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for everyone



**Guidance**

# Managing gender pay reporting



December 2017

### About Acas – What we do

Acas provides information, advice, training, conciliation and other services for employers and employees to help prevent or resolve workplace problems. Go to [www.acas.org.uk](http://www.acas.org.uk) for more details.

### About GEO – What we do

The Government Equalities Office (GEO) is responsible for equality strategy and legislation across government. We take action on the government's commitment to remove barriers to equality and help to build a fairer society, leading on issues relating to women, sexual orientation and transgender equality. Go to [www.gov.uk/geo](http://www.gov.uk/geo) for more details.

### 'Must' and 'should'

Throughout the guide, a legal requirement is indicated by the word 'must' - for example, an employer must base their pay reports on their pay situation in April each year.

The word 'should' indicates what Acas considers to be good employment practice.

### Understanding the term 'employee'

For the purposes of gender pay reporting, the definition of who counts as an employee is defined 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)
- some self-employed people (where they have to personally perform the work)

This is covered in more detail in the section '[Do the regulations apply to my organisation?](#)'.

### December 2017

Information in this guide has been revised up to the date of publication. For more information, go to the Acas website at [www.acas.org.uk](http://www.acas.org.uk). Legal information is provided for guidance only and should not be regarded as an authoritative statement of the law, which can only be made by reference to the particular circumstances which apply. It may, therefore, be wise to seek legal advice.

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## About this guide

This guide offers employers, senior managers, line managers, HR personnel and Payroll and Reward professionals an explanation of what the gender pay gap is, and how to report on it in compliance with legislation. It also offers insight into the business benefits of taking effective action to address the challenges identified by analysing and reporting your gap. Employees and employee/trade union representatives will also find the guide useful for a general understanding of this developing area of employment law.

## The gender pay gap and how workplaces contribute to it

The gender pay gap shows the difference between the **average** (mean or median) earnings of men and women. This is expressed as a percentage of men's earnings e.g. women earn 15% less than men. Used to its full potential, gender pay gap reporting is a valuable tool for assessing levels of equality in the workplace, female and male participation, and how effectively talent is being maximised.

The gender pay gap varies by occupation, age group and even working patterns. For example:

- Whilst both public and private sectors need to take action to eliminate the gender pay gap, the gap tends to be higher in industry sectors such as finance, energy and construction sectors and lower in sectors such as public administration, support services and health and social work.
- Occupations where women are underrepresented typically produce higher pay gaps; these can be significant for senior level occupations such as finance and investment analysts.
- There is a gender pay gap even before the arrival of a first child. Unequal sharing of care responsibilities contributes to a higher proportion of women taking part-time work, which is generally lower paid. Consequently the gender pay gap widens, particularly for those employees over 40.

### Where is the evidence?

The Office For National Statistics reported that mothers were still providing 74% of total childcare time in 2015.

*Source: ONS (2016) Changes in the value and division of unpaid care work in the UK: 2000 to 2015*

The Institute for Fiscal Studies reported that "there is on average, a (pay) gap of over 10% even before the arrival of the first child. But this gap is fairly stable until the child arrives and is small relative to what follows: there is then a gradual but continual rise in the wage gap and by the time the first child is aged 12, women's hourly wages are a third below men's."

*Source: IFS (2016) The Gender Wage Gap*

The **challenge** therefore is to ensure that the gender pay gap among women over 40 is tackled now and ensure that there is no significant cumulative impact on a woman's earning potential during her lifetime as younger cohorts of workers move into their 40s and beyond.

The causes of the gender pay gap are varied and overlapping. Some causes originate outside of the workplace, such as stereotypical representations of men and women and standards in careers advice and guidance for girls. Factors involving the workplace include:

- fewer women working in certain more highly-paid professions or areas of an organisation such as those involving science, technology, engineering and maths [STEM]
- unsupportive and rigid corporate cultures
- lack of well paid part-time/flexible work
- women remaining less likely to progress to senior levels in an organisation, making up just over a third of managers, directors and senior officials
- constrained individual choice, unconscious bias and discrimination - women keen to move into senior or managerial roles are sometimes held back by:
  - a lack of diverse senior female role models; mentoring and or sponsorship; networking opportunities
  - particular assumptions about mothers not wanting, or not being in a position to accept, promotion.

There are plenty of actions an employer can take to tackle and reduce the gender pay gap outlined later in this guide. However, one of the first and most fundamental changes needed in many cases is **greater transparency about gender pay difference**. This greater transparency increases the likelihood that action will take place.

## The difference between the gender pay gap and equal pay

The gender pay gap differs from equal pay.

