How to calculate, publish, and communicate your gender pay gap
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Gender pay gap reporting

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Acknowledgements

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1 Introduction: what this guide covers

Thanks to sophisticated payroll software, it is relatively easy for organisations to collect and publish the pay data required for gender pay gap reporting. However, what you do with the figures afterwards may require much more skill from people professionals.

Although not compulsory, it’s important to create a narrative, putting the figures into context for your customers, your employees and other stakeholders, and set out the action you plan to take to address the gap. Any gender pay gap is likely to reflect a combination of internal and external factors (on the one hand, say, the extent of managerial discretion in setting starting salaries and, on the other, the availability of childcare provision locally) which you need to explore.

A gender pay gap could also reflect how the gap is calculated. There are organisations where more women than men have opted to pay their pension contributions under salary sacrifice arrangements, and this has widened the pay gap figures.

This guide provides a summary of the regulations, which organisations they apply to, and what happens if you don’t report your gender pay gap figures. It explains what the gender pay gap is, what causes it, why it needs to be tackled and why gender pay gap reporting has been introduced. It shows you how to calculate your gender pay gap and, equally importantly, how to explain your gender pay gap figures to your employees and the wider world. It concludes with suggestions for closing the gap.

The guide is backed up by Appendix 1, which explains the terminology used. The regulations have their own terminology and, if you’re new to gender pay gap reporting, you might find it useful to have a quick look at these explanations before you begin, as some of the definitions may differ from those you are used to working with.

There has been a government consultation since gender pay gap reporting was introduced, looking at mandatory reporting of ethnicity pay data and, in Appendix 2, we suggest how you might prepare for this.

Remember that the legal information set out here is for guidance only. If you are in any doubt, or are involved in, or expecting to be involved in, legal proceedings, you should seek professional legal advice from a solicitor specialising in equality law.

2 Overview of the regulations

Regulations introduced in 2017 require public, private and voluntary sector organisations, with 250 or more employees on a specified ‘snapshot date’ relevant to their sector, to report annually on their gender pay gap, using six different measures (see Figure 1).

Each measure gives you a slightly different take on your gender pay gap, but each is more meaningful if read alongside the others and in the context of your overall HR and payroll policies and practices, such as training and development, or recruitment and selection. It’s likely that your recruitment practices, for example, will impact on starting salaries, which will in turn feed into both your mean and median gender pay gap figures, while the way in which you manage performance may well feed into your bonus pay gap. You will also want to read each year’s figures alongside those of previous years, both to measure progress and in order to gain a greater understanding of your gender pay gap.
Figure 1: The six measures of the gender pay gap

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean gender pay gap</td>
<td>The difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees</td>
</tr>
<tr>
<td>Median gender pay gap</td>
<td>The difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees</td>
</tr>
<tr>
<td>Mean bonus pay gap</td>
<td>The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees</td>
</tr>
<tr>
<td>Median bonus pay gap</td>
<td>The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees</td>
</tr>
<tr>
<td>Bonus proportions</td>
<td>The proportions of male and female relevant employees who were paid bonus pay during the relevant period</td>
</tr>
<tr>
<td>Quartile pay bands</td>
<td>The proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands</td>
</tr>
</tbody>
</table>

The calculations are based on a ‘snapshot date’ of 31 March for public sector organisations, and 5 April for the private and voluntary sectors.

Figure 2: Annual snapshot and reporting dates

### Public sector

<table>
<thead>
<tr>
<th>Snapshot on</th>
<th>Report by*</th>
</tr>
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<tbody>
<tr>
<td>31 March 2017</td>
<td>30 March 2018</td>
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<td>31 March 2018</td>
<td>30 March 2019</td>
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<tr>
<td>31 March 2019</td>
<td>30 March 2020</td>
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<tr>
<td>31 March 2020</td>
<td>30 March 2021</td>
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</tbody>
</table>

### Private and voluntary sector

<table>
<thead>
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<th>Snapshot on</th>
<th>Report by*</th>
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<tbody>
<tr>
<td>5 April 2017</td>
<td>4 April 2018</td>
</tr>
<tr>
<td>5 April 2018</td>
<td>4 April 2019</td>
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<tr>
<td>5 April 2019</td>
<td>4 April 2020</td>
</tr>
<tr>
<td>5 April 2020</td>
<td>4 April 2021</td>
</tr>
</tbody>
</table>

* Organisations can publish their gender pay gap report at any time up to the reporting deadline.

If you decide to publish before the deadline, you may find it helpful to stick to the same date every year – this will help you to ensure consistency, and it will help your readers to get a clearer understanding of any gender pay gap.

Most employers will know if they have 250 or more employees on the relevant snapshot date, but for those whose headcount hovers around the 250 threshold, **Section 6: Do the regulations apply to your organisation?**, looks at how to work out if the regulations apply to you.
If your organisation does not employ enough people to be covered by the regulations, it is still a useful discipline for you to calculate the size of your organisation’s gender pay gap and think about what action may need to be taken. And if your employee numbers cross over the threshold or, as is currently under consideration, the Government should at any time lower the 250-employee reporting threshold, if you’re already collecting and analysing the data, you will be ahead of the game.

What earnings do you have to take into account?
We look in detail at how to calculate employee earnings in Sections 7–12. Here you need only to know that your calculations will be based on:

- gross ordinary pay (including basic pay, piecework pay, shift premiums, paid leave pay and allowances)
- bonus pay (personal, team bonuses and so on)
- paid in the relevant pay period (pay period including the snapshot date)
- by the snapshot date (31 March for public sector, 5 April for businesses and charities).

Where do you have to publish your report?
You must publish the required data on the government gender pay gap reporting service website. For private and voluntary sector employers, the information will have to be accompanied by a statement confirming its accuracy, signed by a director or equivalent, which includes their name and job title. Once you have published your report on the reporting service website, it automatically appears on the Government’s viewing service website, where any interested person is able to access it. The viewing service website also lets people know if a report is late.

You must also publish your pay data on your own organisation’s website in a manner that is accessible to employees and the public and you will have to ensure that it remains there for at least three years.

We look in more detail at publication in Section 14: How to communicate your gender pay gap.

Do you have to provide a narrative and action plan?
Although there is no legal obligation to publish a narrative, the Government strongly encourages employers to produce a voluntary accompanying narrative that provides some context, explains any pay gaps, and sets out what actions will be taken. This guide also encourages you to produce a narrative.

The way in which the Government’s reporting site deals with narrative explanations is to enable you to provide a link to where your full report appears on your own site. The Government’s viewing service site (which mirrors the reporting site) provides readers with a link headed ‘See what this employer has to say about their gender pay gap’; clicking on this takes readers through to where your report appears on your own site.

The regulations do not require you to publish an action plan either, or even to draw one up, but the Government encourages you to do so, as does this guide. In addition to helping you tackle the gender pay gap itself, drawing up an action plan will help you to answer questions about what you are doing. Action plans are increasingly being called for by politicians, by campaigners, and by the public, and it would be prudent to prepare to engage with these demands.

This guide also recommends that you draw up a communications plan well before you publish any data, in order to ensure that you tell the story you want to tell and are ready to respond to questions. We look at this in Section 14: How to communicate your gender pay gap.
What happens if you do not comply with the regulations?
Failure to comply amounts to a breach of the Equality Act 2010 and would therefore open an organisation up to action by the Equality and Human Rights Commission (EHRC). The EHRC will initially write to any organisation that appears not to have complied with the regulations, and after that, any enforcement action will proceed in accordance with the EHRC’s enforcement policy. The EHRC also publicly names those organisations that have failed to publish a gender pay gap report by the due date. We look at enforcement in Section 13: What happens if you don’t report?

Public sector employers should bear in mind that the EHRC is also charged with monitoring public sector bodies’ compliance with the public sector duty across England, Scotland and Wales and will be able to take enforcement action if necessary.

What skill set do you need?
Payroll software should do most of the work for you, so do engage with your software provider. You will also want, as with any major HR or payroll project, to ensure that you have the right skills on board to interpret your figures and understand the causes of any gap, communicate effectively to your various stakeholders and plan how you will address your gap. Larger organisations may want to create a team that includes people with knowledge of the organisation’s payroll and HR systems, a communications expert, and someone with an understanding of statistics. The Royal Statistical Society has noted that with the introduction of gender pay gap reporting the Government is, in effect, asking HR professionals to take on some important statistical tasks, and one of the aims of this guide is to support HR professionals in obtaining, analysing and taking action on their data.¹

Is there a risk of equal pay claims?
People frequently confuse the gender pay gap with the equal pay gap; the two overlap, but they are not the same.

Equal pay means that there should be no difference in the contractual terms of a woman and a man doing equal work, who both work for the same employer. Equal work is work which is:

- the same or broadly similar (like work), or
- different, but which is rated under the same job evaluation scheme as being work of equal value (work rated as equivalent), or
- different, but of equal value in terms of factors such as effort, skill and decision-making (work of equal value).

If someone has reason to believe they are not getting equal pay, they can bring an equal pay claim to the employment tribunal. Men as well as women can bring equal pay claims. Women (and men) have been entitled to equal pay for equal work since 1970, when the Equal Pay Act was introduced; since 2010 the law on equal pay has been set out in the ‘equality of terms’ provisions of the Equality Act 2010.

National statistics do not reveal differences in rates of pay between men and women doing equal work because they cannot take account of differing employment characteristics, such as experience or the duration of time spent in a job, nor is there any national framework for job evaluation. In the UK it’s up to each individual employer to decide whether or not to adopt job evaluation as a means of measuring job demands, but in some countries (Slovakia, for example²), there is a national job evaluation scheme, while in others (such as Australia³), there is a nationally agreed voluntary standard which employers are encouraged to adopt.
Gender pay gap reporting

Box 1: CIPD guidance on equal pay
For more on equal pay, go to the Equal Pay topic area on the CIPD website.

Box 2: If you think you are at risk of equal pay claims
While the gender pay gap is not the same as the equal pay gap, the two do overlap. For example, if your gender pay gap calculations expose significant differences between the average bonus pay of men and women in similar roles, gender pay gap reporting could draw attention to these differences and possibly lead to equal pay claims. If you think you are at risk of equal pay claims, it would be a good idea to seek legal advice.

In terms of gender pay gap reporting, the most important difference between equal pay and the gender pay gap is that, whereas determining equal pay requires you to scrutinise information at the level of the individual employee (as you would when carrying out an equal pay audit or responding to an employment tribunal claim), gender pay gap reporting asks you to examine aggregate data.

The importance of communication
What you say about your gender pay gap, and where and how you choose to say it, is of paramount importance. While the reporting process makes publication of your figures and the sign-off of those figures, compulsory, you also have the option of including an accompanying narrative and an action plan, as outlined above. Communication is also about how you inform your employees and the wider world about your organisation’s gender pay gap report. We look at this in Section 14: How to communicate your gender pay gap.

What might happen in the future?
The Government has already consulted on extending pay gap reporting to ethnicity and, although there is no indication yet of this becoming a legal requirement, some organisations are already reporting. In Appendix 2 we suggest how you might prepare for this.

More recently, in June 2019 the Government Equalities Office, which has oversight of gender pay gap reporting, advised the Treasury Select Committee that the Government is considering extending gender pay gap reporting requirements to employers with fewer than 250 staff.

The next scheduled review will be in 2022, but proposals being discussed for implementation before then include requiring employers to submit more information on their policies to close their gender pay gap and requiring them to provide more data, for example, on maternity leave and job tenure.

Consideration is also being given to whether the EHRC’s powers to enforce the rules should be enhanced. Companies might be required, for example, to include gender pay gap data in their annual reports, which would mean the information would be audited. While any changes would be subject to public consultation, it would be prudent to bear these potential developments in mind.
Gender pay gap reporting

What is the gender pay gap?

The gender pay gap is a measure of labour market or workplace disadvantage, expressed in terms of a comparison between men’s and women’s average hourly rates of pay. So, while it is about pay, it’s also about other factors, such as occupational segregation, or the fact that in the main it’s women who look after children and other dependants.

Gender pay gap reporting doesn’t specifically ask who earns what, but what women earn as compared with men. It provides a framework within which gender pay gaps can be surfaced so that, both inside and outside of the workplace, we can think constructively about why gender pay gaps exist and what to do about them.

The gap can be measured in various ways, and it’s important to understand how, in any specific context, the gap is being measured. A gender pay gap can be expressed as:

• a positive measure, for example, a gap of 13.9% – this indicates the extent to which women earn, on average, less per hour than their male counterparts
• a negative measure, for example, a gap of –9.2% – this indicates the extent to which women earn, on average, more per hour than their male counterparts. This may happen, for example, if you employ a high proportion of men in low-paid part-time work, and/or your senior and higher-paid employees are women.

To fully understand the gender pay gap, we need to think about it in three different ways:

• As a measure of labour market disadvantage – for example, throughout the economy as a whole, women being concentrated in lower-paid jobs.
• As a measure of workplace disadvantage – for example, women in your organisation being concentrated in lower-paid jobs; this is where the Government wants you to take action. Taking steps to reduce the gap at a workplace level will help to narrow the gap at a national level.
• As a measure of the difference between the individual earnings of a man and a woman – a difference in the individual earnings of a man and a woman doesn’t automatically mean that the woman is missing out on equal pay. As we have already seen, to be entitled to equal pay, a woman has to be employed by the same employer, on the same terms and conditions, and the work that she does has to be equal to that being done by her male colleague. And even then, there may be an acceptable reason for the pay difference, such as location. However, it’s also important not to lose sight of the fact that unequal pay may be making a contribution to the gender pay gap.

Example: A negative gender pay gap

Avocet Care employs 305 staff across six residential homes providing specialist dementia care. The employees are predominantly female. The highest-paid employees are highly qualified nursing and managerial staff, only three of whom are male. At each home four to five men are employed as maintenance staff and drivers. These jobs are relatively low paid.

Avocet’s mean and median gender pay gap calculations show gaps in favour of women, and its pay quartiles show the predominance of women in all four quartiles. The company does not pay bonuses.

In its narrative Avocet points to the predominance of women in the care home sector as a whole, and to the shortage of suitably qualified male carers. It also sets out what action it is taking to recruit more men into its caring and nursing roles, and explains that, given its mixed-sex client profile, attracting more men is a business priority.
The UK gender pay gap
At the whole-economy level, the gender pay gap is calculated from data drawn from the Annual Survey of Hours and Earnings (ASHE), which is carried out by the Office for National Statistics (ONS). ASHE is based on a 1% sample of employee jobs, drawn from HMRC Pay as You Earn records. ASHE collects information on the levels, distribution and make-up of earnings and hours paid. Results are produced by gender and by various industrial, occupational and geographic breakdowns, as well as by public and private sectors and by age group.

In the absence of an annual report on the overall gender pay gap in the UK (such as, for example, that produced by Belgium), ASHE is the key official source of information on the gender pay gap in the UK, but to get a full picture of women’s earnings relative to men’s, it’s important to read the Annual Survey in its entirety, and not just the section on the gender pay gap. Knowing, say, that average earnings in the private sector are lower than those in the public sector, and that in 2018 earnings growth was greater for full-time than for part-time workers, helps to put the gender pay gap into context.

In 2018 the UK’s gender pay gap for full-time employees was 8.6%, meaning that average pay for full-time female employees was 8.6% lower than for full-time male employees, or for every £1 a full-time male employee earned, a full-time female worker earned 91.4 pence. The gap was down from 17.4% in 1997; while the gap for all employees, full- and part-time, was 17.9%, down from 27.5%.

