

ETHNICITY PAY GAP REPORT 2021

MARCH 2022



BEING YOU AT LNER



LNER
LONDON NORTH EASTERN RAILWAY

INTRODUCTION

In March 2021, the Commission on Race and Ethnic Disparities recommend to stop using the term BAME (Black, Asian and Minority Ethnic). 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.



David Horne
Managing Director

At LNER, we are committed to having an inclusive culture which represents the communities we serve, ensuring our colleagues are able to bring their true selves to work and reach their full potential.

Currently **8.6%** of our colleagues are from an ethnic minority background, against a UK population of **13%** according to the 2011 census and we acknowledge that more work is required to ensure greater representation across our business. We measure our representation by job role/level, as well as based on location, to compare with ONS data and understand how representative we are of the communities we serve. This enables us to own our opportunities and create focused initiatives to drive change, in particular amongst our higher paid roles, such as train drivers.

While a lot of our activity has been impacted by COVID-19, we continued to drive forward our inclusion agenda and remained passionate about making a difference for both our colleagues and customers. Over the past 12 months we have worked with organisations such as Business in the Community (BITC) to enhance our strategy, from signing the Race at Work Charter to BITC leading on some focused listening with our colleagues from ethnic minority backgrounds, exploring potential barriers to entering careers in rail and progression once in the business. We also work as part of Rail Industry Unites, a cross industry rail group on equality, diversity and inclusion, and ran a series of events across Black History Month and into November to drive conversation and learning across the industry.

Our People Team are committed to delivering our Equality, Diversity, and Inclusion agenda, working closely with business leaders to create targeted attraction and development

initiatives that improve representation and foster a caring and supportive culture.

We continue to develop and inspire our leaders to 'own' our journey as part of our values, in which all leaders are expected to nurture a culture of inclusion. We will achieve this through raising awareness and educating our teams in relation to the impact of diversity of thought, bias and privilege.

We believe in having a truly diverse culture that feels inclusive and safe, and are empowering everyone within LNER to take collective ownership to achieve this.

FAST FACTS

3,155 colleagues

8.6% ethnic minorities	11% of senior leadership ethnic minorities
3% train drivers from an ethnic minority group	9% of our colleagues on apprenticeships from an ethnic minority group



Claire Ansley, Customer Experience Director and sponsor of Ethnicity agenda.

