

Gender and ethnicity pay gap report 2022

Published March 2023



NORTHERN

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Northern is committed to providing a great place to work, for everyone.

As an employer of over 7,000 colleagues, we understand how important it is to have a diverse and gender balanced workforce which represents the customers and communities that we serve, providing career opportunities for everyone.

We have been taking practical and proactive steps towards attracting, recruiting, promoting and supporting people to improve the diversity in our workforce and the gender imbalance that exists within the rail industry.

This is our annual report on our gender pay gap for the period April 2021 to March 2022. We are also voluntarily reporting on our ethnicity pay gap for the first time which shows the difference in the average pay between all our Black, Asian and minority ethnic colleagues and all our White colleagues.

This report includes:

- Distribution of male and female colleagues over pay ranges (in quartiles).
- Mean and median gender pay.
- Proportion of men and women receiving bonus pay.
- Distribution of Black, Asian and minority ethnic colleagues and White colleagues over pay ranges (in quartiles).
- Mean and median ethnicity pay.
- Proportion of Black, Asian and minority ethnic colleagues and White colleagues receiving bonus pay.

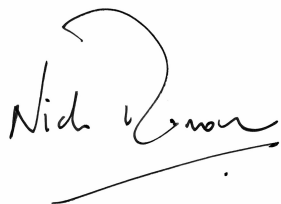
Many people confuse gender pay gap with equal pay. The gender pay gap is the difference between what men typically earn compared to women, irrespective of their role and is a reflection of workforce profile. It is not the difference in pay between men and women for doing the same job which is known as equal pay. Our gender pay gap has decreased very slightly since our last report which is driven by new starters and leavers as there has been little change to overall pay levels.



Our key areas of focus to address our gender and ethnicity pay gap over the coming year are:

- Attraction and retention of women across our workforce.
- Ensuring that our benefits and rewards are tailored to diverse groups.
- Continuing to create, deploy and embed further diversity related policies such as neurodiversity, parent friendly policies, and guides around celebrating key multicultural events such as Ramadan.
- Ensuring, where possible, we can offer flexible approaches to roles across the business via part time or agile working to attract more women to the railway.
- Continuing to use blind recruiting approaches to our recruitment ensuring equity throughout the recruitment process.

You will find information on how the gender and ethnicity pay gap is calculated, what our results are and what we are doing to address it in this report.



Nick Donovan

Managing Director



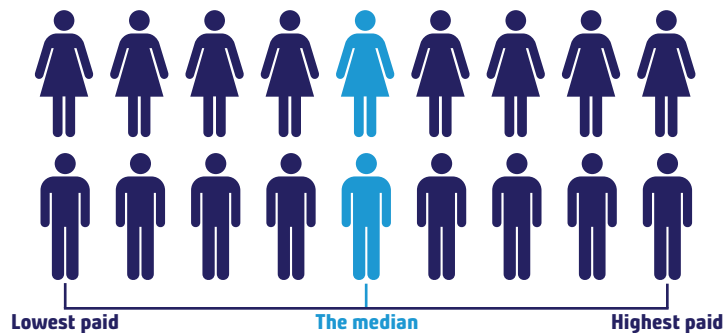
How the gender pay gap is calculated

Different jobs within our business pay differently and the number of women and men performing these jobs varies, therefore creating a gender pay gap.

The gender pay gap represents the difference between the average hourly pay and bonuses men and women receive across the business within or at a particular point of time.

The mean (average) is the calculation most people will be familiar with when calculating the average of something – essentially this adds the total of the constituent parts and then divides by the number of the constituent parts to calculate the average for each.

The median is different and is simply the middle figure of all of the constituent parts lined up. For example, if all employees were lined up in a separate female and male line, in order of pay from the highest to the lowest, the median gender pay gap compares the pay of the female in the middle of their line and the pay of the male in the middle of their line, as outlined in the graphic below.





Our Results

The overall difference in pay between men and women

- Mean and Median Gender Pay Gap has slightly decreased
 - Mean Gender Pay Gap is 16.7% – compared with 17.6% last year (decreased by 0.9%)
 - Median Gender pay gap is 26% – compared with 27.3% last year (decreased by 1.3%)
- Upper middle quartile pay distribution has improved
 - Q3 (upper middle quartile) is now 12.5% female vs 12.1% last year (+0.4%) there has been a year on year improvement in this area
 - Q4 (upper quartile) is now 8.3% female this year 7.1% last year (+1.2%)
- Bonus/ancillary payments show that more females than males are in receipt
 - 21.5% females vs 17.4% males – compared with 27.8% females vs 20.6% males last year, it is worth noting no bonuses were paid last year and this data is mainly related to commission payments