How the ONS estimates the UK gender pay gap
The ONS estimates the gender pay gap on the basis of hourly earnings, excluding overtime, and bases its calculations on median rather than mean earnings.

- Hourly earnings are used because they take account of the fact that men are proportionally more likely than women to work full-time. At ages 16–21 men’s jobs are split almost equally between full-time (51.2%) and part-time (49.8%), but, between the ages of 30–39 and 40–49 more than 90% of men’s jobs are full-time (91.3%). For women only 61.1% (ages 30–39) and 57.6% (ages 40–49) hold full-time jobs.
- Overtime is excluded because, as it is still in the main women who bear the day-to-day responsibility for looking after children or dependent relatives, they are less likely than men to work overtime.
- The ONS prefers median rather than mean earnings because the median is not affected by extreme values. However, as the mean gap captures the fact that the upper end of the earnings distribution is dominated by men, the mean is an important measure of women’s labour market disadvantage.

Women’s patterns of paid work differ from those of men, and this can put them at a disadvantage, but men’s and women’s work experience is converging – the proportion of men working part-time, for example, has risen from around 7% in 1992 to 13% in 2010, and has remained at a similar level since. And for women, full-time employment has grown more quickly than part-time employment.
What is the gender pay gap?

The gender pay gap fell to 8.6% among full-time employees in 2018.

While the baseline measurement for both ASHE and gender pay gap reporting is of hourly earnings, it’s also possible to calculate the gender pay gap by weekly, monthly and annual earnings, and also by occupation, age, ethnicity and disability status, and to analyse the gap at various points in the earnings distribution. You probably feel that the six measures you are being asked to produce are more than enough, but it’s worthwhile bearing in mind that the deeper down you drill into your people and pay data, the more likely you are to recognise what it is you need to do to take effective action to reduce your gender pay gap.

**The gender pay gap over time**

Over the past 30 years the gender pay gap in full-time employment has narrowed. Each generation of women has done better relative to men than the previous one, but the pace of improvement has been uneven and there’s still a way to go. Knowing where the sticking points are may help you deal with your organisation’s own gender pay gap.

As can be seen from Figure 4, the gender pay gap has decreased markedly over time, but what the figure doesn’t show is the extent to which it has done so has varied across different age groups. The gender pay gap is small or negative for employees in their 20s or 30s but widens considerably for older age groups.

The gender pay gap within different groups of occupations also varies considerably, and in different ways for different occupations. The pay gap has been consistently high for those in the skilled trades, and for managers and directors. It has been consistently lower than the national average for professional and associate professional occupations, because with increased attendance at universities, there have been proportionately more women entering professional and associate professional occupational groups. The gender pay gap also varies across high- and low-earners, being lowest for those in the 10th percentile of
earnings (the lowest-paid workers) and rising in the higher deciles. This may be because occupations with the highest rates of pay tend to offer fewer part-time jobs than those with lower pay. A lack of flexible working arrangements on offer at senior levels is a factor affecting women’s progression opportunities.

**Figure 4: The gender pay gap over time**

[Graph showing the gender pay gap over time with data points indicating a decrease from 2001 to 2015.]

*Source: ONS Annual Survey of Hours and Earnings, provisional results 2016*

**Why gender pay gap reporting has been introduced**

As well as the moral case for making access to work and progression opportunities a more equal business, the economic benefits of closing the gap are considerable and, because of this, the Government considers that the rate of progress is too slow and has committed to closing the gap within a generation. Gender pay gap reporting is one way of fulfilling that commitment. We look at the benefits in more detail in **Section 5: Why you need to address the gender pay gap**.

**Promoting pay transparency**

Pay transparency, which provides people with information that helps them assess the fairness of the way in which pay is allocated, is increasingly being demanded by regulators and the public, and for some time now companies have been required to disclose their directors’ pay, while public bodies have to disclose the pay of their senior officers.

The pay transparency afforded by gender pay gap reporting helps to illuminate the structural drivers of inequality, such as occupational segregation or the unequal distribution of family responsibilities.

What is the gender pay gap?
Gender pay gap reporting is also consistent with the kind of transparency that has long been required by the equal pay legislation, namely that everyone involved in a pay system should know how it operates. This means employees and their managers knowing what an employee has to do in order to earn each component of their pay packet; so, for example, what does an employee have to do to earn their salary, or why does one employee receive a particular allowance, but another employee doesn’t?

Putting the kind of transparency afforded by the equal pay legislation alongside gender pay gap reporting means we have the information we need to uncover the causes of gender pay inequality. An example of how, in the context of gender pay gap reporting, these two kinds of transparency complement each other would be your knowing why you are paying someone a bonus, information which could help you to explain the bonus gap reported in your gender pay gap report.

## 4 The causes of the gender pay gap

### Key drivers

Gender pay gaps are the outcome of economic, cultural, societal and educational factors. Some argue that they also reflect the outcomes of personal choice but, whereas the decision to seek paid employment may well be an individual choice, the outcome of that choice is strongly influenced by matters outside of the individual’s control, such as the availability and affordability of childcare, and it is still the case that the choices available to women are more constrained than those available to men. The key influences on the gender pay gap are summarised in Figure 5.

![Figure 5: The causes of the gender pay gap](image-url)
Part-time working
Looking only at part-time employees we see a negative gender pay gap, with median pay for part-time employees being higher for women than for men. However, hourly rates of pay for part-time work tend to be lower than for full-time work and, with such a high percentage of women working part-time, their low hourly rates of pay mean that the gender pay gap for all employees is greater than that for full-time employees alone. Seventy-three per cent of part-time workers are women, and 41% of women work part-time, compared with 12% of men. And whereas men tend to work part-time at the beginning and end of their working lives, women do so in their middle years.

Unpaid caring responsibilities
The cost of childcare has been identified as a particular problem for women. A 2017 report from Working Families found that childcare costs account for a significant proportion of family expenditure and that the high cost of childcare has a great influence on whether parents, particularly mothers, choose either to give up work or to reduce their working hours. And, in so far as the care of adults is concerned, women are more likely than men to be carers.

Box 3: Women as unpaid carers
Women represent 51% of the population but make up 58% of carers.

Between 2000 and 2015, time spent caring for adults by people aged over 50 has increased, but there is concern that there may not be sufficient numbers of unpaid carers to meet future demand. Factors such as increasing female employment, fewer children, and higher divorce rates amongst men over 60 years may affect the future availability of children to provide unpaid care for their elderly parents.

In 2015/16, an estimated 345,000 unpaid carers aged 16–64 in England, predominantly women, left employment to provide care.

Source: Unpaid Care, House of Commons Briefing Paper, July 2018 (pdf)

Occupational segregation
Despite half a century of equalities legislation, the UK labour market remains highly segregated, with men dominating some types of job and women others; many women are concentrated in the ‘five Cs’ of caring, cleaning, catering, clerical, and cashiering, all of which tend to be low paid. In terms of the gender pay gap, the problem with occupational segregation is not that men and women are doing different types of work, but that segregation is associated with these jobs being valued differently. The introduction of the National Minimum Wage and the National Living Wage provides a wage floor for the lowest-paid jobs but does nothing to challenge any underlying undervaluation of the work.
Box 4: Employment by occupation and gender

In 2018, 22% of women worked in high-skilled professional occupations, compared with around 19% of men. Around half of women in professional occupations were employed as nurses, teachers, or other educational professionals. However, higher shares of men (13%) than women (8%) were working as managers, directors or senior officials.

Men were more likely to be working in skilled trades as process, plant or machine operatives, and in associate professional and technical occupations. Women were more likely than men to be working in administrative and secretarial occupations; caring; leisure and other service occupations; and in sales and customer service operations.

Source: *Women and the economy*, House of Commons Briefing Paper, March 2019

In terms of gender pay gap reporting, a lot of attention has been paid to vertical segregation – jobs in the higher echelons of an organisation being dominated by men – but horizontal segregation also contributes to the gender pay gap. Horizontal segregation occurs lower down the hierarchy and manifests as men and women doing distinctly different types of work, with the ‘male’ jobs being paid more than the ‘female’ jobs. When the reverse is true – the ‘female’ jobs being paid more than the ‘male’ jobs – a negative gender pay gap may arise. In the first two years of gender pay gap reporting, employers have been paying increasing attention to the impact of horizontal segregation and are looking to find ways of tackling it.

**Discrimination**

In terms of the gender pay gap’s contribution to actual inequalities in pay, horizontal occupational segregation presents a high risk of equal pay claims (as the claims currently being taken against major retailers illustrate) as does a high mean bonus gap. We look at this in *Section 12.1: Closing your gender pay gap: what your measures tell you*, but it would be sensible to take account of the risk of equal pay claims being brought. In the year 2017/18, the Employment Tribunal received 35,558 equal pay claims. In 2018/19 the figure fell to 26,860, but as the reports only provide the headline figures for the numbers of cases filed, it is not possible to form a view as to why there has been a substantial drop.

### 5 Why you need to address the gender pay gap

As Figure 6 shows, there are a number of reasons for seeking to close the gender pay gap both at a national and organisational level. With women outperforming men educationally, the case for ensuring their skills are fully utilised is incontestable. Failing to tackle a gender pay gap is likely to cause damage to your organisation’s reputation in the eyes of both current and potential clients and employees.
The economy – gender equality, economic growth, pay and pensions

A key source of evidence on the economic dimensions of the gender pay gap is the report of the 2016 inquiry into the gap by the Women and Equalities Committee (WEC). The WEC found that the UK’s 19.2% gap (2016) was not only an equality issue; it also represented a significant loss to UK productivity and, in the face of an ageing workforce, a skills crisis and the need for a more competitive economy, the gap needed to be addressed. The WEC concluded that tackling the underlying causes of the gender pay gap would not only increase productivity and address skills shortages, but it would also improve the performance of individual organisations.

Several studies support the WEC’s conclusion:

- In its evidence to the inquiry, the former UK Commission for Employment and Skills (UKCES) quoted research suggesting that the underutilisation of women’s skills costs the UK economy between 1.3% and 2% of GDP every year. The UKCES also suggested that eradicating the full-time gender pay gap would contribute additional spending into the economy of £41 billion each year.

- McKinsey’s 2016 report, *The Power of Parity: Advancing women’s equality in the United Kingdom*, suggested that even partial progress towards parity had the potential to add as much as £150 billion to GDP by 2025, over and above the business-as-usual scenario – in fact, an estimated 6.8% more. This would be the equivalent of raising GDP growth by 0.7% per year for the next ten years.

- Prudential’s Class of 2018 study showed that while women’s expected retirement income has hit a record high and the gender gap is shrinking, women will still be 29% worse off than men. Closing the gap by bringing women’s earnings up to the level of men’s would increase the likelihood of women being able to provide for their own pensions, thereby reducing both pensioner poverty and the welfare support needed to counter it.
The workplace – gender equality, talent, and reputation

At an organisational level, promoting gender equality is part of being a good employer, one that strives to achieve fairness at work. Being open about your gender pay gap and what you’re doing about it increases employee confidence in you as an employer, and in your pay and reward processes.

Organisations with gender-diverse profiles at senior levels make a better financial return than those who do not. McKinsey’s *Diversity Matters* research has shown that for every 10% increase in gender diversity in a UK company’s executive team, earnings before interest and taxes rose by 3.5%. But the national ratio of women in leadership relative to men is poor (there are currently two male managers for every female manager), with the UK lagging behind comparable economies such as the United States, Sweden and Canada.

Women make up around half the talent pool, so attracting and retaining them is central to future success. Women are better qualified than ever before, with girls still doing better than boys at both GCSE and A Level in England, Wales and Northern Ireland.

Even before gender pay gap reporting was introduced, employees and job-seekers were taking pay gap data into account when applying for a job or considering whether to stay in one, but with gender pay gap reports now available on the Government’s gender pay gap viewing service site, school-leavers, graduates, and older workers looking to change jobs are all now able to access information about your gender pay gap, and they are sure to do so.
**Box 5: CIPD guidance on reward**

For more on employee attitudes to reward, take a look at the CIPD’s Factsheet on Reward and pay.

For women, an employer’s record on diversity is especially important. PwC’s report, *The Female Millennial: A new era of talent*, shows that young women seek out employers with a strong record on diversity. Eighty-five per cent of female millennials surveyed said an employer’s policy on diversity, equality and workforce inclusion was important when deciding whether or not to work for an employer. Being open about your gender pay gap, and proactive in tackling its causes, will reduce the likelihood of your organisation being seen as a second- or third-choice employer.

### 6 Do the regulations apply to your organisation?

There are two sets of regulations:

- the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 – these apply to public bodies in England, Scotland and Wales
- the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 – these apply to private and voluntary sector organisations in England, Scotland and Wales.

In Northern Ireland, these provisions have not yet been brought into force, although the Employment Act (NI) 2016, which includes the gender pay regulations, received Royal Assent on 22 April 2016. The decision to bring the 2016 Act into force lies with the NI Executive, which is not presently functioning. If, and when, it comes back into effect, the Executive will have a duty to make a set of statutory regulations which will impose duties on employers. Which employers are to be affected will also be a decision for the Executive.

In the meantime, if your organisation is based in Northern Ireland and employs 250 or more people in England, Scotland or Wales, you will need to report gender pay gap data on those employees.

Between them the regulations cover private, voluntary and public sector organisations across Britain. The terminology and the measures of the gender pay gap are the same for all three sectors, but as the reporting requirements may differ, public bodies in Scotland and Wales should check with their relevant authorities what the expectations are with regard to where their gender pay gap reports should be published.

#### 6.1 Public bodies

In the public sector, the regulations apply to public authorities in England and to certain cross-border and non-devolved authorities operating across Britain with at least 250 employees on the snapshot date.

As public bodies are already expected to gather information on pay, the regulations have been brought into effect by an amendment to the Specific Duties Regulations of the Equality Act 2010, and they apply to the public bodies that are subject to those specific duties.
Gender pay gap reporting

The relevant public bodies are listed in schedule 19 to the Specific Duties Regulations of the Equality Act 2010. They include government departments, the armed forces, local authorities, NHS bodies, universities and most schools. Public sector employers, such as private or international schools, who are not listed in schedule 19 must report in the same way as private or voluntary sector employers.

The Government has updated schedule 19, and as a result, some authorities not previously within the scope of the specific equality duties now find themselves in scope, and have to report on their gender pay gaps. Transitional provisions apply to those bodies listed in the original schedule, but not in the revised schedule.10

The duty on the public sector to publish workforce diversity information

The new reporting obligations apply only to public bodies with at least 250 relevant employees, but the regulations sit alongside the existing duty for public bodies in England with 150 or more employees to publish information on the diversity of their workforce.

In England, each listed public body with more than 150 employees must prepare and publish one or more objectives it thinks it should achieve to eliminate discrimination, advance equality of opportunity, or foster good relations. The objectives must have been published not later than 30 March 2018 and subsequently at intervals of not greater than four years, beginning with the date of last publication. Any such objective published by a public authority must be specific and measurable.

Although gender pay gap reporting is not mandatory under the duty on public bodies with 150 or more employees to publish workforce diversity information, long-standing guidance from both the Government Equalities Office and the Equality and Human Rights Commission states that employers should consider including gender pay gap information in the data that they publish.

Box 6: EHRC guidance on what employee information listed authorities should publish

For listed authorities with 150 or more employees, there is a specific requirement to publish information relating to the protected characteristics of the authority’s employees.