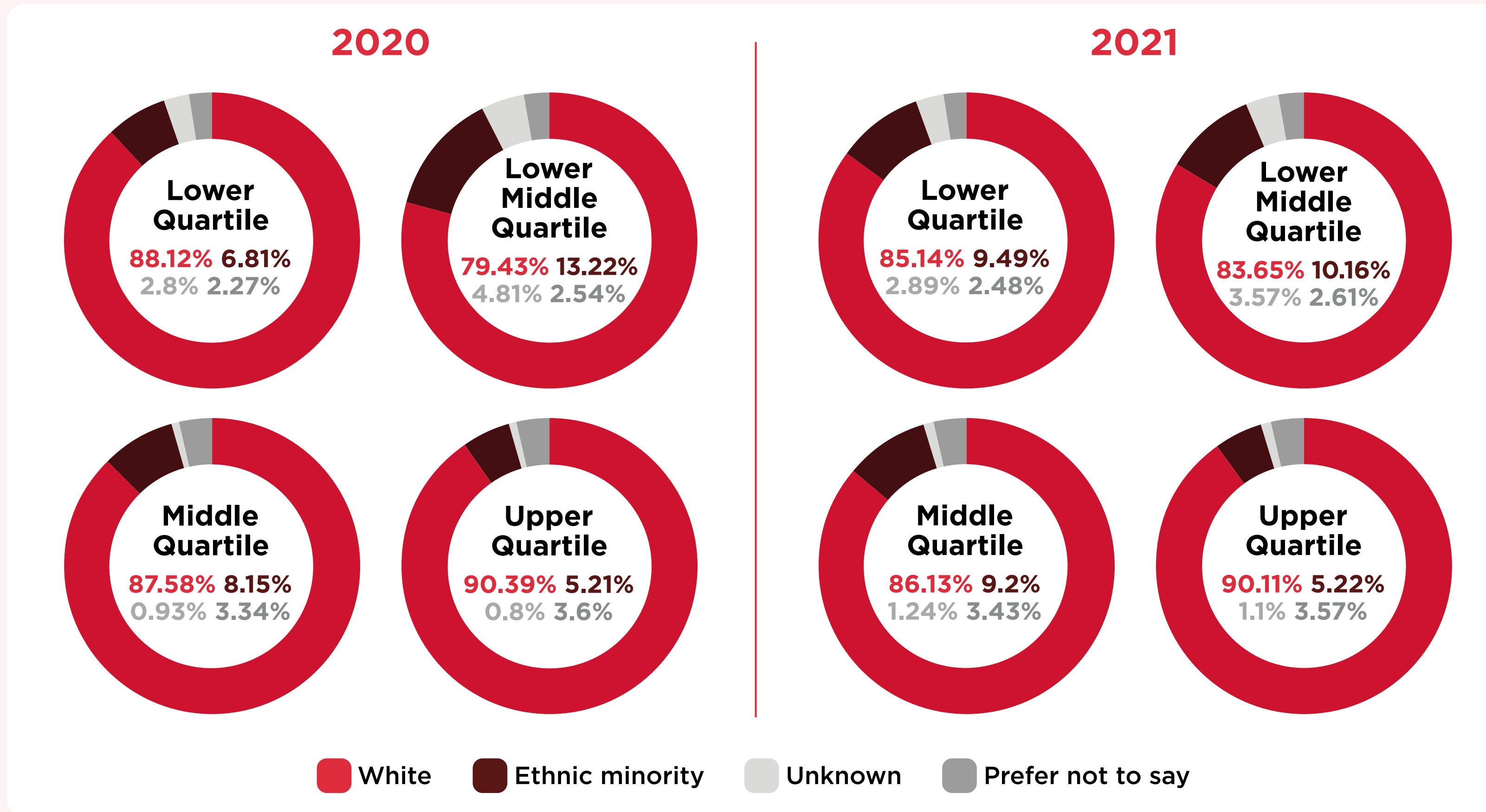
As sponsor of our ethnicity agenda, I'm passionate that we not only mark moments that matter to our colleagues

but that we actually have tangible plans in place to make improvements. This year I've taken part in a reciprocal mentoring scheme with one of our colleagues from a ethnic minority background and it's been great to hear what we are doing well at LNER to support our colleagues but also, and more importantly, where we have opportunities to improve. As a result, we've already put in place plans to create faith celebration moments in 2022, developed a more inclusive uniform and dedicated time to explore feedback around talent attraction and development with the support of Business in the Community. I am committed to sponsoring the delivery of our ethnicity action plans, ensuring we strive to make a difference and own our actions. We put heart into everyone's journey, creating an inclusive travel experience, be that on a leisure journey or throughout your career. We want all our customers and colleagues to feel comfortable and supported in **being you**.