Equal pay deals with the pay differences between **men and women who carry out the same jobs, similar jobs or work of equal value**. It is unlawful to pay people unequally because they are a man or a woman.

The gender pay gap shows the differences in the **average pay between men and women**. If a workplace has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help to identify what those issues are. In some cases, the gender pay gap may include unlawful inequality in pay but this is not necessarily the case.

For more information on Equal Pay go [www.acas.org.uk/equalpay](http://www.acas.org.uk/equalpay).

## Do the regulations apply to my organisation?

**An employer must comply with the regulations for any year where they have a 'headcount' of 250 or more employees on the 'snapshot date'.**

If an employer has fewer than 250 employees on the snapshot date, they are not required to comply with the regulations but should give serious consideration to the business benefits of doing so.

### How do I work out if I have 250 or more employees?

For the purposes of gender pay reporting, the definition of who counts as an employee is defined 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)
- some self-employed people (where they have to personally perform the work)

Agency workers will form part of the headcount of the agency that provides them, and not the employer they are on assignment to. Similarly any individual who is employed by their own service company, which, in turn, contracts to provide a service to an employer would be caught by the headcount of employees for the service company if it employs 250 or more employees, not by the end user.

### What about part-time work and job-sharing?

Each part time worker will count as one employee for gender pay reporting purposes.

If an employer uses job-share arrangements then every employee within a job-share counts as one employee each. So, if two people job-share, they would still count as two employees for gender pay reporting purposes.

This is particularly important for employers to be aware of if they are accustomed to handling employee numbers as 'full time equivalents' because the obligation to report and the calculations that follow are based on the number of individual employees.

### What about partners?

Partners, where they would usually also be considered employees, should be used to establish the employee headcount but not be used as part of the calculations.

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.

### What happens with groups of employers?

It is essential to establish each separate legal entity (i.e. the employer) with at least 250 employees within a group structure. Each of these entities must calculate and publish separate reports.

Sometimes larger employers may find it useful to break their calculations down further. Examples may include where they are operating in a number of completely different employment sectors, or where the jobs and levels of pay and bonuses are not obviously comparable.

Similarly, a group of employers who have all provided separate reports may wish to give an indication of the gender pay gap within their overall group.

Provided that the legally required calculations are clearly provided, employers can enhance their reports as they wish on a voluntary basis where they consider this informative and appropriate. In most cases, this will be through supplying additional information in the voluntary narrative that accompanies a published report.

### Which of the two sets of regulations apply to me?

There are two sets of regulations which impose the mandatory gender pay gap reporting obligations on employers. They are nearly identical, require the same set of calculations but have a few minor differences that an employer will need to take into account which are highlighted throughout this guide.

- **Most government departments, the armed forces, local authorities, NHS bodies and many others** must follow The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. The full list can be found in Schedule 2 of the regulations and includes non-devolved or cross-border authorities operating across England, Scotland and Wales (such as the NHS). The obligations apply if employers have 250 or more employees on the snapshot date of 31 March of a given year.
- **All other private, voluntary and public sector employers** must follow The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The obligations apply if employers have 250 or more employees on the snapshot date of 5 April of a given year.

There are some minor exceptions and differences:

- A few, mainly small, public authorities do not have to follow either set of regulations. The Equality Act 2010 provides a list of public authorities in Schedule 19 that are excluded from The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Most, but not all of these, are required to follow the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 instead (they are listed under Schedule 2 of the regulations).
- Most Scottish and Welsh public authorities are subject to their own specific gender pay gap reporting obligations. They are not covered by The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and they are part of the list of public authorities in Schedule 19 of The Equality Act that are excluded from The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.
- Scottish and Welsh public authorities that are not part of the list of public authorities in Schedule 19 of The Equality Act must follow The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

### What about overseas workers and international jobs?

An employer that is based in Great Britain who sends employees abroad to work may find that some or all of these employees will need to be counted for the gender pay reporting regulations.

Similarly, a multinational organisation that has employees working wholly or partly in Great Britain may also find that some or all of these employees will need to be counted for the gender pay reporting regulations.

As a general rule, an employee working overseas will be within the scope of the regulations if they can bring a claim to an Employment Tribunal under the Equality Act 2010. This will depend on whether the employment relationship suggests a stronger connection to Great Britain and British employment law than to the law of any other country.

Rules around international employment and jurisdiction are complex but indications that someone should be counted in the Gender Pay Reporting regulations include:

- having a contract subject to GB legislation;
- continuing to have their home in GB; and
- having the UK tax legislation apply to their employment.