To demonstrate compliance, listed authorities should aim to be transparent about the sufficiency of their information. With this aim in mind, the types of information that they could publish include:

• the profile of staff at different grades, levels and rates of pay, including any patterns of occupational segregation and part-time work
• the profile of staff at different stages of the employment relationship, including recruitment, training, promotion, and leavers, and the numbers of complaints of discrimination and other prohibited conduct
• details of, and feedback from, any engagement exercises with staff or trade unions
• any records of how it has shown due regard in making workforce decisions, including any impact assessments undertaken and the evidence used.

This guide also recommends that public bodies with more than 150 employees should report on the gender pay gap, both to ensure consistency with the existing public sector duty requirements, and in case at some future date the threshold is lowered to 150 employees.

Example: Public body with 160 employees reporting on pay gaps by gender and race

Buffalo College is a small catering college based in the West Midlands. Its student intake and its staff are representative of the local population, being approximately 82% white, 12% Asian or Asian British, 3% black or black British, and 3% mixed. Sixty-five per cent of employees are female, 35% male.

Buffalo has been setting equality objectives relating to pay and ethnicity, as well as gender, for several years now, and decides to adapt its data collection and analysis on both race and gender to match the requirements of the gender pay gap reporting regulations. In addition to making some adjustments to data collection, this will also involve the preparation of a one-off in-depth report explaining the transition, and setting a baseline for future reports.

Public bodies in Scotland and Wales

Public bodies in Scotland with more than 20 employees are already required to publish gender pay gap data.

In Wales, public bodies are required to have due regard to the need to have equality objectives that address the causes of pay differences, including those relating to gender, between their employees.

Schools and academies – public or private sector?

A school of any kind with 250 or more members of staff on the snapshot date must report and publish its gender pay gap data:

- A state school (a public body) won’t be included in its local education authority’s gender pay gap reports, even if the local authority is the legal employer of staff at the school. The school must produce its own report.
- For maintained schools in and out of federations, the governing body is responsible for publishing their own gender pay gap reports. Maintained schools may be foundation, community, voluntary, nursery or special schools.
- For academies in and out of chains, and for free schools, the proprietor is responsible for reporting their gender pay gap data, following the public sector regulations and using 31 March as the snapshot date.
- Independent and private schools are private or voluntary sector organisations and must follow the private and voluntary sector gender pay gap reporting regulations and use 5 April as the snapshot date. The legal employer must report and publish their gender pay gap data.

6.2 Private and voluntary sector organisations

In the private and voluntary sectors, the regulations apply to employers in Britain with at least 250 employees on the snapshot date.
Multinationals
A multinational with 250 or more relevant employees working wholly or mainly in Britain must report on its gender pay gap.

Groups
The regulations require each company, that is, each legal entity within a group, to report on its own gender pay gap; if a subsidiary has fewer than 250 employees, it does not have to report.

As each legal entity within a group will vary in size, it will sometimes happen that not all companies within the group meet the 250 or more threshold. Where this is the case, while there is no requirement to do so, the group might nonetheless decide that all companies in the group will report.

Reporting across the entire group can provide useful information about progress towards closing the gap and what other companies within the group can learn from each other. It will assure employees across the group that the gender pay gap is being taken seriously. It will also allow you to explore if an issue is focused in one part of the group.

Are any companies excluded?
Some companies are not required to report, because:

- They are companies based overseas and employ very few staff in the UK.
- They are subsidiaries of a parent company (that is, they have their own legal identity) and they have fewer than 250 staff. If your organisation falls into this category, you might nonetheless want to think about how the absence of a report from a particular group company would appear to the wider world, should you choose not to report – the appetite for transparency is such that people may well seek to make comparisons with other companies that are part of the group, and it might be more helpful to you and to your audiences to report voluntarily.

Parent companies are not required to report on the combined statistics of all their subsidiary companies, but some have chosen to do so. Although this may appear repetitive, it is a good example of what transparency means in practice.

Example: Group reporting
Cobra Engineering employs 40,000 employees across 21 companies. All bar two have over 250 employees, but Buffalo Research has 227 and Buffalo Specialist Solutions has 49. Cobra decides that all companies in the group will report. Cobra is a leader in getting women into STEM roles and doesn’t want to run the risk of any of its companies being perceived as ignoring issues important to women.

Cobra also decides to produce an additional, group-wide report, setting its gender pay gap in the context of the business as a whole, and showcasing its range of STEM initiatives.

6.3 How many employees do you have?
As we have seen, the employee headcount for deciding whether or not you are caught by the regulations is the number of relevant employees you have on the specific reference date known as the snapshot date. The snapshot date each year is:

- 31 March for public sector organisations
- 5 April for businesses and charities.
Gender pay gap reporting

All sectors – the definition of an employee
The definition of employee is that in the Equality Act 2010. This is known as an ‘extended’ definition, which includes employees (those with a contract of employment); workers and agency workers (those with a contract to do work or provide services); apprentices, and some self-employed people, where they have personally to perform the work.

All sectors – determining your headcount by counting the number of relevant employees
The number of relevant employees determines whether or not your organisation is covered by the regulations. Relevant employees are counted on an individual basis, not as full-time equivalents. This means that each part-time employee, including job-sharers, employed by you on the relevant snapshot date counts as one employee: when two people share a job, they are counted as two employees.

Which employees do you count to determine whether you are caught by the regulations?
All employees who are employed by your organisation on the snapshot date are counted, irrespective of the duration of their employment, if they meet the definition of ‘relevant employee’. We look below at the definition of a relevant employee.

What if your headcount fluctuates from one year to another?
Although not a legal requirement, where the number of employees occasionally dips below the threshold of 250 employees, both this guide and the Government encourages employers to publish their gender pay gap information annually on a voluntary basis. Similarly, organisations in which the number of employees is approaching the 250 mark, or is expected to hit the 250 mark within the foreseeable future, are encouraged to report voluntarily.

Example: A fluctuating headcount
Dragon Ceramics makes components for the aerospace industry. The company is male-dominated, but is having difficulty in recruiting suitably qualified people, either male or female, to support a planned expansion.

Dragon currently relies on short-term contracts to supplement its core team of 240 staff. The contractors have highly specialised skills and are contracted to provide work personally for the company. At the snapshot date in the first reporting year, Dragon has 252 relevant employees, but the company knows that the number of contractors fluctuates from 7 to 20, meaning that its headcount of relevant employees will fluctuate above and below the 250 threshold for gender pay gap reporting.

Having regard to the work involved in setting up a system for gender pay gap reporting, the need to attract women with specialist skills into the company, and its expansion plans, Dragon decides to report on its gender pay gap annually, irrespective of whether or not it is required to do so in any given year.

All sectors – calculating your gender pay gap by reference to relevant full-pay employees
Relevant full-pay employees are those employed on the snapshot date receiving their full basic pay or piecework pay. It is these employees’ pay that will be used in calculating your gender pay gap in the ways required by the regulations. We look at this in Section 7: Creating your dataset through to Section 11: The measures.
Gender pay gap reporting

Why your headcount of relevant employees may exceed the number of relevant full-pay employees

In some circumstances your headcount of relevant employees will be slightly larger than the number of relevant full-pay employees. This can happen, for example, when people are on long-term sick leave and therefore on reduced pay. People on reduced pay count as relevant employees, but not as relevant full-pay employees. Your headcount of relevant employees may well vary from one snapshot year to the next.

Private sector – partners and directors

In some circumstances, partners and directors may be included in your headcount of relevant employees; see Boxes 7 and 8 for more detail.

Box 7: Partners

The regulations exclude partners in traditional partnerships and limited liability partnerships from the definition of ‘relevant employee’, because partners are not ‘paid’ but instead take a share of the profits, which is not directly comparable with employees’ pay. Partners, where they would usually also be considered employees, should be used to establish the employee headcount but not used as part of the calculations of the gender pay gap (in other words, they are treated as relevant employees, but not as relevant full-pay employees).

If you want to voluntarily include traditional partners in your calculations, and this guide encourages you to do so, you can publish them separately by including them in your narrative and on your website.

However, the extended definition of employee used by the Equality Act 2010 means that in some instances, partners will fall within the definition of employees. This may happen when a partner enters into a service contract with the company.

If partners do fall within the extended definition of an employee, you should include them in the employee headcount and take their earnings into account in your calculations.

Box 8: Directors

Directors are office-holders, not employees, and as such, would not be included either as relevant employees or as relevant full-pay employees. However, many company directors enter into a service contract with the company and, if the terms of this contract effectively make the director into an employee, the director would be counted both as a relevant employee and as a relevant full-pay employee.
It is a useful discipline to calculate your gender pay gap both with and without partners, and then to consider how each headline figure might appear to your various audiences. If it is the case that partners are predominantly male and that when their earnings are taken into account the overall pay gap substantially increases, at the very least you need to think about how you are going to increase the number of women partners.

**Agency workers**
Agency workers will form part of the headcount of the agency that provides you with them; they do not form part of your headcount. Similarly, any individual employed by their own service company, which in turn contracts with you to provide a service, would not be included in your headcount, but in the service company’s headcount.

While the agency providing you with agency staff should be collecting the relevant data, you may find it helpful to liaise with them to ensure they have all the relevant information, such as hours worked.

**People employed personally to carry out the work**
People who are employed personally to carry out the work will usually be consultants or other self-employed service providers who are paid by you to carry out a particular project, or provide a specific service, and who carry out the work themselves – they cannot substitute someone else to do the work. If the work they are doing for you falls within the reference period created by the snapshot date, they should be included.

**Overseas workers**
If you are an employer based in England, Scotland, or Wales who sends employees abroad to work, you may find that some or all of these employees will need to be counted. Similarly, if you are a multinational organisation with employees working wholly or partly in England, Scotland, or Wales, you may also find that some or all of these will need to be counted. As noted above, this would include an organisation based in Northern Ireland but with 250 or more employees working in Great Britain (GB).

Indications that someone should be treated as an employee for the purpose of the regulations include: having a contract subject to GB legislation; continuing to have a home in GB; and having their employment taxed under UK tax legislation.

If you have employees seconded to work for you in GB by an organisation based overseas, you will have to consider whether those employees should be counted as yours.

**Apprentices, seasonal, temporary or casual employees, zero-hours workers**
These are included if their employment falls within the reference period created by the snapshot date. The duration of their employment is not relevant, so if they work for you for only one day, or leave during the reference period, you must still include them.

**Employees on leave**
Employees on leave, such as sick leave or on maternity leave, are included as relevant employees while they are on full pay, but not when they go onto reduced pay.

If you are in any doubt about the definition of ‘employee’, especially in terms of your headcount, but also in respect of who is a relevant employee for the purposes of calculating the gender pay gap, this guide recommends that you take legal advice on whether you should count them in.
Box 9: The Government Equalities Office notification of whether you are covered by the regulations

The Government Equalities Office writes to all employers required to report their gender pay gap information. If you receive a letter, but you believe that you are not in scope of the regulations and do not wish to voluntarily report your gender pay gap data, you should email them at gpg.reporting@geo.gov.uk

This will ensure you are not contacted again and are not later contacted by the Equality and Human Rights Commission (the regulatory body responsible for enforcement). But, bear in mind that gender pay gap reporting is good practice and is recommended by this guide.

But don't make reporting reliant on getting a letter from the Government Equalities Office. Gender pay gap reporting is your responsibility, and whether or not you have received a letter, if you come within the scope of the regulations, you need to register and publish your information on the government gender pay gap reporting service site.

7 Creating your dataset

Payroll software
From 2013 onwards, almost all employers (with very few exceptions) have been required by law to run their payrolls on computer, so that they can transmit up-to-date information to HMRC about who their employees are and what they have paid them. This means that employers affected by the requirement to report on the gender pay gap will already be using payroll software, and you will find that most payroll software gives you sufficient control over your payroll system to be able to quickly record and analyse the information you need.

Good software will help to ensure payroll data is accurate and easy to review, and its reporting capacity should be sufficiently flexible to enable your gender pay gaps, including your bonus gap, to be calculated and reported on.

Some of the data you are being asked to collect can be taken from your existing pay and people records, but some, say the hourly pay of full-time relevant employees, or the amount of bonus pay, may require you to carry out some calculations before inputting the data into your spreadsheet or data structure. As each organisation will differ in the way in which it processes its information, it's not possible to be definitive about the way in which you will populate your dataset.

The dataset
The information you pull together on your employees is known as a dataset. A dataset is a collection of discrete items of related data that may be interrogated individually (How many hours does an individual employee work?), or in combination (How many female employees receive a bonus?), or as a whole entity (What is our mean gender pay gap?).

Data cleansing
Whether you create your dataset from scratch, or import some pay and people data into your structure or spreadsheet from your existing records, before you begin to populate your dataset it’s essential to ensure the quality of the data.
Inaccurate data produces inaccurate results. At best, calculating your gender pay gap will take a lot longer than it should do and, at worst, you will come up with a figure which either overestimates or underestimates the gender pay gap in your organisation. The most likely sources of inaccurate data are changes in the hours that people work (which would affect the outcome of all your calculations) and changes in bonus payments (which would affect the outcome of your calculation of the bonus gaps).

Data cleansing should be carried out regularly, at least on an annual basis and prior to preparing your gender pay gap report.

**Box 10: Make sure data from different sources are compatible**

You will need to ensure that data from different sources are compatible. If you use different payroll systems for different groups of employees – for example, those paid weekly wages and those paid monthly salaries – in order to calculate the gender pay gap for the organisation as a whole, data will need to be exported from each payroll system into a single spreadsheet.

**The data you need to record**

**Figure 9: The data you need to record**

You will need to record the following data:

1. A list of all relevant employees and all full-pay relevant employees – we looked at the definitions of these in Section 6.3: How many employees do you have? Remember that you cannot use full-time equivalents but must base your calculations on the number of individual employees.

2. A record of whether each of the relevant and full-pay relevant employees is male or female – you will use male/female comparisons to determine your gender pay gap.
Box 11: Ask employees to confirm their gender

Ask employees to confirm their gender. An unusual name might be wrongly assigned, or a common name such as Chris might be logged as male (Christopher), when in fact it’s female (Christine).

In relation to gender identity, Acas recommends that employers establish a method that enables all employees to confirm their gender. Acas suggests doing this early on, perhaps when informing employees that the organisation will be reporting on its gender pay gap. This is best done when reminding employees that the annual process of gender pay gap reporting is taking place, and can be achieved by inviting all employees to check their recorded gender and to update it as necessary.

If the employee does not self-identify as either male or female, you can omit the individual from your calculations; the number of individuals will be so small as to have little or no impact on the calculation of the overall gender pay gap.

3 A list of all ordinary pay received in the relevant pay period for full-pay relevant employees only – this information underpins the calculations of the mean and median pay gaps.

4 A record of all bonuses received in the relevant bonus period for all relevant employees and full-pay relevant employees – this information underpins the calculation of the bonus pay gap as well as the mean and median pay gaps.

5 A record of all bonuses received during the relevant pay period for full-pay relevant employees only – this information underpins the calculation of the bonus pay, mean and median pay gaps.

6 A record of the weekly working hours for full-pay relevant employees only – this information underpins the calculation of the hourly rate used in calculating both the mean and median pay gaps.

7 A record of the hourly pay for full-pay relevant employees only – this information underpins the calculation of the hourly rate used in calculating both the mean and median pay gaps too.

8 A record of the quartile bands – this information underpins the report of the positioning of men and women within the quartile pay bands.

You will also need to record compulsory employee deductions, such as court orders requiring child support payments, or other forms of attachment of earnings. This is because employees’ ordinary and bonus pay is calculated before deductions are made at source.

Recording employee names and contract status

Although not required by the regulations, this guide recommends that you also record employees’ names and/or assign a number to each employee. Doing so will enable you to check out any anomalies or apparent oddities.