OUR RESULTS

Ethnicity population by pay quartile

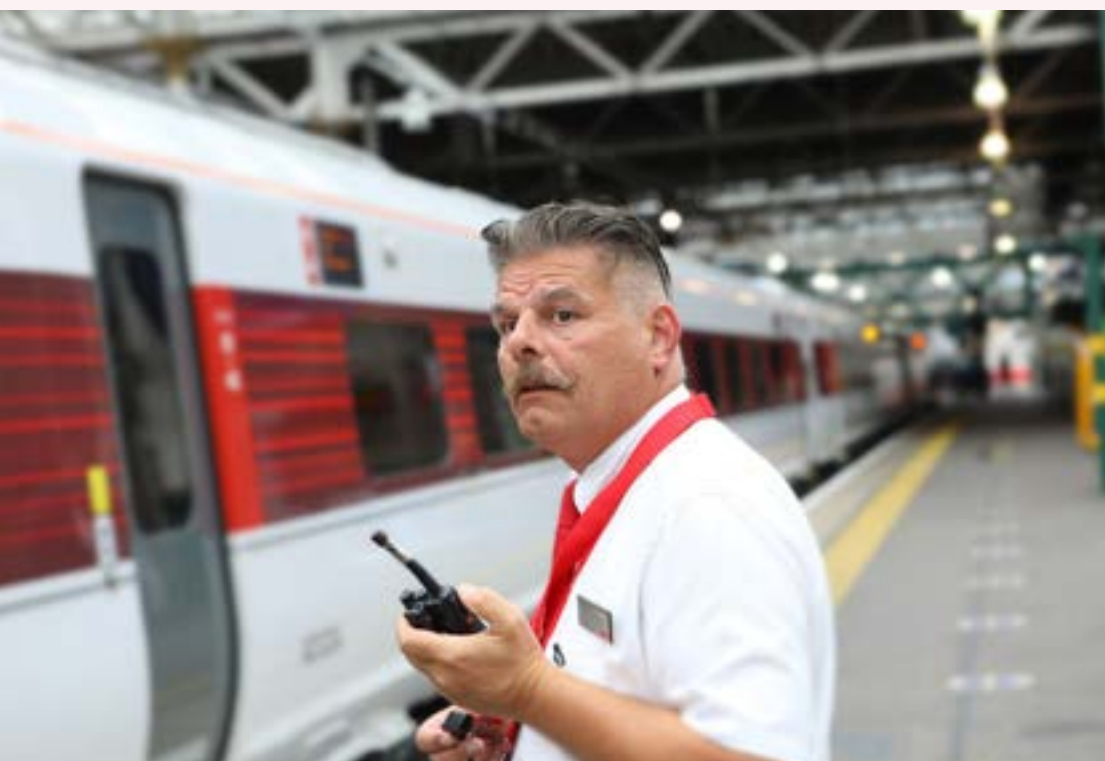
Proportion of colleagues ethnicity for each quartile.



The proportion of ethnic minority colleagues across our colleague base is lower than anticipated. Specifically, upper quartile roles, such as Train Drivers have only **5.22%** of the population identified as being from an ethnic minority group. We are currently working to increase our train driver representation to **10%** by 2025.

We know that ethnic minority employees make up a relatively small proportion of our workforce, **8.6%**, so our pay gap will be sensitive to any large fluctuations. This means our pay gap may go up, as well as down, as we look to increase representation, depending on the level of entry. A total of **95%** of our workforce have shared their ethnicity identity as part of data disclosure.





OUR RESULTS cont

Ethnicity pay gap

This year, our median pay gap **reduced by 1.28%**, to **2.99%**.

The mean pay gap has also **reduced by 0.51%**, to **12.09%**.

The overall % difference between white and ethnic minority employees 2020

	Mean (Average)	Median (Middle)
Ethnicity Pay Gap	12.60	4.27
Ethnicity Bonus Gap	41.98	7.89

The overall % difference between white and ethnic minority employees 2021

	Mean (Average)	Median (Middle)
Ethnicity Pay Gap	12.09	2.99
Ethnicity Bonus Gap	36.75	4.33

Proportion of white and ethnic minority employees receiving a bonus

Some of the non-management roles within our Customer Experience directorate earn commission based on food and ticket sales. Under pay gap reporting regulations these payments are classified as a bonus and are reflected in our Ethnicity Pay Bonus Gap results.

Covid-19 has significantly impacted our business during this reporting period, leading to no bonus payments and considerably reduced food and ticket sales commission as a result of a reduction in customer demand and utilisation of train travel.



OUR JOURNEY



Inspiring the next generation

To achieve our ambition in best reflecting the communities we serve, LNER is committed to engaging with our local community and stakeholder groups, in addition to the next generation, to encourage a wider range of people to pursue roles in rail. That's why we have supported various career moments and job fairs across the year.

We acknowledge that our ability to engage with local schools has been impacted heavily by the pandemic, however we are proud to have launched our first digital work experience and inspiration programme, '[Tomorrow's Talent](#)' within the past year. Following a targeted recruitment campaign, we attracted over 200 applicants with **34%** from an ethnic minority background. The work experience opportunity enabled students to explore a variety of key skills; supporting wider work opportunities and inspiring a new generation to consider a role in the Rail Industry, with support, insight and top tips from LNER colleagues.

As part of our 'Key EDI Moments' calendar initiative, we encouraged role model stories

across the business, in particular, marking Black History Month. Using a range of platforms, we engaged with a broad community across LNER.