Where an employee is employed by an overseas entity and seconded to work for an organisation in GB, the GB organisation will need to consider whether that person is their employee within the meaning of the regulations.

Each case should be considered on its own facts and the employer will need to make a decision. Where there is uncertainty, they should consider seeking professional advice to help clarify their situation.

Where currency needs to be converted to carry out relevant calculations, an employer should generally use the exchange rate that applied at the date of payment.

## How to carry out gender pay reporting

### What will I have to calculate and publish?

Relevant employers must follow the rules in the regulations to calculate the following information:

- Their mean gender pay gap
- Their median gender pay gap
- Their mean bonus gender pay gap
- Their median bonus gender pay gap
- Their proportion of males receiving a bonus payment
- Their proportion of females receiving a bonus payment
- Their proportion of males and females in each quartile pay band
- A written statement, authorised by an appropriate senior person, which confirms the accuracy of their calculations. However, this requirement only



applies to employers subject to the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The information must be published on both the employer's website and on a designated government website at [www.gov.uk/genderpaygap](http://www.gov.uk/genderpaygap).

An employer should then use that information to help understand any underlying causes for their gender pay gap and take suitable steps to minimise it. Benefits will differ between employers but can include developing a reputation for being a fair and progressive employer, attracting a wider pool of potential recruits for vacancies and the enhanced productivity that can come from a workforce that feels valued and engaged in a culture committed to tackling inequality.

### Gender pay reporting and gender identity

It is important for employers to be sensitive to how an employee chooses to self-identify in terms of their gender. The regulations do not define the terms 'male' and 'female' and the requirement to report gender pay should not result in employees being singled out and questioned about their gender.

- As a starting point, most employers should be able to base reports on the gender identification the employee has provided for HR/payroll, if such records are regularly updated.
- Where this information is not available or may be unreliable, employers should establish a method which enables all employees to confirm or update their gender. This can be handled early and proactively when informing employees that gender pay reporting is taking place. It can be done by inviting employees to check their recorded gender, and update it if required. A free acas template communication is available at [www.acas.org.uk/genderpay](http://www.acas.org.uk/genderpay).
- In cases where the employee does not self-identify as either gender, an employer may omit the individual from the calculations.

### Information for self-employed calculations

Those employed under a contract to personally do work should always be used to form part of the initial headcount.

They should also be included for the calculations where the employer has the data needed to carry these out. This may be the case for example where a project initiation document and/or a schedule of fees exists.

Where the employer does not hold the data, they should consider whether it is reasonably practicable to obtain it, for example by asking the person so employed.

New contracts should seek, where possible, to ensure that those employed under a contract personally to do work are required to provide the information needed for compliance.

### What if I fail to publish the gender pay report?

It is a legal requirement for all relevant employers to publish their gender pay report. Failing to do this within one year of the snapshot date is unlawful.

The Equality and Human Rights Commission has the power to enforce any failure to comply with the regulations

Employers will also run a reputational risk if they fail to publish the information, and in many cases the suspicions behind why an employer failed to publish their gender pay gap could have a negative impact and be far worse than what the report would have shown.

### Step 1: Extract the essential information

- A.** Set up a full list identifying which employees count as [relevant employees](#), and which employees also count as [full-pay relevant employees](#).
- B.** Record whether relevant employees and full-pay relevant employees are male or female. The calculation methods mean it is essential to know if an employee is male or female, rather than the overall numbers of male and female.
- C.** Record all [bonuses](#) received in the [relevant bonus period](#) for all relevant employees and full-pay relevant employees.
- D.** Record all [bonuses](#) received during the [relevant pay period](#) for full-pay relevant employees only.
- E.** Record all [ordinary pay](#) received in the [relevant pay period](#) for full-pay relevant employees only.
- F.** Record the [weekly working hours](#) for full-pay relevant employees only.
- G.** Record the 'hourly pay' for full-pay relevant employees only.

To find the hourly pay, first add the employee's bonuses identified in D above, to their ordinary pay identified in E above.

Next, multiply this amount by 'the appropriate multiplier'. This is 7 divided by the number of days in the pay period. This provides a weekly pay figure for the relevant pay period.

Finally, divide this amount by the employee's number of weekly working hours identified in F above.

Keep in mind that the regulations specify that where periods are calculated in months, a month is treated as having 30.44 days, and where periods are calculated as a year, a year is treated as having 365.25 days.

#### For Example...

Jenny, a full-pay relevant employee, received £300 in bonus and £1000 in ordinary pay for the period involving the snapshot date. This makes a total of £1300.

