



Gender Pay: The Facts

Expert View



Croner™

HR • Tax • H&S • Reward

Gender Pay: The Facts

In February 2016 the Government held a consultation on Closing the Gender Pay Gap, almost eight months later, the Government finally published the Gender Pay Reporting Regulations. These regulations will now move through the parliamentary process, if approved, it is expected that the regulations will commence in April 2017.

Background

According to the latest ONS Annual Survey of Hours and Earnings, on entering the workforce females earn 9.1% less than males, this rises to 25.9% for women in their fifties. According to this data it could take another 47 years to close the pay gap between men and women.

It is this inequality that led the Government to take steps to tackle the gender pay gap. They state that by bridging the UK gender pay gap in work, an extra £150 billion could be created on top of business-as-usual GDP forecasts in 2025.

Who do the regulations apply to?

Any organisation that employs 250 or more relevant employees, which may include zero-hour contractors, apprentices and some consultants and internationally mobile staff who have a strong connection to the UK, on the snapshot date in April, irrespective of the duration of their employment.

Self-employed people should not be included, neither should agency workers where their contract of employment is with their agency and not the organisation they are working.

Businesses which produce a slavery and human trafficking statement in one financial year are encouraged to produce a statement even if their turnover falls below the threshold in subsequent years.

It is important to note that for group and multinational organisations which have multiple UK companies, they will be required to report for each of their legal entities and not at group level.

Timescales

Organisations will have to collect an initial 'snapshot' of data on 5 April 2017. They will then have a further 12 months to analyse and publish data (by April 2018, although this can be done at any point within that 12-month period).

What needs to be published?

Companies will need to publish pay gap figures; calculating the mean (average) and the median (the number which falls directly in the middle if all salary figures are placed in numerical order, lowest to highest).

What is meant by pay?

For the purposes of gender pay reporting, "pay" includes basic pay, paid leave, maternity pay, sick pay, area allowances, shift premium pay, bonus pay and other pay (including car allowances paid through the payroll, on call and standby allowances, clothing, first aider or fire warden allowances). It does not include overtime pay, expenses, the value of salary sacrifice schemes, benefits in kind, redundancy pay, arrears of pay and tax credits.

What isn't included?

The following elements will not be included in the calculations:

- Parental leave and statutory pay – if an employee receives less than full pay
- Overtime
- Expenses
- Salary sacrifice and benefits in kind
- Car allowances
- Pension contributions and other deductions
- Redundancy, severance or termination payments

Salary quartiles

Employers will be required to report on the number and proportion of men and women in each quartile of their pay distribution.

Quartiles should be generated by dividing the workforce into four groups with equal numbers of employees.

Where does it need to be published?

The data, which will need to be signed by a director to confirm it is accurate, will need to be published in English on a searchable UK website that is accessible to employees and the public. A copy will also need to be sent as evidence of compliance to a government-sponsored website.

What will the Government do with the data?

Publicly displayed league tables, categorised by sector, will be created to report on employers' gender pay gap. The Government also aims to identify and highlight employers who publish

particularly full and explanatory information. It may also publicise the identity.

While the government is not currently intending penalising employers whose levels of compliance are not satisfactory, non-compliance would constitute an 'unlawful act' and fall within the existing enforcement powers of the Equality and Human Rights Commission, under the Equality Act 2010.

How Croner can help?

Croner has put together a one-stop solution to make the gender pay reporting process as easy as possible, from initial preparation to analysis, conclusions and recommendations.

We will independently analyse your pay data to generate statistical calculations, as required by the regulations, which highlight where any gaps exist.

In addition to analysis, our service comes with the added benefit of a comprehensive report of key findings, conclusions and actions, produced by one of our legal experts. Plus you will have access to our team of HR and employment law experts, via Croner's Employment Advisory Service, to help you solve any problems that may arise through the analysis of your pay data. This invaluable service is available 24/7, 365 days a year.

The cost of this comprehensive service costs from just £395 plus VAT. To find out more visit our Gender Pay Gap Reporting page.

www.croner.co.uk/gender-pay-reporting