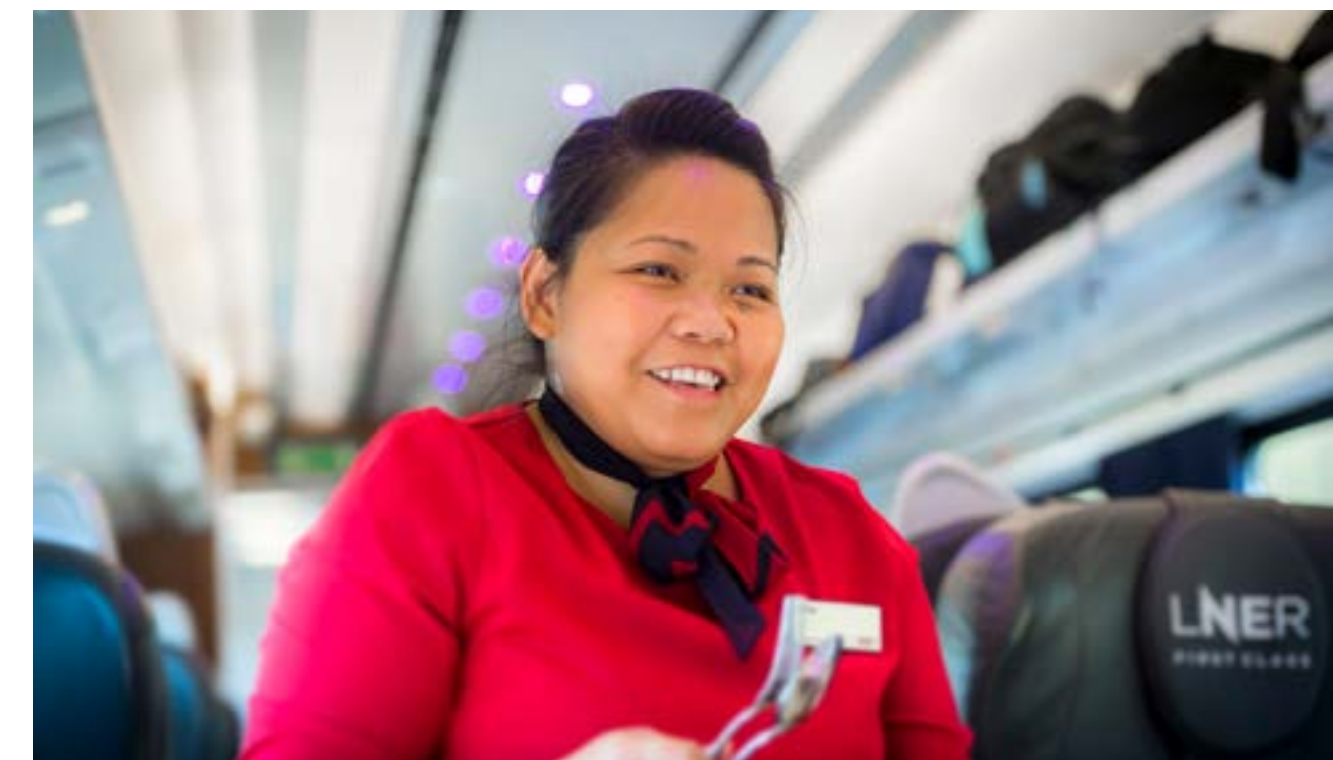
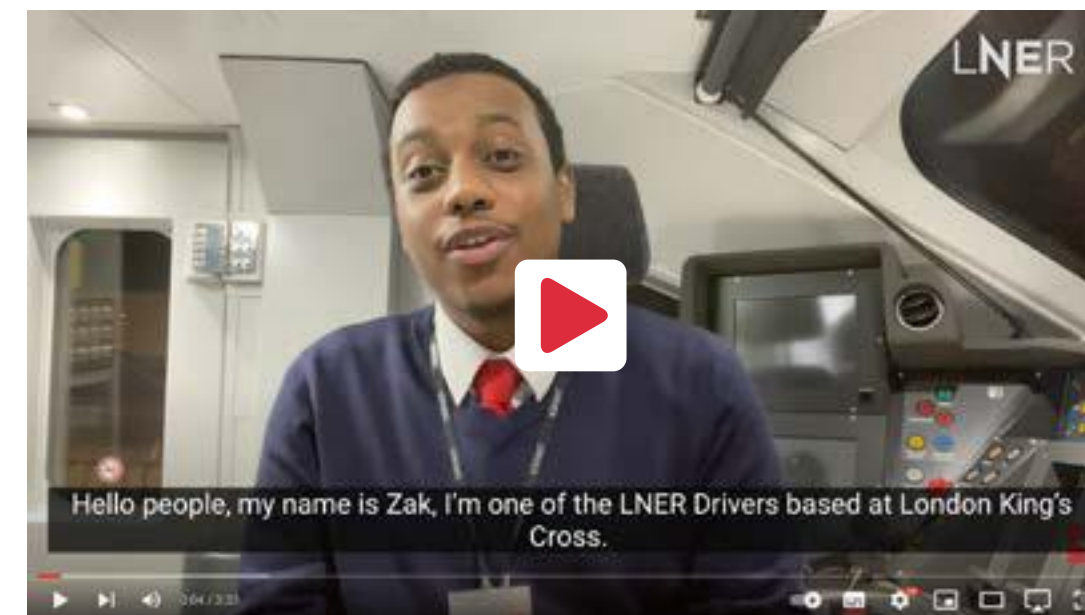
Attracting Talent