Contract status

Although not required by the regulations, this guide also recommends that you record employees’ contract status. Recording contract status helps you to decide who to include
in the calculation of your gender pay gap (salaried partners, for example) and it will also help you make year-on-year comparisons, as you will be able to see the impact of any changes in the contractual status of a group of workers, say, for example, if your organisation decided to give permanent contracts to a team of people previously retained on a consultancy basis.

Example: Benefits of recording employee status

Gecko Solutions is a three-year-old high-tech company producing specialist software for back-of-house archaeologists. Gecko offers cutting-edge products, and associated training, which are in high demand.

In 2017 Gecko has 253 employees, of whom:
- 3 are apprentices
- 24 are casuals brought in to support product launches
- 209 are full-time employees
- 17 are consultants – of these, 12 are supporting the development of the company’s core products, and 5 are spread across three different projects.

By 2019 Gecko’s headcount has risen to 292:
- 10 employees have left the company
- 25 additional permanent staff have been recruited
- the 2017 apprentices are now employed by the company
- 5 more apprentices have been taken on
- the people previously working as consultants on core products have been taken onto the payroll
- the number of consultants working on specific projects has risen to 12.

Gecko no longer employs casual staff.

By recording employee status, Gecko ensures that its headcount is accurate and is in a good position to spot potential problems, such as distortions to the pay system when consultants are taken onto the payroll.

Recording employee characteristics in addition to gender

The gender pay gap regulations require you to examine pay by gender, but workplace demographics vary significantly across employers, and for some organisations a full understanding of the gender pay gap will only be obtained by factoring in characteristics such as age and ethnicity.

The gender pay gap increases with age and is deeper for some black and minority ethnic groups. If you think age or ethnicity may be a factor in your workplace, it may be helpful also to collect and record information on the age and ethnicity of your relevant employees. You may also choose to cover this in your narrative.
Example: Age as a way of exploring the reasons for a gender pay gap

Hamster Pet Foods is located on the edge of a large housing estate and near to a popular primary school. It is the employer of choice for women with young children and, increasingly, grandmothers providing childcare for their families. Hamster’s mean gender pay gap is 29%.

Hamster’s payment system is responsive to educational and vocational qualifications, and the achievement of in-house progression. Hamster knows that a high proportion of its staff work part-time, but working part-time does not seem to fully explain the extent of the pay gap.

Hamster runs an age check and finds that the gender pay gap for women over the age of 45 is 46%. An analysis of educational and vocational qualifications shows that these older women are not as well qualified as their younger peers. Hamster realises these women have been missing out on in-house development opportunities and initiates a skills audit, with a view to improving the uptake of in-house training and other relevant career development opportunities.

Understanding national statistics

The regulations ask you to measure your gender pay gap in a number of ways. The metrics selected are broadly comparable with those used by the Office for National Statistics (ONS). The ONS uses data from the Annual Survey of Hours and Earnings (ASHE) to calculate the gender pay gap for the whole economy. ASHE is based on a 1% sample of employee jobs, drawn from HMRC PAYE records. However, your calculations will be produced, not on the basis of a sample, but on the basis of a complete population, that of all the full-pay relevant employees in your workforce. In addition, the ASHE survey covers workers in all organisations, irrespective of their size, while gender pay gap reporting focuses on just large employers with more than 250 staff.

As the sampling techniques used in ASHE are robust, it’s possible to make sensible comparisons between the ONS headline gender pay gap and the gender pay gap figures from your business or organisation. But such comparisons are broad-brush, so don’t worry too much if your organisation’s figures differ from those produced by the ONS. Whatever your gender pay gap, you will want to examine the reasons for it. And, if your gender pay gap is substantially larger, say 28%, as compared with an ONS figure of 9%, it would be a good idea to ask yourself why that is so, and set what is happening in your specific context into the account you give of your gender pay gap.

Hourly earnings

The ONS estimates the gender pay gap based on hourly earnings excluding overtime, and you are being asked to do the same. Using hourly earnings excluding overtime enables you to consider the gender pay gap across your workforce as a whole, and not have to go into the detail of comparing the pay of people with differing working patterns – as you would have to do if you were carrying out an equal pay audit.
Gender pay gap reporting

Bonus payments
The ONS also tracks bonus payments, but using different sources from ASHE, and here the comparability with the requirements of gender pay gap reporting is less clear. Estimates are available for both total pay (which includes bonuses) and for regular pay (which excludes bonus payments). The ONS also produces an annual commentary on bonuses, but this does not currently include an analysis by gender. This doesn’t mean you should pay any less attention to the calculations of your organisation’s gender bonus gap – inequalities in the distribution of bonus payments can make a big contribution to the overall gender pay gap, and they also pose a risk of unequal pay.

Example: Comparison with the gender pay gap as measured by the ONS
Ermine is a small financial services company operating across the UK, offering investment advice to mainly older clients. Ermine employs 267 employees: 44% female, 56% male.

Ermine’s median gender pay gap is 25.3%, as compared with the national figure of 9.4%. This is an improvement on the previous year, when the figure was 27.8%. Sixty per cent of females are in the lowest two quartiles. Fifty-seven per cent of the lowest quartile and 47% of the lower middle quartile are female. In the highest-paid quartile, 10% are female. The quartile figures show that the main reason for the gap is the lower proportion of women in senior roles relative to men.

In its narrative, Ermine sets its figures in the wider context of education and employment in the UK and points out that for the majority of roles it recruits for, the pool of suitably qualified graduates is predominantly male. Ermine also says what it is doing to help its most talented women to progress to senior roles within the company.

The mean, the median and the range
Both the mean and the median are single values that describe the middle or average value of a range of values. The ONS’s preferred measure of the gender pay gap is the median, but you are being asked to calculate the mean as well as the median.

The mean
The mean is the average of all the numbers in a dataset, that is, you add up all the numbers and then divide the result by how many numbers you are dealing with. So, to find the mean hourly rate for your organisation’s full-pay relevant male employees, you would add all their hourly rates together and then divide the total by the number of full-pay relevant male employees.

The median
The median is the numerical value which splits the top 50% of the population from the bottom 50%. To find the median, list all of the values, that is, your calculations of total hourly pay for all employees, in numerical order; if there is an odd number of values, the median is the number in the middle; if there is an even number of values, the median is the mean of the two central numbers. So, if you have, for example, 357 employees (either male or female), the median pay would be the pay of the 129th person in a list of all 357 employees in order of their pay from highest to lowest. If you have 358 employees, the median pay would be the mean of the 128th and 129th employees.

* For further information on quartiles, see Section 11.3 below.
Gender pay gap reporting

The range
The mean and the median need to be read in the context of the range, which is the difference between the highest and the lowest value in the dataset – that is, the highest and lowest hourly pay. In the context of gender pay gap reporting, the range is your pay range. The range tells you how well the mean or the median represents the data. The regulations do not require you to report on your pay range, but the range is an inherent part of your preliminary calculations.

Proportions
A proportion is a number which is read in comparison with other numbers. It can be expressed as a numerical value (25 out of 100 women received a bonus payment); a fraction (a quarter of the women we employ received a bonus payment); or a percentage (25% of the women we employ received a bonus payment). The regulations ask you to express proportions as a percentage, but it is worthwhile remembering that in some circumstances a numerical value may be a more effective way of communicating what you have to say.

Quartiles
A quartile is one of three points that divide a population into four equal parts. In the context of gender pay gap reporting, the four quartile pay bands are created by dividing the total number of full-pay relevant employees (that is, not the pay bands) into four equal parts. The intention is not to divide the pay range into four equal parts, but to ensure equal numbers of employees in each quartile. If you are already using quartile measures based upon your existing pay bands to provide you with information about your pay data, you will not be able to use these for the purposes of gender pay gap reporting.

Who are your full-pay relevant employees?
To calculate your gender pay gap you are going to use information about the pay of full-pay relevant employees.

Relevant employees
We looked at relevant employees in Section 6.3: How many employees do you have? To recap, you should count each individual employee, as defined by the regulations, employed by you at the snapshot date, irrespective of how short a time they have been working for you.

Full-pay relevant employees
Your list of full-pay employees is the basis of your gender pay gap calculations. It is drawn from the list of relevant employees that determines your headcount.

A full-pay relevant employee is one employed and receiving full pay during the specified pay period.

An employee taking parental leave or sick leave on full pay would be included, but employees on reduced pay, for a reason such as maternity leave or any other form of long-term special leave, do not count as full-pay relevant employees, even though you have counted them towards your total of relevant employees.

If an employee is on unauthorised absence or on strike, they count as a full-pay relevant employee.
Example: Relevant and relevant full-pay employees

Impala have 853 employees across three sites. On the snapshot date some employees are on strike. Impala’s count of full-pay relevant employees is 844.

<table>
<thead>
<tr>
<th>Employee attendance</th>
<th>Number</th>
<th>Relevant employee</th>
<th>Full-pay relevant employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>At work</td>
<td>811</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>On paid annual leave</td>
<td>5</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>On full-pay sick leave</td>
<td>3</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>On reduced-pay sick leave</td>
<td>2</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>On full-pay maternity leave</td>
<td>5</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>On reduced-pay maternity leave</td>
<td>3</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>On full-pay paternity leave</td>
<td>4</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>On full-pay parental or adoptive leave</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>On unpaid carers’ leave</td>
<td>3</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Unexplained absence</td>
<td>1</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>On strike</td>
<td>15</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>853</strong></td>
<td><strong>853</strong></td>
<td><strong>844</strong></td>
</tr>
</tbody>
</table>

10 How to calculate hourly pay

Please refer to Appendix 1 for the detailed explanations of each of the terms used in this section.

For the purposes of gender pay gap reporting, the amount of an employee’s ordinary and bonus pay is calculated before deductions are made at source. Deductions include both employer deductions – PAYE, National Insurance and pension contributions – and compulsory employee cash deductions. If an employee uses some or all of their bonus payment to make a contribution to their pension, this too will be treated as a deduction, and the bonus payment amount before the pension contribution would be used.

The pay periods

The pay periods inform the calculations of ordinary and bonus pay. The pay period is the period in which the relevant employer pays the relevant employee basic pay. The period over which a bonus is paid may differ from that for ordinary pay and allowances.

The relevant pay period is the pay period within which the snapshot date falls, that is, the pay period in which 31 March (for public sector employers) or 5 April (for all other employers) falls.

Ordinary pay

You will use ordinary pay, expressed as hourly pay, to calculate your organisation’s mean and median gender pay gaps.
Example: A reminder of what counts as ordinary pay

Jackal Travel has 12,334 employees. Jackal’s pay system includes shift pay, overtime, cars and car allowances, free uniforms, a London allowance, allowances for living abroad on six-month placements, allowances for staff working in the smallest offices, and additional allowances for duties such as oversight of health and safety.

<table>
<thead>
<tr>
<th>Payment/allowance</th>
<th>Counted as ordinary pay?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic pay</td>
<td>Yes</td>
</tr>
<tr>
<td>Overtime pay</td>
<td>No</td>
</tr>
<tr>
<td>Shift payment for weekend working</td>
<td>Yes</td>
</tr>
<tr>
<td>London allowance</td>
<td>Yes</td>
</tr>
<tr>
<td>Allowance for living abroad</td>
<td>Yes</td>
</tr>
<tr>
<td>Meal allowance when working abroad</td>
<td>No</td>
</tr>
<tr>
<td>Travel expenses for travel within GB</td>
<td>No</td>
</tr>
<tr>
<td>Free uniforms</td>
<td>No</td>
</tr>
<tr>
<td>Health and safety allowance</td>
<td>Yes</td>
</tr>
<tr>
<td>Season ticket loan</td>
<td>No</td>
</tr>
<tr>
<td>Company car</td>
<td>No</td>
</tr>
<tr>
<td>Car allowance</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Calculating ordinary pay

You will use hourly pay as the basis for calculating mean and median pay gaps, but before you can do so, you will need to calculate the hourly pay itself.

Calculating hourly pay on the basis of annual salary

For each full-pay relevant employee:

1. Total the annual salary, that is, basic pay, any allowances and any bonus payments received during the year.
2. Divide the total annual amount by 365.25; this gives you the daily salary.
3. Divide the daily salary by the number of hours worked in a day; this gives you the hourly rate.

Calculating hourly pay on the basis of a monthly salary

For each full-pay relevant employee:

1. Total the monthly salary, that is, basic pay, plus any allowances and any bonus payments received during the month.
2. Divide the total monthly amount by 30.44 days; this gives you the daily salary.
3. Divide the daily salary by the number of hours worked in a day; this gives you the hourly rate.

Calculating hourly pay on the basis of variable hours

For each full-pay relevant employee:

1. Work out how many hours the employee worked over the 12-week reference period (see Appendix 1: Employees with variable hours).
2. Total the amount of basic pay plus any allowances and any bonus payments received in the relevant 12-week pay period.
3. Divide the total amount of pay by the total number of hours worked over the 12-week period.

How to calculate hourly pay
Example: Calculating hourly pay on the basis of an annual salary

In 2017, Sandra’s annual salary is £26,744. In addition, she receives allowances of £550 and a bonus of £900. She works 35 hours a week, or 7 hours a day.

In 2017, Sandra’s pay over the year totals £28,194. Her daily pay amounts to £28,194 divided by 365.25 = £77.19, and her hourly rate is £77.19 divided by 7 = £11.03.

In 2018, Sandra’s company stops paying bonuses, but makes a one-off payment to each employee of £7,000. Sandra also earns £670 in allowances.

Sandra’s pay over the year totals £34,414. Her daily pay amounts to £34,414 divided by 365.25 = £94.22, and her hourly rate is £94.22 divided by 7 = £13.46.

Example: Calculating ordinary pay on a variable hours contract

Geoff works 370 hours over the 12 weeks, of which 340 hours were worked at the standard rate of £10 an hour, and 30 hours at the night shift rate of £15 an hour. Geoff was also paid a £100 share of a team bonus for meeting an urgent production target in week 3.

Geoff’s pay over the 12-week period totalled (340 x £10) + (30 x £15) + £100 = £3,950. His hourly pay amounts to £3,950 divided by 370 = £10.68.

Bonus pay

You will include bonuses received by full-pay relevant employees in the calculation of hourly pay for the relevant pay period.

You will also use information about bonus pay to calculate your organisation’s mean and median bonus gaps, and to determine the proportions of men and women receiving bonus pay.

Hourly pay for the purposes of calculating the mean and median bonus gap

The regulations require you to produce three calculations related to bonus pay. For these calculations you will have to use the 12-month bonus pay period described in the example above:

1. Total the amount of bonus pay received over the relevant 12-month period.
2. Divide the total amount of bonus pay by 365.25; this gives you the amount of bonus averaged over each day.
3. Divide the daily amount of bonus pay by the number of hours worked in a day; this gives you the hourly rate.
Example: Calculating bonus pay
These calculations are for the 2019/20 reporting period. The snapshot date is 5 April 2019, and the report has to be published by 4 April 2020. Simon’s annual salary is £50,000. He works a 40-hour week, or 8 hours a day. In the year prior to the snapshot date of 5 April 2019, he was awarded bonuses totalling £70,000. £40,000 was a personal bonus, paid to him on 31 March 2019. The remaining £30,000 was a team bonus, which is paid to him on 30 June 2019. However, within the bonus year preceding the snapshot date, Simon also received the previous year’s team bonus of £17,000. This was paid to him on 30 June 2018.

For the purposes of the gender pay gap report:
• Simon’s ordinary pay amounts to £50,000 + £40,000 + £17,000 = £107,000 divided by 365.25 to give a daily rate of £292.95, and an hourly rate of £36.62.
• Simon’s bonus pay is £40,000 + £17,000 = £57,000.

