

Gender pay gap reporting

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Causes of GPG

Differentiate between original causes and why it persists

Causes –

- occupational segregation
- Undervaluing of female dominated work
- Motherhood pay penalty
- Male domination of job hierarchies

Continuing gap

- Parenting/caring roles
- Access to flexible working – only 6% of jobs with a fte of £19,500 are advertised as flexible
- Maternity discrimination
- Unconscious gender discrimination – the discrimination co-efficient
- Difficulties in litigating

Outline

- **Who has to report** under the regulations?
- **Who is in scope?**
- **When** is the reporting to be done?
- **How** is the reporting to be done?
- **What** must be reported?
- What are the **sanctions** for failure to comply?
- How should you be **preparing** for gender pay gap reporting?
- How can you **reduce a gender pay gap?**

Who has to report under the regulations?

- All private (and voluntary) sector employers with **250 or more employees** on the snapshot date must report on their gender pay gap
- Group companies: **no group reporting requirement**. 250-employee threshold applies to each subsidiary.
- Public Sector: Scotland – since 2012, E&W and UK new Regs to take effect 31/03/2017



Who is in scope?

- Hourly Pay and Quartiles: Only “**full-pay relevant employees**” during the pay reference period - those on reduced or nil pay as a result of being on leave are excluded
- Bonuses: all “**relevant employees**” on snapshot date
- Employment: defined in s83 of the Equality Act 2010. Includes working under:
 - a contract of employment,
 - a contract of apprenticeship, or
 - a contract personally to do work.

Who is in scope?

Exceptions...

- Employer not required to include data if:
 - the employee is engaged under a contract personally to do work, **and**
 - the employer does not have, and it is not reasonably practicable to obtain, the data

Who is in scope?

Tricky areas



- When is it “not reasonably practicable” to obtain the data?
- Do we include overseas workers in the calculations?
- How should we deal with UK employees seconded abroad?
- What about offshore workers on field breaks on reduced/nil pay?
- Do non-executive directors count as employees?
- Are partners of a partnership/LLP excluded?
- What about transgender employees?

When is the reporting to be done?

Private Sector & Voluntary Organisations

- Snapshot date: 5 April
- Reports: within 12 months of snapshot date
- First snapshot date: **5 April 2017**
- First reports due: **4 April 2018**

Public Sector (E&W, UK)

- First snapshot date: 31 March 2017
- First reports due: 30 March 2018.

How is the reporting to be done?

Employer's website:

- Information must be accessible to all employees and the public;
- Must remain so for three years; and
- Reports must be signed off by a director/partner (this requirement N/A Public sector E&W, UK)

Government-designated website

What do you need to report?

1. Mean hourly pay gap
2. Median hourly pay gap
3. Mean bonus pay gap
4. Median bonus pay gap
5. Proportions of each gender who received a bonus
6. Numbers of men and women in each of four quartile pay bands

What is ordinary pay?

Includes:

- basic pay
- allowances
- pay for piecework
- *pay for leave*
- shift premium pay

Excludes:

- overtime pay
- redundancy pay/pay related to termination of employment
- pay in lieu of leave
- remuneration provided otherwise than in money

What is the relevant pay period?

- **Pay period:**
 - In line with payment of basic pay: weekly, fortnightly, monthly etc.
 - If there is no basic pay: the period in respect of which the employer most frequently pays the employee one of the elements of ordinary pay
- **Relevant pay period:** pay period in which the snapshot date falls



How do you determine working hours in a week?

- Normal working hours: obvious!
- No normal working hours: 12-week average
- Where employee has not been at work for a sufficient period, or *for some other reason the employers is not reasonably able to make the calculation*, **a number which fairly represents the number of working hours**
- **Tricky areas:**
 - On-call and sleeping-in arrangements

How do you calculate the **hourly rate**?

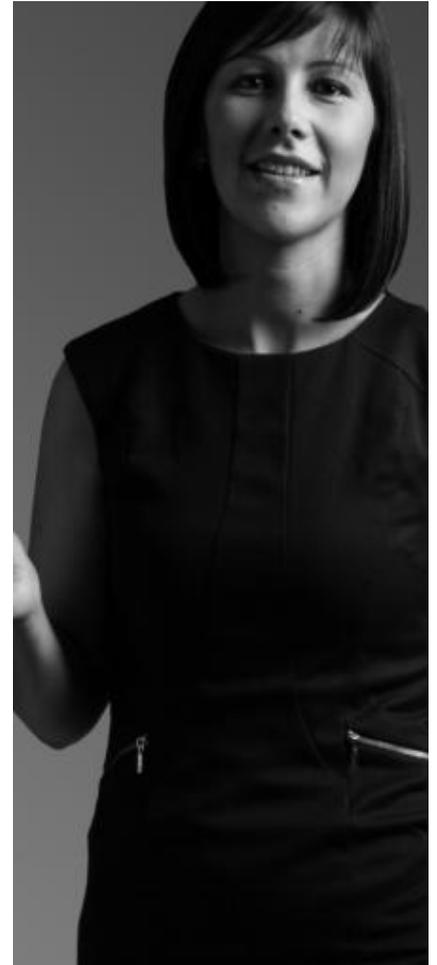
- Six-step process set out in the regulations
- Note: if bonuses are paid during the relevant pay period a pro-rated amount must be included in the hourly rate of pay

What is **bonus pay**?

Any remuneration that:

- is in the form of money, vouchers, securities, securities options or interests in securities
- relates to profit sharing, productivity, performance, incentive or commission

Relevant period: 12 months ending on the snapshot date



Quartile pay bands: Lower, lower middle, upper middle and upper

- Step 1: determine hourly rates of each male and female full-pay relevant employee and then rank in order from lowest to highest paid
- Step 2: divide ranked employees into four sections, each with (as far as possible) an equal number of employees
 - if employees with the same hourly rate of pay fall within more than one quartile pay band, the employer must (so far as possible) ensure that, when ranking the employees, the relative proportion of male and female employees receiving that rate of pay is the same in each of those pay bands
- Steps 3 and 4: proportion of male and female full-pay relevant employees within each quartile pay band must be expressed as a percentage of the total full-pay relevant employees within that band

What are the sanctions for failure to comply?

Failure to comply =
an 'unlawful act'
(s34 Equality Act 2006)

Equality and Human Rights
Commission empowered
to take enforcement action

How should you be preparing for GPGR?

Audit

Analyse risk

Narrative

Initiatives to
reduce gender
pay gap

Communications
plan

How can you reduce a GPG?

- Mentoring
- Informal networks
- Training and development opportunities
- Leadership/talent pipeline
- Unconscious bias awareness/training
- Support for employees with caring responsibilities
- Consistency in salary decisions



Other jurisdictions – Northern Ireland

- Regulations still in draft, postponed because of political upheaval
- Standardised methodology for detailing differences to be confirmed
- If a disparity exists, employer must publish an action plan to eliminated and send that to all employees and recognised Tus
- Failure to comply is to be an offence with a fine for each employee
- Also required to publish information in relation to ethnicity and disability

Other jurisdictions - Iceland

- Draft Bill requiring public and private businesses to prove they offer pay to employees
- Iceland has 7% gender pay gap – ranks top of World Economic Forum's 2015 Index
- Intention to eradicate the gap by 2022
- To apply initially to large employers and government agencies from 2018
- From 2022 to employers with 25 or more employees
- Audits and certification required
- Any gap of more than 5% to be fixed

Any 
questions?

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