Jenny has a pay period of 14 days, so the calculation needed would be 7 divided by 14, making the appropriate multiplier 0.5. £1300 multiplied by 0.5 brings the amount to £650.

Jenny has weekly working hours of 40 hours per week, so the calculation needed would be £650 divided by 40, making the hourly pay £16.25.

Hourly pay is covered in detail in regulation 6 of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and in paragraph 6 of Schedule 1 to the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

## Step 2: The calculations

These calculations make use of two types of averages:

- A **mean** average involves adding up all of the numbers and dividing the result by how many numbers were in the list.
- A **median** average involves listing all of the numbers in numerical order. If there is an odd number of results, the median average is the middle number. If there is an even number of results, the median will be the mean of the two central numbers.

Using these two different types of average is helpful to give a more balanced overview of an employer's overall gender pay gap:

- Mean averages are useful because they place the same value on every number they use, giving a good overall indication of the gender pay gap, but very large or small pay rates or bonuses can 'dominate' and distort the answer. For example, mean averages can be useful where most employees in an organisation receive a bonus but could be less useful in an organisation where the vast majority of bonus pay is received by a small number of board members.
- Median averages are useful to indicate what the 'typical' situation is i.e. in the middle of an organisation and are not distorted by very large or small pay rates or bonuses. However, this means that not all gender pay gap issues will be picked up. For example, a median average might show a better indication of the 'middle of the road' pay gap in a sports club with a mean average distorted by very highly paid players and board members, but it could also fail to pick up as effectively where the pay gap issues are most pronounced in the lowest paid or highest paid employees.

For the results of the first four calculations:

- A **positive** percentage figure (which almost all organisations are likely to have) reveals that typically or overall, female employees have lower pay or bonuses than male employees.
- A **negative** percentage figure (which some organisations may have) reveals that typically or overall, male employees have lower pay or bonuses than female employees.
- A **zero** percentage figure (which is highly unlikely, but could exist for a median pay gap where a lot of employees are concentrated in the same pay grade) would reveal no gap between the pay or bonuses of typical male and female employees or completely equal pay or bonuses overall.

### **The mean gender pay gap:**

This calculation requires an employer to show the difference between the mean hourly rate of pay that male and female full-pay relevant employees receive.

#### **The calculation is:**

$$\frac{(A - B)}{A} \times 100$$

A is the mean hourly rate of pay of all male full-pay relevant employees.

B is the mean hourly rate of pay of all female full-pay relevant employees.

The result is expressed as a percentage.

#### **For example...**

An employer with a mean hourly rate of pay of £15.25 for all male full-pay relevant employees and £13.42 for all female full-pay relevant employees would have a 12.0% mean gender pay gap (rounded to one decimal place).

### **The median gender pay gap:**

This calculation requires an employer to show the difference between the median hourly rate of pay that male and female full-pay relevant employees receive.

#### **The calculation is:**

$$\frac{(A - B)}{A} \times 100$$

A is the median hourly rate of pay of all male full-pay relevant employees; and

B is the median hourly rate of pay of all female full-pay relevant employees.

The result is expressed as a percentage

#### **For example...**

An employer with a median hourly rate of pay of £16.00 for all male full-pay relevant employees and £13.50 for all female full-pay relevant employees would have a 15.6% median gender pay gap (rounded to one decimal place).

### **The mean bonus gender pay gap:**

This calculation requires an employer to show the difference between the mean bonus pay that male and female relevant employees receive.

**The calculation is:**

$$\frac{(A - B)}{A} \times 100$$

A is the mean bonus pay of all male relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.

B is the mean bonus pay of all female relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.

Female and male relevant employees who were not paid bonus pay during the 12 month period ending with the snapshot date are not included.

The result is expressed as a percentage.

**For example...**

An employer with a mean bonus pay of £1650 for all male relevant employees and £1490 for all female relevant employees would have a 9.7% mean bonus gender pay gap (rounded to one decimal place).

**The median bonus gender pay gap:**

This calculation requires an employer to show the difference between the median bonus pay that male and female relevant employees receive.

**The calculation is:**

$$\frac{(A - B)}{A} \times 100$$

A is the median bonus pay of all male relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.

B is the median bonus pay of all female relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.

Female and male relevant employees who were not paid bonus pay during the 12 month period ending with the snapshot date are not included.

The result is expressed as a percentage.

**For example...**

An employer with a median bonus pay of £2300 for all male relevant employees and £2225 for all female relevant employees would have a 3.3% median bonus gender pay gap (rounded to one decimal place).