Simon’s £30,000 team bonus, paid to him on 30 June 2019, will be included in the following year’s calculations as he received it after the snapshot date.

11 The measures
11.1 The mean and median gaps

Mean gender pay gap
To calculate the mean gender pay gap, you will first have to calculate the mean hourly rates of ordinary pay for both male and female full-pay relevant employees.

To do this:
• Add up the hourly rates of pay for all male full-pay relevant employees.
• Divide the total by the number of male full-pay relevant employees (A in the equation below).

You then:
• Add up the hourly rates of pay for all female full-pay relevant employees.
• Divide by the total number of female full-pay relevant employees (B in the equation below).

The regulations state that the mean gender pay gap must be expressed as a percentage of the mean hourly rate of pay of male full-pay relevant employees, so your calculation is as follows:

$$\frac{(A-B)}{A} \times 100$$
Gender pay gap reporting

**Example: Calculating the mean gender pay gap**
Kangaroo Travel has 4,500 employees, of whom 4,445 are relevant full-pay employees. Of these, 3,100 are female and 1,345 male.

The hourly rates of pay of the male employees amount to \((1,000 \times £15) + (300 \times £21) + (45 \times £50) = £23,550\), which, divided by 1,345, gives a mean hourly rate of £17.51.*

The hourly rates of pay of the female employees amount to \((500 \times £10) + (1,000 \times £13) + (1,000 \times £15) + (500 \times £21) + (80 \times £30) + (20 \times £50) = £46,900\), which, divided by 3,100, gives a mean hourly rate of £15.13.

Kangaroo’s mean gender pay gap is 17.51 less 15.13 divided by 17.51 x 100 = 13.59%.

* Note that Acas guidance suggests the calculations should be to two decimal places.

**Median gender pay gap**
To calculate this, you will first have to calculate the median hourly rate of ordinary pay for both male and female full-pay relevant employees.

To do this:
- List the hourly rates of pay for all male full-pay relevant employees and find the midpoint \((A\) in the equation below).
- List the hourly rates of pay for all female full-pay relevant employees and find the midpoint \((B\) in the equation below).

The regulations state that the calculation of the median gender pay gap must be expressed as a percentage of the median pay of male full-pay relevant employees, so your calculation is as follows:

\[
\frac{(A-B)}{A} \times 100
\]

**Example: Calculating the median gender pay gap**
The middle value on the ranked list of Kangaroo’s hourly rates of pay for male employees is £15, and for females it is £14.

Kangaroo’s median gender pay gap is 15 minus 14 divided by 15 x 100 = 6.67%.

**11.2 The mean and median bonus payments, and the proportions of men and women receiving bonuses**

**Figure 11: Bonus gap definitions**

- **Mean bonus gap**: The difference between the mean bonus pay paid of male relevant employees and that paid to female relevant employees
- **Median bonus gap**: The difference between the median bonus pay paid of male relevant employees and that paid to female relevant employees
- **Bonus proportions**: The proportions of male and female relevant employees who were paid bonus pay during the relevant period

The measures
Mean bonus gap
To calculate this, you will first have to calculate the mean bonus pay for both male and female full-pay relevant employees.

To do this:

• Add up the bonus pay for all male full-pay relevant employees.
• Divide the total by the number of male full-pay relevant employees (A in the equation below).

Then:

• Add up the bonus pay for all female full-pay relevant employees.
• Divide by the total number of female full-pay relevant employees (B in the equation below).

The regulations state that the mean bonus pay gap must be expressed as a percentage of the mean bonus pay of male full-pay relevant employees, so your calculation is as follows:

\[
\frac{(A-B)}{A} \times 100
\]

Median bonus gap
To calculate this:

• List the bonus pay for all male full-pay relevant employees and find the midpoint (A in the equation below).
• List the bonus pay for all female full-pay relevant employees and find the midpoint (B in the equation below).

The regulations state that the calculation of the difference between the median bonus pay gap must be expressed as a percentage of the median bonus pay of male full-pay relevant employees, so your calculation is as follows:

\[
\frac{(A-B)}{A} \times 100
\]

Bonus proportions
The bonus proportions are the proportions of male and female relevant employees who were paid bonus pay during the relevant period. Both must be expressed as percentages.

The first part of the calculation is as follows:

\[
\frac{A}{B} \times 100
\]

In this equation A is the number of male relevant employees who were paid bonus pay during the 12-month period ending with the snapshot date; and B is the number of male relevant employees.

The second part of the calculation is as follows:

\[
\frac{C}{D} \times 100
\]

In this equation C is the number of female relevant employees who were paid bonus pay during the 12-month period ending with the snapshot date; and D is the number of female relevant employees.
Example: Bonus calculations

Lion Sports Gear employs 457 people, of whom 230 are women and 227 are men. The pay system is relatively simple, and consists of basic pay, performance-related pay, and bonuses for sales staff who exceed pre-determined sales targets. The sales force consists of 10 women and 20 men, and in the year preceding the snapshot date the payments are as follows:

<table>
<thead>
<tr>
<th>Female (£)</th>
<th>Male (£)</th>
<th>Male (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000</td>
<td>1,000</td>
<td>12,000</td>
</tr>
<tr>
<td>10,000</td>
<td>2,000</td>
<td>14,000</td>
</tr>
<tr>
<td>11,000</td>
<td>2,000</td>
<td>15,000</td>
</tr>
<tr>
<td>12,000</td>
<td>3,000</td>
<td>15,000</td>
</tr>
<tr>
<td>15,000</td>
<td>4,000</td>
<td>15,000</td>
</tr>
<tr>
<td>16,000</td>
<td>5,000</td>
<td>35,000</td>
</tr>
<tr>
<td>16,000</td>
<td>7,000</td>
<td>40,000</td>
</tr>
<tr>
<td>20,000</td>
<td>7,000</td>
<td>40,000</td>
</tr>
<tr>
<td>25,000</td>
<td>7,000</td>
<td>50,000</td>
</tr>
<tr>
<td>30,000</td>
<td>11,000</td>
<td>55,000</td>
</tr>
</tbody>
</table>

Total F bonuses: £160,000
Total M bonuses: £340,000
F bonus range: £5,000–£30,000
M bonus range: £1,000–£55,000
Mean bonus pay: £160,000 divided by 10 = £16,000
Mean bonus pay: £340,000 divided by 20 = £17,000
Median bonus pay = £15,500
Median bonus pay = £11,500
Proportion F paid bonus = 10 ÷ 230 x 100 = 4.3%
Proportion M paid bonus = 20 ÷ 227 x 100 = 8.8%

This example shows the importance of reading all of the bonus measures together. The mean and median figures suggest that women are doing reasonably well, but the proportions show that a smaller proportion of women than men are receiving bonus payments.

The range (which you are not required to report on) suggests that the way in which bonuses are allocated to men may differ from the way in which they are allocated to women, in that whereas women are getting bonuses in the mid-range, men are starting at a much lower level and ending at a much higher one. This is something that calls for further investigation.

11.3 The proportions of male and female employees according to quartile pay bands

Figure 12: Quartile bands definition

Quartile pay bands: The proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands.
To determine the proportion of male and female employees according to quartile pay bands:

1. Determine the hourly rate of pay for all male and female full-pay relevant employees.
2. Make a single list of all the male and female full-pay relevant employees from the lowest hourly rate of pay to the highest.
3. Rank all employees according to average hourly pay, starting from lowest paid to the highest paid.
4. Identify the median (50th percentile) in this ranked distribution of all employees. This figure represents the second quartile.
5. Identify the first quartile (25th percentile) by calculating the midpoint between the smallest value (that is, the lowest-paid worker) and the median (that is, the second quartile).
6. Identify the third quartile (75th percentile) by calculating the midpoint between the median (that is, the second quartile) and the largest value (that is, the highest-paid worker). Seventy-five per cent of all employees are under this value and 25% are over it in the fourth ('upper') quartile.
7. If there are multiple employees on the same hourly pay rate, some employees on the boundary would be split into the quartile below and some into the quartile above, so that the four quartiles have an equal proportion of people. If you have a number of employees on exactly the same rate of pay but distributed across two quartiles (this is most likely to happen in the lower middle and upper middle quartiles), make sure that males and females are split as evenly as possible across the quartiles. You should ensure that the proportions of male and female employees in each of those quartiles are the same.
8. Calculate what proportion of women and what proportion of men are in each of these four quartiles and present this information as percentages.
9. Looking at the quartiles from the lowest to the highest, they are called the lower, lower middle, upper middle and upper quartiles.

The regulations state that the proportion of male full-pay relevant employees within each quartile pay band must be expressed as a percentage of the full-pay relevant employees within that band.

This calculation is as follows:

\[
\frac{A}{C} \times 100
\]

In this equation \( A \) is the number of male full-pay relevant employees in a quartile pay band; and \( C \) is the total number of employees in the quartile.

Similarly, the proportion of female full-pay relevant employees within each quartile pay band must be expressed as a percentage of the full-pay relevant employees. The calculation is as follows:

\[
\frac{B}{C} \times 100
\]

In this equation \( B \) is the number of female full-pay relevant employees in the quartile, and \( C \) is the total number of employees in the quartile.
12 Closing your gender pay gap

What action you take to close your gender pay gap is for you to decide. It will vary from one sector to another and from one business to another. Some organisations will need to focus on breaking down horizontal occupational segregation, others on getting more women into senior jobs. Some will want to carry out a full equal pay audit, others to improve take-up of flexible working at senior levels. In a guide such as this, it is not possible to be prescriptive, and what is presented below is a range of suggestions for action.

12.1 What your measures tell you

The range

You are not required to report on the range, but as you will have needed to refer to it in making your calculations, you will know what it is. In the context of gender pay gap reporting, the range is your organisation’s pay dispersion, or the difference between the lowest hourly rate of pay and the highest. If the range is large, the mean or the median is not as representative of the data as it would be if the range was small, and so the greater your pay dispersion, the less reliable are your calculations of the gender pay gap.

The mean

The mean gives you an overall indication of the size of your gender pay gap and of your gender bonus gap. It is also a measure which tells you something about the influence of your payment system on your gender pay gap, especially when looked at in the context of the range.

A high mean gender pay gap, coupled with a high mean gender bonus gap and a large range, is often symptomatic of a payment system that tends to disadvantage women, so if this is what you are faced with, consider drilling down further into your payment system, for example, by checking for differences in starting salaries for men and women (both on recruitment, and on promotion), either by carrying out spot checks, or by implementing a full equal pay audit.

If your mean gender bonus gap is high, you may want to introduce gender monitoring of your performance appraisal system and examine the impact of managerial discretion on the award of bonuses.

The median

The median gives you an indication of what the ‘typical’ situation is, but, if your organisation has a complex pay system, there may not be a typical situation. By failing to take account, for example, of the impact on the gender pay gap of a small group of very highly paid employees, as the median isn’t affected by extreme figures, a median can give you a ‘false positive’, meaning that you don’t take the action necessary to close the gap.

If there is no typical situation in your organisation, gender monitoring of differences in pay outcomes is an essential safeguard against the risks of a gender pay gap that is out of control and of equal pay claims being raised. This means checking who is paid what by gender, noting the differences by gender and exploring the possible reasons for these. It may be, for example, that the reason for the gender gap (especially in industries previously regarded as typically male) is that the women, being relatively new, are younger, and less experienced. On the other hand, these younger women may have better educational qualifications than their older male colleagues.
The mean and the median read together
When the mean and the median have the same or roughly the same value – for example, when the mean pay gap is 13%, and the median pay gap is 14% – the dataset is not skewed, and you can be reasonably certain that your employees, male and female, are being paid within the same income range, whatever that might be.

On the other hand, if the mean and the median are widely different, the dataset is skewed, either by the presence of very low earners (where the mean is below the median), and/or by a group of very high earners (where the mean is above the median). And if most employees in those groups of earners are mainly men or mainly women, a gender pay gap issue arises. In the context of gender pay gap reporting, we don’t only want to know what most people earn – the median – but also how the outliers affect the overall distribution of pay between men and women – the mean.

If the mean and the median are widely different, you may want to consider a range of initiatives, including checking the uptake of your flexible working arrangements, and taking action to break down occupational segregation.

Proportions
Comparing the proportions of men and women who receive a bonus within the 12-month bonus period tells you how much more likely male full-pay relevant employees are to receive any amount of bonus payment compared with female full-pay relevant employees (and vice versa). If no bonuses have been paid to the relevant employees, the percentage figure will be zero.

In some organisations the average cash value of a bonus awarded to a woman may be lower than the average cash value awarded to a man because of the distribution of part-time work. If you consider that your gender bonus gap has been skewed because a percentage bonus has been paid to full-time and part-time employees, you may want to explain this skewing in your narrative.

The comparative basis of a proportion is central to its usefulness as an indicator. The regulations require you to report specifically on the proportions of men and women getting a bonus, and the proportions of men and women in each quartile pay band. In future years you will also be able to track your progress by comparing your figures with those from previous years. This means you will be able to say, for example, that whereas in 2017, 25% of women received a bonus payment, by 2019 this had risen to 30%.

The regulations ask you to report on the proportions of men and women receiving bonuses, and also on the proportions of men and women in each quartile pay band, and to express these proportions as a percentage.

Quartiles
The quartile distribution is intended to give you information about the ‘glass pyramid’ or how the relevant full-pay male and female employees are distributed across your organisation. If men and women are not evenly distributed throughout the organisation, you may wish to check your recruitment and progression procedures and your flexible working arrangements (see below).

The calculation of the quartiles will also pick up on pay gaps at the top of the organisation, even if the mean and median figures have masked this.
Example: What quartile pay bands can tell you

Marten Materials manufactures industrial flooring. It has two sites, one in the north-west of England and another in the Scottish Borders. On the snapshot date it has 783 employees. The company is highly gender-segregated, with men designing, producing and delivering the products, and women performing the administrative work, servicing online sales, and doing the cleaning and catering. Marten is aware of this segregation but has not thought it relevant to pay.

Its quartile pay band distribution across the two sites is as follows:

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Women (%)</th>
<th>Men (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper</td>
<td>2</td>
<td>98</td>
</tr>
<tr>
<td>Upper middle</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Lower middle</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Lower</td>
<td>90</td>
<td>10</td>
</tr>
</tbody>
</table>

Managers at the Scottish site express surprise at this distribution, and further analysis reveals that at the Borders site, gender segregation is much less pronounced, with a woman on the management team, and a number of women working in the production roles, which make up the upper middle quartile pay band. The Borders site also has male cleaners.

Scottish managers think that the differences may be down to the way in which the company recruits, in that the Borders site uses online recruitment and, when advertising through the local job centre, does not assign the jobs to the ‘engineering’ section. Recruitment to the English site is largely by word of mouth.

Marten decides to open up its recruitment procedures and monitor the impact of this on the quartile pay band distribution.

12.2 Gathering additional information

While your gender pay gap calculations can help provide indications about the reasons for your pay gap, they will be more meaningful if you have effective gender monitoring procedures in place.

Such monitoring falls into three broad categories:

- monitoring of recruitment and progression
- monitoring of take-up and impact of flexible working
- monitoring of reward.

The categories overlap, with starting salaries being part of recruitment, for example, but also part of reward.