Our recruitment processes are objective, consistent and transparent, regardless of role or level. Interventions such as name blind screening and use of inclusive language support the removal of unconscious bias from our recruitment activity.

We've committed to increase our overall ethnic minority representation to **10%** by

2025, from **8.6%** and our driver representation from **3%**, to **10%**. To support this commitment, we've established a range of forecasting indicators and measures, based on anticipated vacancy rates, data from our applicant tracking system (ATS) and applicant diversity tracking. Our performance against these measures is regularly reviewed and the support our director sponsor of Ethnicity ensures our efforts remain focused and effective.

Key to our success is cross-industry collaboration and we are proud to work with members of the Rail Delivery Group to explore diverse practices across talent, attraction and recruitment, as well as taking the opportunity to promote role model stories within key roles at LNER to enable a diverse and talented candidate pool.





OUR JOURNEY cont



Our ambition is to be a truly representative of the communities we serve, regardless of role or level. To achieve this, robust development pipelines are required alongside leading talent management practices.

Our Apprenticeship programmes create opportunities for new roles, whilst upskilling our existing workforce through a variety of learning methods and digital resources. Currently, **9%** of our Apprentices are from an ethnic minority group.

We continue to regularly map our ethnicity representation at all levels and functions across our business. Using succession planning data to understand the diversity of our talent pipelines and with workforce planning insight consider where we may have any opportunities in representation. This allows us to plan for focused talent attraction initiatives as well and supporting investment in training for a diverse colleague base who are ready to develop their careers at LNER.

This past year we launched a reciprocal mentoring programme with our directors,

where our senior leadership team were mentored by colleagues from different backgrounds to help deepen their understanding of diversity and inclusion and the experiences of colleagues. **44%** of colleagues taking part in this programme were from an ethnic minority group. Colleagues participating in this programme also received focused development time with their respective mentee on a topic of their choosing. Some of the direct outputs of the scheme have been a review on uniform based on feedback related to faith, funding for independent research on the potential barriers for individuals from an ethnic minority background joining and progressing in rail and the introduction of faith based e-cards to help us celebrate the variety of faiths and beliefs our colleagues practice. We will be looking to extend this scheme to our broader senior leadership team in 2022.



BEING YOU AT LNER



OUR JOURNEY cont

Creating a great place to work

Our dedication to creating an inclusive culture is critical to ensure colleagues are supported in bringing their true selves to work, enabling them to reach their full potential.

This past year we ran confidential focus groups through Business in the Community to better understand the barriers in attraction, progression and retention of colleagues from an ethnic minority background. The outcome of these sessions will help inform our strategy and provide a baseline for the realities now that we can mark against for where we want to be in the future.