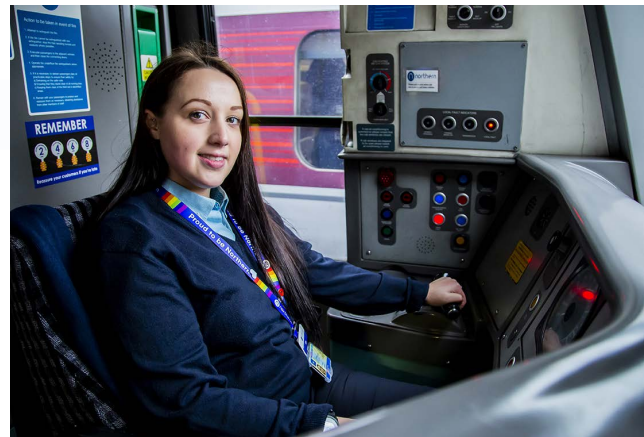
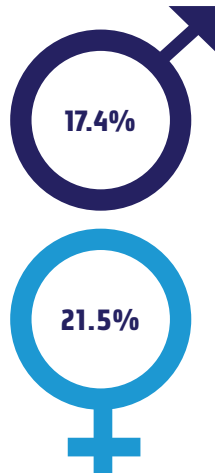
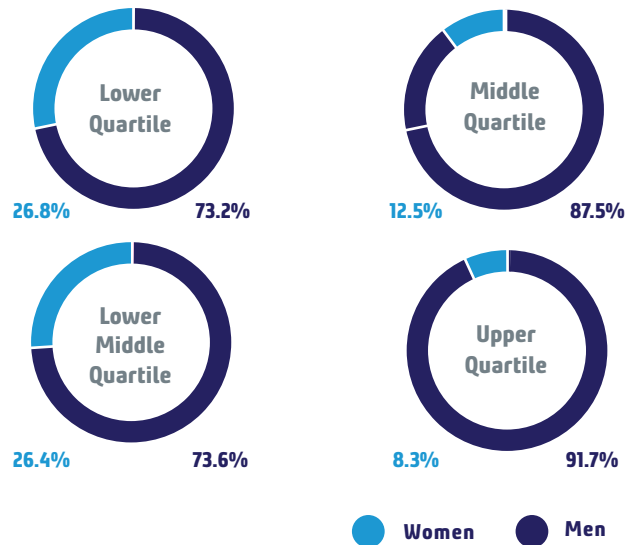


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Our Results

The overall difference in pay between men and women

% of men and women in receipt of 'bonus' payments





What's driving our 2022 gender pay gap

- There has been little change (overall) to pay levels on the back of an industry wide pay pause for existing colleagues since last reporting in March 2022, so the figures are almost entirely driven by the impact of new starters, leavers as well as the TUPE transfer of around 250 East Midlands Railways colleagues from Neville Hill Traincare Centre.

Positive Drivers:

- The effect of East Midlands Railways joining us was the gender split was 11.8% female.
- New entrant analysis (excluding East Midlands Railways) was 28.1% female.
- This consisted of 5 Executive female appointments and 30 Management out of 9 & 70 respectively.
- The average salary of the new entrants was +3.1% in favour of females.

Negative Drivers:

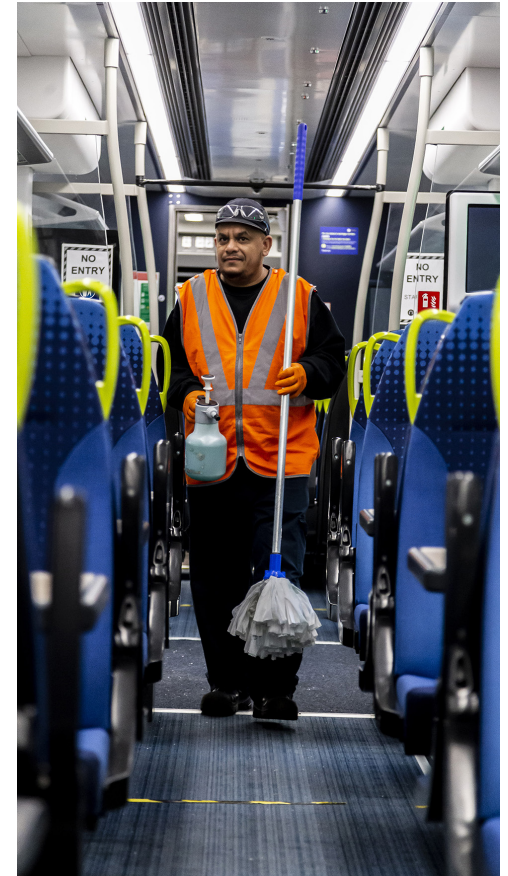
- When splitting out new entrant Executive and Management average appointment salaries there was a +4.3% in favour of males.
- There were also no Executive bonuses paid during this period.
- A transfer of 250 people under TUPE to Northern from East Midlands Railways resulting in:
 - 2 of the 12 managers that transferred were female
 - The average female managers salary was £43,433 compared with £51,280 male salary, making a 15% mean difference
 - The overall impact of the transfer on our gender pay gap was +14.2% in favour of males