Monitoring of recruitment and progression

You will need information on:

- The numbers of men and women who apply for, and are recruited or appointed to, each job type and level – women are disproportionately less likely to be promoted than men, and this can be so even where their performance ratings are the same as men’s or higher. If this is so, why is it happening?
- The skills, qualifications and experience of the men and women who apply for and are recruited or appointed to each job type and level – are you missing out on talented women? If so, what can you do to ensure they don’t get overlooked?
- How long it takes men and women to get promoted – evidence shows that men tend to get promoted more quickly than women. If this is so, why is it happening, and what can you do to even out the progression rates?
- The reasons why men and women leave the organisation – exit interviews may reveal information, such as women’s experiences of unwanted behaviour at work, which people may not be willing to disclose while they are still working for you. People may also give you feedback on how well your policies and practices, say in respect of flexible working, are operating.

Closing your gender pay gap
Gender pay gap reporting

Mapping this information against your gender pay gap calculations will enable you to see at what point in the process women are failing to get into higher-earning jobs. Is it that they can’t move sideways, or up? Or that they can’t do this in enough numbers to be comfortable enough to want to stay? For example, one of the most severe talent shortages in coming years will be in the STEM sector, but despite the many efforts to address the shortfall of women, women still make up only 14% of the STEM workforce overall. As the issue is not one of girls’ competences, the fact that women disproportionately drop out of the pipeline at every stage suggests that cultural norms are putting women off.

Box 13: CIPD guidance on recruitment and induction

For more on recruitment, go to the Recruitment and Induction topic area on the CIPD website.

Monitoring of take-up and impact of flexible working
You will need information on:

• The numbers of men and women who apply for and are granted flexible working hours and the level at which flexible working operates – if men are not applying, what can be done to encourage them to do so? If only low-level jobs are being carried out on a flexible basis, it is less likely that you will find men working flexibly, and more likely that women will be unable to progress up the career ladder.

• The numbers of men who take paternity leave and the numbers of men and women who take shared parental leave – paternity leave and shared parental leave are intended to help redistribute responsibility for looking after infant children, thereby diminishing the impact of motherhood on a woman’s earnings and career.

• The proportion of women and men who return to work after maternity, paternity, adoption or shared parental leave to resume their original jobs – again, the intention behind these types of leave is that parenthood should not prejudice an employee’s career.

• The proportion of women and men still in post a year after a return to work from maternity, paternity, adoption or shared parental leave – employees may return but then find it difficult to manage and leave a year or two later. This is particularly likely to happen after the birth of a second or subsequent child, where the costs of childcare may become a decisive factor.

Mapping this information against all your gender pay gap calculations will enable you to see if your flexible working arrangements are having the effect that they are intended to do. Family leave and flexible working arrangements are not about getting more women into more part-time jobs, but about enabling employees to redistribute the responsibility for looking after family members between themselves, so as to reduce the motherhood and eldercare pay penalties.

Box 14: CIPD guidance on flexible working

For more on flexible working go to the Flexible Working topic area on the CIPD website.
Monitoring of reward
You will need information on:

- Starting pay for men and women, both on recruitment and on appointment to higher-paid roles – differences in starting pay are one of the most common causes of the gender pay gap, and are highly likely to represent instances of unequal pay. It would be advisable to look particularly carefully at how you reward experience. It’s all too easy to say that one person has more experience than another, but if challenged, could you explain what exactly you mean by ‘experience’ and how it justifies a difference in the calculation of your salaries – even if experience did once justify a difference, does it still do so?
- The allocation to men and women of any payments that are subject to managerial discretion – unfettered managerial discretion is a common cause of both the gender pay gap and unequal pay. If your bonus system is working properly, for example, it should reflect performance, not preference.

Mapping this information against your mean gender pay gap and all three measures of the gender bonus gap will give you a good idea of where pay inequalities are occurring. Inequalities in your reward system put you at high risk of equal pay claims being taken against you, and should be dealt with as a matter of priority.

Box 15: CIPD guidance on reward
For more on reward, go to the Reward Strategy topic area on the CIPD website.

All this additional information will enable you to take actions that will result in:

- unpaid care being distributed more evenly between women and men
- the elimination of the occupational downgrading and career stalling that occurs when a woman becomes a mother
- all women, including those working part-time, being provided with opportunities for career progression and development on a par with those of their male colleagues
- the gradual elimination of occupational segregation, both horizontal and vertical
- a reward system that is free from sex bias.

In short, you are looking to enable women, just as much as men, to reach their full potential at work.

What happens if you don’t report?

Publishing the information
As we saw in the initial overview of the regulations, you must publish the required data on the government gender pay gap reporting service website. For private and voluntary sector employers, the information will have to be accompanied by a statement confirming its accuracy, signed by a director or equivalent, which includes their name and job title. Once you have published your report on the reporting service website, it automatically appears on the Government’s viewing service website, where any interested person is able to access it.

You must also publish your pay data on your organisation’s website in a manner that is accessible to employees and the public and you will have to ensure that it remains there for at least three years.

What happens if you don’t report?
Compliance with the regulations is ‘light touch’ up to this point but not reporting your gender pay gap could have serious legal consequences.

Not reporting

Failure to comply amounts to a breach of the Equality Act 2010 and would, therefore, lay an organisation open to action by the Equality and Human Rights Commission (EHRC). The EHRC will initially write to any organisation that appears not to have complied with the regulations and, after that, any enforcement action will proceed in accordance with its enforcement policy. The EHRC also publicly names those organisations that have failed to publish a gender pay gap report by the due date.

EHRC policy on gender pay gap reporting

The EHRC has published a policy statement setting out what it will do to encourage employers to meet the gender pay gap regulations and its approach to enforcing them. In the first instance, the EHRC will aim to resolve non-compliance through correspondence with non-compliant employers intended to achieve resolution without the need to use its statutory powers. Where formal enforcement action is required, the EHRC will take action as set out below.

The EHRC will take a staged approach to enforcement by dividing employers by industry and initiating enforcement action against them in tranches. In order to ensure fairness and promote compliance, each tranche will comprise employers selected at random from within that industry, meaning that it will not be possible for a particular employer to predict when they will be selected for enforcement. However, in 2018/19, the EHRC aims to initiate enforcement action against all employers who have not reported their pay gap data.

The EHRC has set out indicative timescales within which it aims to take certain actions once it commences enforcement action.

Legal action – private or voluntary sector employers

The EHRC will initially write to a non-compliant employer after the relevant reporting date. The letter will:

- draw their attention to their obligations under the gender pay gap reporting regulations
- require them to comply with the gender pay gap reporting regulations retrospectively for the past reporting year within 28 days of its letter
- require them to comply with the gender pay gap reporting regulations on or before the relevant reporting date in the current reporting year.

The EHRC will then monitor the employer’s compliance for both the past reporting year and the current reporting year. Where the employer complies, no further enforcement action will be taken in respect of those reporting years.

Section 20 investigations

If a private or voluntary sector employer does not comply after the initial correspondence, the EHRC will carry out an investigation into whether they have committed the suspected unlawful act (breach of the gender pay gap reporting regulations) in accordance with its power under section 20. The EHRC will:

- provide the employer with draft terms of reference for the investigation and allow the employer or their nominated legal representative 14 days to make written representations about the draft terms of reference
- consider any representations and aim to publish the final terms of reference within a further 14 days
• gather and analyse any relevant evidence, including representations from third parties, within 14 days
• aim to provide the employer with a draft report within 14 days, then allow them a further 28 days to make representations on it
• consider those representations and aim to publish the final report within a further 14 days.

The EHRC has the power to require an employer to provide information and documents in their possession or to provide oral evidence.

**Section 21 unlawful act notices and section 22 action plans**

If after due process the EHRC concludes that the employer has breached the gender pay gap reporting regulations, it will issue an unlawful act notice in accordance with its power under section 21. An unlawful act notice will require the employer to prepare a draft action plan under section 22 within 14 days, setting out how they will remedy their continuing breach of the gender pay gap reporting regulations and prevent future breaches.

If the EHRC does not receive a draft action plan, it will apply to the county court in England and Wales, or the sheriff court in Scotland, for an order requiring the employer to provide an action plan under section 22(6)(a) within a specified timeframe. Within six weeks of receipt of a draft plan, the EHRC will either approve it or issue a further notice stating that the action plan is inadequate. Such a notice will require a further draft to be provided, within 21 days of the notice.

An employer can make an appeal to the county court in England and Wales or the sheriff court in Scotland against the unlawful act notice within six weeks of the notice being issued.

If an employer does not comply with an action plan, the EHRC will apply to the county court in England and Wales, or the sheriff court in Scotland, for an order requiring the employer to comply with it under section 22(6)(c), unless in the circumstances it would not be appropriate to do so.

An employer will commit an offence if it fails to comply with an order made against it under section 22(6) and does not have a reasonable excuse for doing so. An employer who is convicted of such an offence will be liable to a ‘level 5’ fine, which means that there is no maximum limit on the amount that they may be fined.

**Legal action – public bodies**

**Section 31 public sector duty assessment and section 32 public sector duty compliance notice**

When public sector employers in England have not published the information required by the gender pay gap reporting regulations, the EHRC will carry out an assessment of whether they have complied with a specific public sector duty in accordance with section 31. In this context, the specific public sector duty is to publish the information required by the gender pay gap reporting regulations.

The section 31 assessment will take the same format as a section 20 investigation, as set out above. This may include giving the employer a notice requiring them to provide information and documents in their possession or to give oral evidence.

If the conclusion reached following assessment is that the employer has failed to comply, the EHRC will issue a notice under section 32. The notice will require the employer to comply with the duty to publish and to provide the EHRC, within 14 days of the notice, with written information of steps taken or proposed for the purpose of complying with the duty.
Gender pay gap reporting

Where the EHRC thinks that an employer has failed to comply with a notice given under section 32, it will apply to the county court in England and Wales, or the sheriff court in Scotland, for an order requiring the employer to comply under section 32(8).

Public sector employers may be offered the opportunity to enter into a section 23 agreement as an alternative to the EHRC issuing a section 32 compliance notice, as set out above.

14 How to communicate your gender pay gap

Gender pay gap reporting isn’t just about the figures you come up with; it’s also about the story that those figures tell. It’s your story. It’s up to you to tell it effectively. The bare bones of any communications plan are the reporting requirements themselves, so let’s recap on how these work.

The government websites

As we saw in the summary, you must publish the required data on the government gender pay gap reporting service website. If you choose to include a narrative, the reporting site lets you do so by providing a link back to where your gender pay gap report appears on your own website.

Once you have published your report on the reporting service website, it automatically appears on the Government’s viewing service website, where any interested person is able to access both your figures and anything else you may have said about your report.

The viewing service website also lets people know if a report is late, so filing a late report, for whatever reason, is a public act and, as well as laying your organisation open to the possibility of enforcement action by the EHRC, you may also be asked questions about why your report has not yet been published.

Your own website

You must also publish your pay data on your own organisation’s website in a manner that is accessible to employees and the public and you will have to ensure that it remains there for at least three years. In the first couple of years of reporting, several organisations have either overlooked the requirement to publish their gender pay gap report on their own website, or have published it, but in a way that makes it difficult to find. As a rule of thumb, it should take no more than three clicks to locate your gender pay gap report.

Sign-off

For private and voluntary sector employers, the gender pay gap figures will have to be accompanied by a statement confirming the report’s accuracy, signed by a director or equivalent, which includes their name and job title. While the regulations say that sign-off should be by a director or equivalent, you have some choice over who this might be. It could be, for example, the finance or HR director, or whoever at director level is leading on equalities.

In deciding who to choose, their role or status is not the only consideration. The person whose name appears may well be the person contacted with any official queries, say from the EHRC, but if you also intend that the person doing the signing off should act as the organisation’s spokesperson on gender pay gap reporting more generally, you will want to be sure that whoever takes on this role is a good communicator who thoroughly understands gender pay gap issues, both generally and within the organisation.
Gender pay gap reporting

If you choose to include a narrative, this must be included in the sign-off process; in other words, whoever signs off the calculations will also vouch for the accuracy of the narrative.

**What is a narrative and why should you include it?**

While the quantitative measures in gender pay gap reporting help to reveal the scale of the male/female earnings differential, they do little to explain the context and causes. Nor do they indicate any actions you have already been taking or are planning with a view to closing these gaps. The figures also only indicate the current situation, rather than what you intend to do in the future. This is where a narrative comes in.

The purpose of a narrative is to:

- describe the relevant organisational context, both internally and externally
- explain the calculations
- explain as far as possible the causes of any gender pay gaps shown by the data
- explain what actions have been taken or are planned to address significant gaps; you can also draw a comparison with previous years’ figures
- describe how employees and employee representatives are being involved in this process.

The Government expects most employers to include narrative description alongside the quantitative measures, and this guide also encourages you to do so.

**Figure 13: Reporting obligations**

[Diagram showing the flow of reporting obligations.]

**An outline communications plan**

You will find it useful to produce a written document – it need only be a single sheet of paper – outlining the aims of the plan. This will prepare you both to deal with any queries, and to use the plan to inform and ensure consistency in your dealings with stakeholders:

- your aims
- your key messages
- your key audiences
- your key channels of communication
- the sequencing of your communications – you don’t, for example, want the media reading your report before your employees do
- the key risks, such as very few women having received bonus payments, or the potential for equal pay claims – your risks do not have to be made public, but you need to know what they are.

You will also need to agree an approval process for the plan itself, responsibilities and resources.
As well as promoting your gender pay gap report to the public, your communications plan will help you to anticipate employee concerns – will they, for example, understand the difference between unequal pay and the gender pay gap, why the mean and median pay gaps differ, or what the quartile pay bands represent?

In drawing up your communications plan, you may also want to consider the best way of presenting your pay gap data. Do you want to present your data in pounds and pence, as well as in percentages? Do you want to use visuals? These can be particularly helpful in terms of presenting the median pay gap, and also the information on quartiles. People often find pounds and pence more helpful, while others respond well to illustrations.

Your communications plan will not only help you to plan ahead, but it will also provide you with a process that enables you to learn for the future.

**Example: A communications plan**

Narwhal Financial Services employs over 50,000 employees around the world. It is headquartered in the City of London and has well over 7,000 employees in the UK. Narwhal knows that it has a severe gender imbalance and expects its gender pay gap calculations to reveal substantial gaps between the average earnings of men and women. Narwhal has already had to deal with a couple of individual equal pay claims, and is concerned that reporting on its gender pay gap figures may encourage further claimants to come forward.

Narwhal supports a small range of gender equality initiatives, but at middle management level.

Narwhal realises that it needs a communications plan, but that for this to be effective, it also needs an action plan to begin to deal with gender inequalities. It assigns a board member to take the lead on promoting gender equality, and asks that person to sign off the company’s gender pay gap reports. The company assigns an experienced member of the HR team to begin to address gender pay gap issues, and asks the head of communications to be responsible for delivering the communications plan in this and subsequent years. The two are asked to work together to develop a narrative to accompany the gender pay gap figures.

Narwhal’s communications plan identifies its key audiences as being present and future employees and clients, and its key risks as the possibility of equal pay claims. Narwhal plans to brief employees: first, on the process of gender pay gap reporting – explaining what measures the company is being asked to produce – and then on the actual calculations and the actions it plans to take. The company’s key message is: ‘can do better and this is how’. Knowing that the financial services sector is in the spotlight about gender pay gaps, Narwhal plans to issue a pre-emptive press release, supported by a question and answer briefing.

**Your aims**

It is helpful to get your aims agreed at the highest level. At its simplest, your aim is to set your gender pay gap figures in context and to enable you to answer any questions that come up.

