee driver, which is testament to our efforts for attracting more women to this role.

As the figures consider the bonuses paid for the preceding twelve months, figures from the year before included significant bonuses and retention payments paid to male colleagues within the engineering function (which has since transferred out of LNER). This was the main reason for the 9.84% decrease this year.



OUR STORY

I am proud to work in an organisation that is genuinely and passionately committed to creating an equal, diverse and inclusive workforce representative of the communities we serve. We know that by bringing people together who have diverse backgrounds, experiences and perspectives, we will achieve our vision 'to be the most loved, progressive and responsible way to travel, for generations to come'.

Since publishing our first Gender Pay Gap Report as LNER in 2019, we have undertaken an in depth analysis of our diversity data. We now have a better understanding of our workforce demographic and are delving further by mapping employee experience at every stage of the employee life-cycle. We aim to understand the experience from each individual's perspective and design programmes to enable our people to fully reach their potential and enjoy the journey.

Our median gender pay gap is 15.54%, and as with our 2019 figures, it can be attributed to the lack of females in higher paid roles, such as train drivers and engineers. We implement targeted internal and external attraction programmes to encourage more females to apply, and this has helped us to increase the proportion of female drivers from 8.8% to 10% since 2018. We recognise, with extremely low attrition, there is little opportunity to make significant change and that it will take some time before we can present a material shift in this demographic. However, we also believe that sustainable and purposeful change happens incrementally.

Alongside the work we are doing to attract and promote more diversity into our workforce, we have launched a five year EDI Strategy that drives ownership and accountability for living an inclusive culture every day. This includes an Inclusion Development Programme that raises awareness of the impact of bias and privilege, providing the tools to enable all colleagues to change or challenge behaviour. We are a people business and it is important that we support everyone to reach their potential and feel safe at work, psychologically as well as physically.

We have huge ambitions to create a truly diverse workforce culture that is inclusive of everyone, and we are empowering all LNER colleagues to take collective ownership to achieve it.

Karen Lewis
People Director



OUR JOURNEY

Inspiring The Next Generation

1. We have engaged with over 1,000 students from diverse communities across our route, raising awareness of the career opportunities in the rail industry.
2. 50 students (34% from Black, Asian and Minority Ethnic backgrounds) have completed our Summer Academy programme, preparing them for the world of work. We are moving to a digital work experience programme in 2021 to enable us to reach a wider audience.
3. We showcase our career opportunities through our involvement with the Big Bang Fair, the largest celebration of science, technology, engineering and maths in the UK.
4. We plan to become more involved with organisations such as 'Speakers for Schools' to take more proactive and strategic steps towards early engagement.

Attracting Talent

1. We are using data from our applicant tracking system (ATS) to monitor the diversity of applicants throughout the recruitment process and inform where we need to focus our efforts.
2. Our adverts are gender neutral and we have introduced blind screening to remove bias.
3. All our hiring managers undertake Inclusive Recruitment Training.
4. We have partnered with BAME Recruitment, Together Communications and Work180 to promote our career opportunities directly to women within all demographics.
5. We have introduced succession planning and strong internal talent pipelines, to ensure promotion opportunities are taken internally and colleagues are ready for them. This includes a strong internal pipeline for the driver and driver team management roles.

Developing Talent

1. Our Apprenticeship Programme creates opportunities for new roles and upskills our existing workforce.
2. Everyone across LNER will receive training on inclusive behaviours through our Inclusive LNER Training Programme which launched this year.
3. Frontline senior managers attend Diversity Development Days to explore the impact of bias and privilege, and to identify opportunities where they can challenge behaviour and lead an inclusive culture.
4. We have delivered a series of inclusion themed webinars 'Our Journey to an Inclusive LNER', 'Let's Talk About Race' and 'Understanding Privilege and Being an Ally'.
5. In 2021 we will review career development pathways and opportunities, with a particular focus on supporting our people from female and other diverse groups.

Creating A Great Place To Work

1. We have appointed Executive Sponsors for each strand of diversity creating business wide ownership for the delivery of the EDI Strategy. These directors will also participate in a reverse mentoring programme.
2. We will be reviewing our policies, reward structures and applying Equality Impact Assessments as well as conducting Equal Pay reviews to ensure we are structurally sound.
3. We will utilise technology to find ways to better listen and engage with women and provide support.
4. We celebrate difference through our annual calendar of diversity and inclusion events and networking groups.
5. We are a member of Women in Rail and utilise their mentoring and coaching services for high potential women. We are a signatory of the RIA/WIR joint EDI Charter and ensure the objectives are embedded into our EDI Strategy.
6. We have appointed 17 Inclusion Reps and are working collaboratively with each of our trade unions to change ways of working.