Addressing the pay gap

How we are promoting gender equality at Northern

- At Northern, we understand how important it is to have a diverse and gender-balanced workforce which represents the customers and communities that we serve.
- Part of our Equality, Diversity and Inclusion (EDI) strategy is focussed on our commitment to having a fair gender balance in our workforce and we are taking practical and proactive steps towards attracting, recruiting, promoting and supporting women into higher paid roles.
- We have launched and deployed a dedicated EDI strategy.
- Our overall EDI activities and initiatives have resulted in Northern being shortlisted for a number of awards: Rail Business Awards in the Diversity and Inclusion category. National Centre for Diversity – Most Inspiring EDI Person of the Year, Engagement Excellence Awards – Best EDI Strategy and Northern Power Women Awards – Large Organisation category.
- We have a long-standing partnership with Women in Rail, participating annually in their mentoring programme and last year we were shortlisted for their Top Employer award.
- In the last year we have introduced blind sifting and CV parsing technologies to minimise risks of any indirect or unconscious bias in our recruitment processes. We have also commenced the fuller centralisation of recruitment activity and role testing which will further support robust and consistent process management and decision making.





- These initiatives have contributed to the higher proportion of underrepresented groups selected for interview and offered roles alongside proactive support for interview panels.
- Our internal process improvements are supported by bespoke and dedicated attraction campaigns to drive up attraction from females and wider under-represented groups.
- We ran an external and internal campaign about women at Northern for International Women's Day building upon our campaign from the previous year where our NTL Directors made publicised pledges to supporting gender equality in the workplace.
- New policies have been introduced to support under-represented groups including an EDI policy, Menopause policy, Gender Transition policy and Domestic Abuse Support policy.
- We actively led on an industry campaign against unwanted sexual behaviour.
- We have achieved Investors in Diversity accreditation from the National Centre for Diversity in 2022.





Our 2021-2022 Ethnicity Pay Gap results – the headlines

It is worth noting this is the first time we have reported on ethnicity pay gaps and we therefore do not have any year on year comparison data available. Also worth noting that we still have missing ethnicity data on our systems despite recent drives to get up to date information in this area it still remains a voluntary request.

- Mean ethnicity pay gap is 17.8%.
- Median ethnicity pay gap is 21.1%.
- Lower quartile pay distribution – 11.4%.
- Lower middle pay distribution – 6.5%.
- Upper middle quartile distribution – 4.4%.
- Upper quartile distribution – 3%.

Bonus/ancillary payments show:

- 18.4% white vs 18.6% from an ethnic background, it is worth noting no bonuses were paid last year and this data is mainly related to commission payments.





What we are doing to make Northern a great place to work, for everyone

- All of our managers have completed ethnic minority inclusivity training and our Director team completed Inclusive Leadership training in 2022.
- We've launched a recruitment campaign, 'Be Northern, Be You' to attract talent from diverse groups.
- We have support networks for specific under-represented groups (e.g. Menopause support).
- We have an EDI sponsor from the Director team and hold steering group meetings on a quarterly basis to monitor our progress and introduce new EDI initiatives.
- We have our 'Northern Crowd' – a colleague led inclusion network to share ideas, best practice and represent Northern at EDI events (e.g. recruitment stands at Pride and other events that aim to attract candidates from under-represented groups).
- We are represented at the Rail Delivery Groups EDI Forum.
- We are corporate members of Inclusive Employers and participate in their National Inclusion Week annually.
- We have introduced guidance on gender pronouns and can choose to use our preferred pronouns on our emails and name badges.
- We are a Disability Confident level 2 employer.
- We have an EDI book club/reading group.



- We have designed our own EDI business logo.
- We have published our own anti-racism pledge.
- Participation in Black History Month, International Day of Disabled Persons, World AIDS Day and LGBTQ+ History Month.
- Continue to explore opportunities to flex working arrangements to support and underpin our EDI aspirations – part-time working / agile and flexible working policy etc.