You might also want to persuade audiences of your commitment to closing the gender pay gap and to tell them about what you are doing to achieve this. You will almost certainly want to explain any figures that appear to put you in a bad light, but for which there is
a straightforward explanation, such as the average cash value of bonuses being awarded to women being lower than those awarded to men because of the distribution of part-time work amongst your employees. But do focus on the gender pay gap – other equality initiatives may be valuable in their own right, but this is not the place to go into any great detail about them.

**Your key messages**

Your key messages may include:

- your organisation’s mission and purpose
- where reward sits in your people strategy and what your reward structure looks like
- why you are reporting on your gender pay gap
- your gender pay gap calculations
- your assessment of these, and in particular, how this year’s figures look alongside last year’s
- past actions to tackle the gender pay gap and/or promote gender equality and the impact those actions have had
- what you intend to do in the light of this year’s figures; in other words, your action plan.

For most organisations, these messages can be captured in 500–750 words.

You may also want to comment on the nature of the resources being directed to close the gender pay gap and the timescales over which you anticipate the gap being closed, particularly if that gap has been found to be significant and potentially expensive to address over the short term.

### Example: A narrative report

Oxpecker Logistics operates a UK-wide delivery network, and has several thousand employees. Its track record on equality initiatives is good, and these are embedded within the company’s HR and operational processes. Oxpecker decides to publish its gender pay gap figures in its annual report, in the chapter on reward:

**Reward**

In determining reward for our staff, we balance a number of factors, including the general economic climate, company performance, and the external market for the types of role that we offer. Our reward system aims to recognise the work that our people put in, and performance over and above the required standard is recognised through our company-wide bonus system, with individual bonuses being determined at a departmental level. Bonus allocations are monitored to ensure objectivity and to keep the total allocation within budget.

In addition, we review pay and bonuses by gender, ethnicity and disability, and use the findings from these reviews to set key performance indicators aimed at narrowing any pay gaps.

This is the first time we have published our gender pay gap. Our median (or midpoint) gender pay gap is 8.1%; our mean gap (the differences between the average earnings of males and females) is 6.4%. Our mean bonus gap is 17%, and our median bonus gap 12.5%. Twenty per cent of our female employees receive bonus payments, compared with 45% of our men. This difference is largely due to the differing roles taken up by men and women within the company.
Gender pay gap reporting

In addition to reporting on our staff by pay quartiles, we also profile our workforce by grade, and this more detailed analysis allows us to target the under-representation of women and ethnic minorities in the upper middle and upper quartiles.

We continue to take actions to address any gaps and also to take action through wider policies and activities to make sure our policies and practices are fair. Further details of our gender equality initiatives can be found below, under the heading of diversity.

Finally, you might also include in your narrative a description of how you have involved your employees in highlighting and taking actions to combat gender pay gaps. Trade unions are often knowledgeable and supportive and can lend significant weight to any actions taken to address gender pay gaps, while widespread employee communications and involvement helps to build trust that you are working towards improved and fairer rewards.

Remember the narrative is solely about how you are addressing the core issues involved in closing the gender pay gap. Wider diversity plans are not necessarily relevant and are not required by the regulations.

Key audiences

Your key audiences may include:

- Your board/shareholders/senior management team – your senior people need to be briefed well in advance and kept in the loop, not least because they control the resources you need in order to tackle the gender pay gap. And it goes without saying that closing the gender pay gap needs to be championed from the top.
- Your investors – those who invest in your company will want to know how their money is being used to ensure that the company is intent on bringing in and retaining the best people.
- Your employees – the gender pay gap reporting regulations are intended to empower your employees to engage with you over the gender pay gap, and this means that your employees are your most important audience. To maximise the potential benefits of employee engagement, involve your employees at an early stage.
- Your trade unions – if your workplace is unionised, your unions are going to want to engage with you over gender pay gap reporting, and they may want to move the focus towards equal pay. If this is the case, you may wish to identify this as a risk that needs to be addressed.
- Prospective employees – people thinking of coming to work for you are quite likely to check out your own and the government website for information about your gender pay gap and what you are doing about it.
- Your customers – curious customers will be able to access the government website and may judge your organisation on the basis of your gender pay gap report.
- Your competitors – your competitors will look you up, whether you want them to or not.
- The press – the government website will provide the press, both nationally and locally, with a ready source of news. If you are a household name company, or a well-known local organisation, the chances are that you will be contacted by the press.

For each of these audiences, what – in addition to your gender pay gap figures – do you want them to know? What do you want them to think about you?
Channels of communication

Look first at how you already communicate information about employee remuneration to each of your key audiences. It’s unlikely to be your current website, and if it isn’t your website, think about how this single item on the gender pay gap is going to be perceived, both by your employees and by visitors to your site: would a revamp of your website (perhaps by creating a page devoted to gender pay gap initiatives) be helpful?

Provided you fulfil the regulatory requirement to publish your pay data on your organisation’s website in a manner that is accessible to employees and the public, it is up to you how you do this. You could, for example, present your gender pay gap report as part of an annual report, or on a people page. Wherever you choose to locate it, your search engine must be able to find it, and quickly.

Other well-used channels of communication might include: reports to shareholders, the board and senior management teams; annual reports, including those on corporate social responsibility; reports to membership bodies, especially those that are concerned with gender equality, such as Business in the Community; internal briefings and reports; the corporate intranet and other forms of communication with staff; media releases and corporate presentations aimed at external audiences. Think about how information about gender pay reporting will sit within each of these and how you can use them to meet your goals.

You also need to think about who needs to see the report before it goes on your own and the government website. This is not just about obtaining sign-off; it’s also about getting buy-in to your action plan.

Looking at external media, will you want a press release or media briefing? Are your employees likely to take to social media when the report becomes public?

Sequencing your communications

Sequencing is important. You don’t want the press hearing about your headline figures before your employees do. It is for you to decide on the timing and sequencing, but it will probably go something like the one in Figure 14.

Figure 14: Sequencing communications

<table>
<thead>
<tr>
<th>Board</th>
<th>External spokesperson</th>
<th>Employees</th>
<th>The press</th>
<th>Publish the report</th>
</tr>
</thead>
</table>
| • report for sign-off  
  • keep them in the loop  
  • authorise resources to deal with problem areas | • make sure they are on top of the issue  
  • get feedback on the questions that come up | • keep them informed right from the start  
  • find out what questions they want answers to | • be prepared, even if you’re not expecting any interest | • on the government website  
  • on your own website, making it easily accessible  
  • include a narrative and action plan |
Risks inherent in communicating your gender pay gap

As with any form of publicity, there are risks. They include:

• Not understanding the gender pay gap – it’s important that your spokespeople understand what the gender pay gap is, how it differs from the equal pay gap, and how it plays out in your organisation. It’s also important that your employees understand what gender pay gap reporting is: its limitations (it doesn’t measure the extent to which men and women are getting equal pay), and why you are having to use six different measures.
• Inadequate data – if you are missing key data, say so, but also say what you intend to do to ensure this data is captured for future reports.
• Picking the wrong spokesperson – the choice of lead spokesperson is a key decision. It does not have to be the person who signs off the report and, if they are too busy, or in some way not the best person to talk about your gender pay gap issues, you can choose someone else. Make sure, whoever it is, that they are fully briefed and will be available when needed.
• Being unprepared for the obvious questions – even if you don’t think you are going to be questioned, it’s a good idea to be prepared. Draw up a Q&A and ask internal stakeholders for their input.
• Inconsistency with other public statements or with previous years’ gender pay gap reports – check what statistics you’ve previously presented on the gender pay gap. If they differ from what you’re now saying, you will need to be prepared to explain why this is.

Keep a record of your communications strategy and of any lessons learned and share these with your colleagues.

15 Appendix 1: An explanation of the terms used in the regulations

What are the regulations?

• The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 – these apply to private and voluntary sector organisations.
• The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 – these apply to public bodies in England, Scotland and Wales.

In due course separate regulations will be introduced for Northern Ireland.

Are you a relevant employer?

An employer that has 250 or more employees on the ‘snapshot’ date applying to their sector is caught by the regulations and is required to report on its gender pay gap. The regulations focus on the number of individual employees, and not on full-time equivalents. This means that each part-time employee, including job-sharers, counts as one employee: when two people share a job, they are counted as two employees.

Most employers know whether they have 250 or more employees. It is only where the number of employees varies that organisations will need to go through the process of checking if the regulations apply to them. They will need to check where the number:

• varies above and below 250, or
• is so close to 250 that the extended definition of employee used in the regulations means that the organisation may result in the headcount hitting 250, or
• includes a large number of non-standard employees (such as agency workers, or self-employed workers).
**Watchpoint:** The definition of employee used to work out if you are a relevant employer may not be the same as the one you are used to using.

**Watchpoint:** The duration of employment is not taken into account.

**What is the snapshot date?**
The snapshot date will always be 31 March for public authorities, and 5 April for all other employers, in any year in which they have 250 or more relevant employees. The snapshot date is:

- the date which determines who counts as an employee for the purposes of gender pay gap reporting
- the date used to determine employees’ hourly pay (your gender pay gap calculations are based on hourly pay, as defined by the regulations)
- the date from which you have a year to publish your gender pay gap report.

**Watchpoint:** If your headcount fluctuates above and below the 250 mark, it would be advisable to revisit your headcount every year on the snapshot date to ensure that, if required, you do produce a gender pay gap report.

**What is a relevant employee?**
Relevant employees are all employees employed by you on the snapshot date of any given year.

The definition of ‘employee’ is the same as that in the Equality Act 2010. This is known as an ‘extended’ definition because it includes employees (that is, those with a contract of employment); workers and agency workers (that is, those with a contract to do work or provide services); apprentices, and some self-employed people, where they have personally to perform the work.

The term relevant employee includes both full-pay relevant employees, that is, employees on full pay, and employees employed on the snapshot date, but on less than full pay because of leave.

Relevant employees are included in the bonus pay gap calculations.

**Watchpoint:** In any given year, the number of relevant employees may be greater than the number of full-pay relevant employees. This is because you may have employees on unpaid leave.

**Watchpoint:** The duration of employment is not taken into account.

**Watchpoint:** The regulations require you to report on the number of individual employees, and not on full-time equivalents. This means that if two people share a job, they are counted as two employees.

**Watchpoint:** In some circumstances, partners may be included in your headcount of relevant employees.

**What is a full-pay relevant employee?**
Any employee who is employed on the snapshot date and who is paid their usual full basic pay (or pay for piecework) during the relevant pay period will be a full-pay relevant employee.

If an employee is paid less than their usual basic pay or piecework rate during the relevant pay period for reasons other than leave (for example, because they have been on strike), they still count as a full-pay relevant employee.
If employees are being paid less than their usual basic pay or piecework rate, or nil, during the relevant pay period as a result of being on leave, they are not a ‘full-pay relevant employee’. It does not matter whether the leave is taken during the relevant pay period – what matters is whether the pay is reduced during that relevant pay period due to the leave.

Employees who receive no pay at all during the relevant pay period, for example because they are on unpaid leave, should be excluded from the gender pay gap calculations.

**What is a pay period?**
The pay period is the period in which the employer pays the employee basic pay. The duration of pay periods will vary but is typically a week, a fortnight or a month. If employees are paid in an irregular manner (for example, you pay them an irregular amount every month), it may be prudent to designate up to a year as the pay period.

If an employee does not receive basic pay but does receive some other form (or forms) of ordinary pay (say, for piecework), the pay period is the period in which you most frequently pay that form of ordinary pay. For example, if the employee receives pay for piecework only, and you pay them for the number of pieces created in a week, the pay period is a week.

**Watchpoint:** You will need to make sure that the length of the pay period is the same for all relevant pay employees. If it does vary (with some employees having, say, a pay period of a week, and others a month), you will need to take account of this in your calculations.

**Watchpoint:** The period over which a bonus is paid may differ from that for ordinary pay and allowances. If the period for which a bonus is received is the same as the relevant pay period, the full amount of the bonus should be recorded. If the period for which the bonus is received differs from, or exceeds, the pay period – for example, the ordinary pay period is a month, but the bonus pay period is a year – you will have to pro-rate the amount of bonus; in other words, you will have to divide the amount of bonus by the number of days in the bonus period, and multiply the result by the number of days in the pay period.

**What is the relevant pay period?**
The relevant pay period is the pay period within which the snapshot date falls.

**Watchpoint:** Any ordinary pay received in the relevant pay period that would normally be received in a different pay period (such as a payment to remedy an accidental underpayment in the previous period) should be excluded from your calculation of hourly pay.

**Watchpoint:** Similarly, if an employee receives any backdated pay in the relevant pay period, only the amount attributable to the relevant pay period should be included in your calculation of ordinary pay. You do not have to add in any payments made at other times even if they relate to, or should have been paid in, the relevant pay period. So, for example, if an employee receives a pay award in July backdated to March, there is no need to change the figures captured on the snapshot date to take account of this.

**What is the relevant bonus period?**
The relevant bonus period will always be the preceding 12 months ending on the snapshot date being used for calculations. For example, where the snapshot date is 5 April 2019, the relevant bonus period will be 6 April 2018 to 5 April 2019.

**Watchpoint:** Bonuses are included in the calculations if they have actually been received within this period. The period to which a bonus is attributed is not relevant for these. For example, a public sector bonus awarded because of good performance in 2017 but received in March 2019 will need to be included in calculations for the relevant bonus period 6 April 2018 to 5 April 2019.
What are weekly working hours?

Weekly working hours are used to establish an employee’s ‘hourly pay’. For the purposes of gender pay reporting, employees should be treated as having normal weekly working hours if they have the same contractual hours each week, even if they often work additional unpaid hours.

Watchpoint: Weekly working hours, however calculated, do not include paid or unpaid overtime, even when such overtime is worked on a regular basis. This is because overtime is excluded from the calculations.

Employees with regular working hours

If an employee (a) has a fixed hourly rate of basic pay (whether they have normal working hours or working hours that differ from week to week or over a longer period), and (b) does not receive any bonuses or any allowances, shift premia or other variable pay during the relevant pay period, you will already know what their hourly pay is, and you will not need to go through the hourly rate of pay calculation set out in the regulations.

If an employee is contracted to work the same number of hours every week, their ‘weekly working hours’ will be the number of normal weekly working hours specified in their contract of employment on the snapshot date; this is so, even if they leave after the snapshot date, but before the relevant pay period ends. An example would be when, for a public sector employee, their pay period of a month straddles the snapshot date of 31 March, but they leave your employment partway through the working week beginning on 1 April.

Employees with variable working hours

If the employee is not contracted to work the same number of hours every week, their ‘weekly working hours’ will be the average number of hours worked (excluding any hours worked as paid or unpaid overtime) over the pay period that straddles the snapshot date.

The average number of hours worked can be found by dividing the total number of hours worked over the 12 weeks that end with the last complete week of the relevant pay period. So, for example, if a pay period of a month ends on Friday, 7 June, and the employee has worked 37 hours for 6 of the 12 weeks (222 hours) and 30 hours for the other 6 (180 hours), the average number of hours worked is 402 divided by 12 = 33.5.

If an employee on a variable hours contract changes their contract during the 12-week reference period, so as, say, to increase the number of hours worked, you will still divide the total number of hours worked over the 12 weeks by 12.

If you have an employee on variable working hours, but they have not been employed for 12 weeks by the end of the relevant pay period, or there is some other reason the calculation cannot reasonably be made, you must use a number that fairly represents the number of working hours worked in a week. This can be done using the average number of hours you would expect the employee to work in a week, or using the average number of hours of other similar employees.

Employees on piecework

If an employee is paid on the basis of piecework, their weekly working hours will be either the number of hours of work set by the employer, or the number of hours of output work in a week during the relevant pay period.