We also launched our 'Being You' icon this year, which is all about supporting and celebrating our colleagues to be their authentic selves at work. The icon underpins all our Equality, Diversity and Inclusion activity, with the aim of ensuring everyone has access to the right resources and opportunities to enable them to thrive.

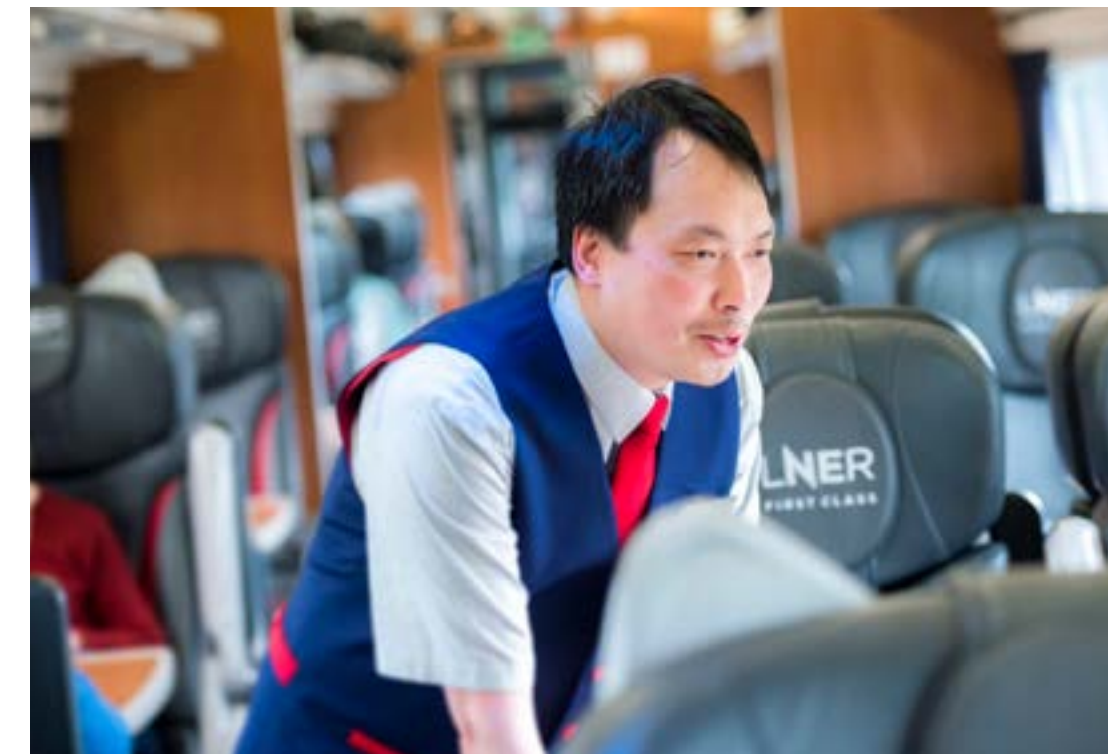


Over the past year we have implemented Equality Impact Assessments across both customer and colleague facing activity to ensure that we are applying an inclusive lens to projects that may impact these populations. Training on how to complete these assessments has been delivered to over 100 colleagues, with a steering group set up to review and provide feedback on all assessment on a bi-weekly basis. This process supports us in making sure any future work at LNER has consider equality, diversity and inclusion in the planning stage, which also helps upskill our colleagues on this very important topic.

We know that for some talking about race can feel uncomfortable and often the fear of saying the wrong thing can hold us back from engaging in important conversations. That's why we are keen to ensure there is a regular drumbeat of conversations on Equality, Diversity and Inclusion topics, including race, to help our colleagues feel confident and learn about different experiences. In the past year we have run several workshops, cross industry, from being race allies, to inclusive conversations and panel discussions about the opportunities and actions to step on representation in our industry.

Beyond Ethnicity

We are committed to ensuring we are a diverse and inclusive employer, and that our colleague population reflects the diversity of the communities across our route. We use various events and learning opportunities throughout the year to engage with our colleagues on all of our inclusion activity, celebrating and championing the diversity of thought across our business. It is all about making sure everyone feels supported and comfortable **Being You**.



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

Email us: customers@LNER.co.uk

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