Employees on call or sleeping in

Hours during which an employee is required to be on call, awake and available for work must be included in their weekly working hours.
Hours during which an employee is sleeping are not included, even if the employee has to sleep at or near their place of work. However, if they are woken up in order to carry out work during the reference period, the waking time must be included in their weekly working hours.

**Weeks where no work has been done**
An earlier week must be substituted for weeks where no work has been done (such as a week of sick leave). So, in the previous example, if the employee had taken a week’s unpaid leave for family reasons, you would ignore that week, and either refer back to the week before the six weeks preceding the snapshot date, or forward to the week after the six weeks after the snapshot date.

Weeks where some, but not all, days have been worked (such as a week with three days worked and two days taken as unpaid special leave) must be included.

**People contracted to provide services personally**
You may have difficulty obtaining the information needed to determine the hourly pay of someone contracted to do work for you on a personal basis as a full-pay relevant employee. It can, for example, be difficult to quantify the hours worked by a consultant retained for their specialist expertise on a particular project, because what you’re paying for is not the hours they put in, but their expertise.

You can ask for the information, but if you can’t get it, the person should still be included as a relevant employee in your headcount, but it will not be possible to include them as a relevant full-pay employee for the purpose of calculating the gender pay gap. Acas recommends that new contracts should seek, where possible, to ensure that those employed under a contract to do work personally are required to provide the information needed for compliance with the regulations.

**What is ordinary pay?**
In calculating ordinary pay, you should use gross amounts after salary sacrifice. Ordinary pay includes:

- basic pay
- pay for piecework
- shift premium pay
- pay for leave
- allowances (including London living allowances; allowances for living abroad, where information on these can reasonably be obtained from the host employer; recruitment and retention allowances; car allowances; and allowances for additional roles such as that of a fire warden or first aider; car allowances count towards ordinary pay; the value of a company car does not).

Ordinary pay does not include:

- payments for expenses (such as travel and subsistence)
- any payments related to overtime (as well as actual ‘overtime pay’; you should exclude payments such as allowances earned during paid overtime hours)
- redundancy or termination of employment
- pay in lieu of annual leave
- non-monetary payments (such as benefits in kind or securities).

**Watchpoint:** It can sometimes be difficult to distinguish between an allowance and a payment for expenses, or an allowance and a bonus payment, or an allowance and a benefit in kind.
If you are in any doubt, you should seek professional advice.

**What are benefits in kind?**
Benefits in kind are non-cash benefits not usually included in wages, for example, company cars or private medical insurance. Interest-free loans from you to an employee, such as season ticket loans, are also treated as benefits in kind. Benefits in kind are excluded from the calculations.

**How is salary sacrifice treated?**
A salary sacrifice scheme is an agreement between an employer and employee to change the terms and conditions of employment to reduce the employee’s entitlement to cash remuneration in return for some form of benefit – say, a pension contribution – that is not reflected in their salary or wages.

The value of salary sacrifice is excluded from the calculations, meaning that you should use the employee’s gross pay after any reduction for salary sacrifice, even if the employee has voluntarily opted in to the scheme.

**What about pension contributions?**

**Employer pension contributions**
As employer pension contributions go directly to a pension fund, they have nothing to do with the gender pay gap calculations.

**Employee pension contributions**
For the purposes of gender pay gap reporting, the amount of an employee’s ordinary pay and bonus pay must be calculated before deductions are made at ‘source’, and as employee pension contributions are a deduction, whether or not an employee makes pension contributions will not affect the gender pay gap calculations.

Similarly, if an employee uses some, or all, of their bonus to make a pension contribution, this is a deduction and will not affect the gender pay gap calculations.

However, where an employee contributes to a pension by means of a salary or bonus sacrifice scheme, the employee’s gross salary after the reduction should be used.

**What are bonuses?**
Bonuses include anything that relates to profit-sharing, productivity, performance, incentive and commission. Non-consolidated bonuses are included.

Bonuses must be received in the form of cash, vouchers, securities, securities options, and interests in securities.

**Watchpoint:** If your organisation pays bonuses in securities, the value of these is included at the time the employee incurs income tax. And so, if an employee decides to defer their entitlement to bonus pay, for example, in the case of a long-term incentive plan, you would not include the bonus in your calculation until the amount gives rise to income tax.

Bonus pay does not include pay related to paid overtime, redundancy or termination of employment or pay in lieu of annual leave.

Long-service awards with a monetary value (cash, vouchers or securities) are also included but any other type of non-monetary award under this category, such as extra annual leave, should be treated as a benefit in kind and excluded. Gross amounts should be used.

**Watchpoint:** It may sometimes be difficult to distinguish whether a bonus (or part of a bonus) relates to overtime hours. If this is the case, the element of bonus pay which may relate to overtime should be included in bonus pay.
What if you don’t pay bonuses?
You will have to report a gender bonus gap calculation even if you do not pay bonuses. Your percentage figure will be zero.

The mean gender pay gap
The mean gender pay gap is the difference between the mean hourly rates of pay that male and female full-pay relevant employees receive.

The mean is the average of all the numbers in a dataset. So, to find the mean hourly rate for your organisation’s full-pay relevant male employees, you would add all their hourly rates together and then divide the total by the number of full-pay relevant male employees.

Watchpoint: The mean gives you an overall indication of the size of your gender pay gap and of your gender bonus gap. It is also a measure which tells you something about the influence of your payment system on your gender pay gap, especially when looked at in the context of the range.

The median gender pay gap
The median gender pay gap is the difference between the median hourly rates of pay that male and female full-pay relevant employees receive.

The median is the numerical value which splits the top 50% of the population from the bottom 50%. To find the median, list all of your calculations of total hourly pay for all employees in numerical order, from the lowest hourly pay to the highest; if there is an odd number of values, the median is the number in the middle; if there is an even number of values, the median is the mean of the two central numbers.

Watchpoint: The median gives you an indication of what the ‘typical’ situation is but, if your organisation has a complex pay system, there may not be a typical situation. By failing to take account, for example, of the impact on the gender pay gap of a small group of very highly paid employees, a median can give you a ‘false positive’, meaning that you don’t take the action necessary to close the gap.

The mean bonus pay gap
The mean bonus gender pay gap is the difference between the mean bonus pay that male and female relevant employees receive.

The median bonus pay gap
The median bonus gap is the difference between the median bonus pay that male and female relevant employees receive.

The range
In the context of gender pay gap reporting, the range is your organisation’s pay dispersion, or the difference between the lowest hourly rate of pay and the highest.

Watchpoint: If the range is large, the mean or the median is not as representative of the data as it would be if the range was small, and so the greater your pay dispersion, the less reliable are your calculations of the gender pay gap.

The quartile pay bands
A quartile is one of three points that divide a population into four equal parts. In the context of gender pay gap reporting, the four quartile pay bands are created by dividing the total number of full-pay relevant employees (that is, not the pay bands, but from the lowest hourly pay to the highest) into four equal parts. The intention is not to divide the pay range into four equal parts, but to ensure equal numbers of employees in each quartile.
Watchpoint: You cannot use existing pay bands to determine your quartiles. If you are already using quartile measures based on your existing pay bands to provide you with information about your pay data, you will not be able to use these for the purposes of gender pay gap reporting.

Appendix 2: Ethnicity pay reporting

In October 2018, the Government published a consultation into whether employers should be required to report on pay gaps by ethnicity. The consultation sought views on:

- what ethnicity pay information should be reported by employers to allow for meaningful action
- who should be expected to report
- next steps.

There is as yet no indication of when ethnicity pay reporting will be introduced, and while the potential complexity of reporting by ethnicity means that this is likely to be some way off, a small but growing number of organisations are already reporting, and for those who are not yet doing so, it would be prudent to start doing the groundwork now.

Case study: Deloitte

Since voluntarily publishing its ethnicity pay gap for the first time in December 2017, Deloitte has continued to focus on improving black, Asian and minority ethnic representation, as well as being more vocal about this externally. Deloitte is proud to have been one of the first organisations to sign the Race at Work Charter developed by the Government and Business in the Community and welcomed the government consultation on ethnicity pay gap reporting.

Deloitte has now published its second ethnicity pay gap report and accompanying narrative. As with its first report, Deloitte has followed the statutory gender pay gap reporting methodology when calculating the gap. However, this year the company has also calculated and reported its total ethnicity earnings gap – a view that looks at the firm as a whole, and includes the total earnings of both its employees and equity partners used to provide a mean and median calculation. Deloitte has committed to publishing this each year (as it has also done for gender pay gap reporting).

Source: Deloitte UK, 2019 Ethnicity pay report
Developing a workforce which reflects the city it serves is a key priority for the Greater London Authority. In March 2018 the GLA was one of the first organisations to publish its ethnicity pay gap.

The mayor has led by example in publishing this data and is committed not only to recognise pay inequality and seek to address it at the GLA and its functional bodies, but also to encourage businesses in the capital to follow this lead. Since the publication of the report, the GLA has called on the Government to make ethnicity pay gap reporting mandatory, in the way that it is for gender. In this time the GLA has also developed its first ethnicity pay gap action plan, which sets out a programme of activity aimed at closing the ethnicity pay gap in the GLA.

Source: London Assembly, *Ethnicity pay gap report 2018*

Here’s what you can be doing.

**Get to know the definition of an ethnicity pay gap**

The ethnicity pay gap is defined as the difference between the average hourly pay of ethnic minorities and white British people. When ethnic minority employees are paid less, overall, than white British people, they experience a pay gap. When they are paid more, they experience a pay advantage.

As with the gender pay gap, factors external to the workplace also contribute to the ethnicity pay gap. Any one organisation may experience both pay gaps and pay advantages with, say, Chinese workers enjoying a pay advantage in comparison with their white counterparts, and Asian employees experiencing a pay gap. In taking action on the ethnicity pay gap, it is therefore important to look in more detail at what your data is telling you about the working experiences of different groups within the broad BAME grouping. For example, people may not be progressing up the organisation for different reasons.

Having a pay gap does not necessarily mean that the employees on lower pay are being discriminated against – they could have shorter tenure, be less well qualified, or be doing work that is, in general, low paid – but, if they are being discriminated against, they have the right to claim pay discrimination under the Equalities Act 2010. So, as with gender, you need to be alert to the possibility of discrimination.

**Get to know your own labour market**

You will be better able to understand your ethnicity pay data and to frame a narrative around your eventual figures if you know the ethnic make-up of the pool from which you recruit. For some jobs this will be the local community; for others the pool will be the national or even the international labour market.

It would be a good idea to start looking for this contextual information now, so that you know what information is available and can form a view as to what extent you can rely on it. Most major cities will publish material on the ethnic make-up of their catchment areas, but for smaller or more rural areas you may have to extrapolate from national datasets, such as those provided by the Office for National Statistics. If information is hard to come by, it would be a good idea to get together with others in your sector and aim to identify some common data sources.
Get to know your own recruitment practices

Many organisations recruit in different ways to different jobs. Knowing how you recruit, and being alert to the potential implications of this for rates of pay – irrespective of the ethnicity of the people appointed – will help you to pinpoint factors that may be contributing to pay disparities. Salaries may be higher, for example, for people recruited from within the UK compared with people recruited to the same role but from outside of the UK, and if those coming in from outside of the UK are predominantly from a particular ethnic background, there may be a pay disparity. It’s useful to be aware of this kind of contextual information at the outset.

Carry out a data audit

Gender pay gap reporting should be relatively straightforward because the basic information about gender is already being held for tax and National Insurance purposes, but this isn’t the case for data on ethnicity.

This means it would be a good idea to audit your data to find out what information you already have about your employees’ ethnicity, and to establish what additional data you require. The Office for National Statistics has published a guide for the classification of ethnic group, national identity and religion data in the UK, and you may find it helpful to refer to this. The guide suggests how best to ask a question about a person’s ethnicity, and proposes a list of ethnic groups. You may also find it useful to read the CIPD’s submission in response to the public consultation on ethnicity pay reporting.

Once you have completed your data audit and spent some time working out what more information you need, and once the Government has decided upon the ethnic classifications to be used in ethnicity pay reporting, you will be well placed to brief your software suppliers with a view to creating some software that will do the groundwork for you.

Engage with your employees

If you find that you are collecting little or no data from your employees, don’t rush into doing so, but take the time to engage fully with your employees on what you are doing and why. People from all backgrounds often have concerns about the collection of data by ethnicity, fearing that it may in some way be used against them, and so time taken to build an open culture in which employees understand how their data will be used and self-reporting of ethnicity becomes a matter of course, is time well spent.

It will be important to become sensitised to your employees’ concerns and to take heed of these. The CIPD has found, for example, that the exercise should be promoted not as ethnicity pay gap reporting, but as ethnicity pay reporting, partly to distinguish it from gender pay gap reporting, but also to reflect the greater complexity involved when looking at ethnicity. And you will need to stress that collecting data on ethnicity is to the benefit of all employees, in that the outcome will be a more inclusive workplace, a claim that needs to be substantiated by action.

Introduce or improve your ethnicity monitoring

Ethnicity monitoring is the process of collecting and analysing data about the ethnicity of your employees, in order to make sure everyone receives equality of opportunity. The information is collected by means of a confidential ethnicity monitoring form. If you are not already collecting this data, you will need to start doing so well in advance of ethnicity pay reporting being introduced.

Monitoring can be a sensitive issue and most employers find that, initially, disclosure rates are low. However, provided you work at creating a safe and supportive environment, you will find that over time, return rates will improve.
Employees will be more likely to engage with an ethnicity monitoring exercise if they see it as part of your broader approach to inclusivity and, in this instance, progression and reward. One of the things you could think about, for example, is linking a monitoring exercise to the introduction of related activities, such as a diversity month, or the introduction of changes to your reward system. Senior management involvement has a positive impact on communication, as does support from unions, staff associations and employee networks, and it can also be helpful to share examples of how monitoring information is used for the benefit of employees.

You will need to explain clearly why the information is being collected, how it will be used, and who will have access to it. It will also be important to let people know if it will be possible to identify individuals from the data and to reassure your employees that you will be complying with any relevant data protection legislation. You should make clear that disclosing information on ethnicity is purely voluntary, while at the same time explaining that you can only report fully on ethnicity pay if all employees disclose their ethnicity.

17 References

2. Personal communication, Sheila Wild, but see also www.ilo.org/dyn/natlex/docs/ELECTRONIC/61871/60966/F-506442866/SVK61871.pdf
5. www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018


**Websites**

Acas – [www.acas.org.uk](http://www.acas.org.uk)


Sheila Wild – [www.equalpayportal.co.uk](http://www.equalpayportal.co.uk)

**Gov.uk**


**CIPD Knowledge Hub**

Equal Pay topic page – [www.cipd.co.uk/knowledge/fundamentals/emp-law/equal-pay](http://www.cipd.co.uk/knowledge/fundamentals/emp-law/equal-pay)

Flexible Working topic page – [www.cipd.co.uk/knowledge/fundamentals/relations/flexible-working](http://www.cipd.co.uk/knowledge/fundamentals/relations/flexible-working)

Recruitment and Induction topic page – [www.cipd.co.uk/knowledge/fundamentals/people/recruitment](http://www.cipd.co.uk/knowledge/fundamentals/people/recruitment)

Reward and Pay factsheet – [www.cipd.co.uk/knowledge/fundamentals/people/pay/reward-factsheet](http://www.cipd.co.uk/knowledge/fundamentals/people/pay/reward-factsheet)

Reward Strategy topic page – [www.cipd.co.uk/knowledge/strategy/reward](http://www.cipd.co.uk/knowledge/strategy/reward)