**The proportion of males and females receiving a bonus payment:**

These two calculations require an employer to show the proportion of male relevant employees who were paid any amount of bonus pay, and the proportion of female relevant employees who were paid any amount of bonus pay.

**The first part to the calculation is:**

$$\frac{A}{B} \times 100$$

A is the number of male relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.

B is the number of male relevant employees

**The second part to the calculation is:**

$$\frac{C}{D} \times 100$$

C is the number of female relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.

D is the number of female relevant employees

**For example...**

An employer has 302 male relevant employees of which 255 received a bonus, and 258 female relevant employees of which 215 received a bonus. This means 84.4% of male relevant employees received a bonus and 83.3% of female relevant employees received a bonus (rounded to one decimal place).

Comparing these two results will indicate how much more likely male relevant employees are to receive any amount of bonus payment compared to female relevant employees (and vice versa)

A zero percentage figure indicates that no bonuses have been paid to relevant employees.

An employer who believes that their gender bonus gaps have been skewed where a percentage bonus has been paid to full-time and part-time employees, (i.e. because the pro-rated bonuses received by the part-time employees are not adjusted for the purposes of the gender bonus gap calculations) may want to highlight that in their supporting statement.

**The proportion of males and females in each quartile pay band:**

This calculation requires an employer to show the proportions of male and female full-pay relevant employees in four quartile pay bands, which is done by dividing the workforce into four equal parts. These quartile pay bands are established

when making the calculation, so any other pay banding used in a workplace must not be used.

### **First, rank by hourly rate of pay:**

Rank all the male and female full-pay relevant employees from the lowest hourly rate of pay to the highest hourly pay rate.

#### **For example...**

An employer has 322 full-pay relevant employees. They place all the employees' individual hourly rates of pay, along with their gender, on a spreadsheet. They then use the spreadsheet to rearrange the list from the lowest hourly rate of pay to the highest hourly rate of pay.

### **Second, divide into quartiles:**

Divide this list into four sections (called quartiles) with an equal number of employees in each section (or as close as possible to this). The quartiles (from the lowest to highest) are called the lower quartile, the lower middle quartile, the upper middle quartile, and the upper quartile.

#### **For example...**

An employer has 322 full-pay relevant employees and has arranged them by lowest hourly rate of pay to the highest hourly rate of pay. They realise that an equal split of employees means 80 employees in each quartile, with 2 employees left over. To distribute the numbers as evenly as possible, they add 1 employee to the lower quartile, and 1 employee to the upper middle quartile.

This means there are 81 employees in the lower quartile, 80 employees in the lower middle quartile, 81 employees in the upper middle quartile, and 80 employees in the upper quartile pay bands.

### **Third, check distribution of employees on the same hourly rate**

If there are a number of employees on the exact same hourly rate of pay crossing between two of the quartiles, make sure that the males and females are split as evenly as possible across the quartiles.

#### **For example...**

An employer has 322 full-pay relevant employees, has arranged them by lowest hourly rate of pay to the highest hourly rate of pay, and has then divided the list into four quartiles. However, 40 staff all have the same hourly rate of pay. 36 are

female and 4 are male. Of them, 10 have fallen into the lower quartile, while 30 have fallen into the lower middle quartile.

To evenly distribute these staff by gender, the employer can see that this means for every 9 females listed, 1 male should be listed with them.

Therefore, the employer lists 9 of the female employees and 1 male employee in the lower quartile, and 27 of the female employees and 3 male employees in the lower middle quartile.

### Finally, express the proportion of male and female employees in each quartile band

Apply the following calculations to **each quartile** to show the proportion of male and female employees:

#### The first calculation is:

$$\frac{A}{C} \times 100$$

#### The second calculation is:

$$\frac{B}{C} \times 100$$

A is the number of male full-pay relevant employees in the quartile

B is the number of female full-pay relevant employees in the quartile

C is the total number of employees in the quartile

#### For example...

An employer has 322 full-pay relevant employees, has arranged them by lowest hourly rate of pay to the highest hourly rate of pay, has divided the list into four quartiles and ensured employees on the same hourly pay rate are distributed evenly by gender where they cross the quartile boundaries.

- Of the 81 employees in the lower quartile, 48 are male and 33 are female. This means 59.3% are male and 40.7% are female.
- Of the 80 employees in the lower middle quartile, 28 are male and 52 are female. This means 35% are male and 65% are female.
- Of the 81 employees in the upper middle quartile, 40 are male and 41 are female. This means 49.4% are male and 50.6% are female.
- Of the 80 employees in the upper quartile, 58 are male and 22 are female. This means 72.5% are male and 27.5% are female.



Comparing these two results will indicate the distribution of full-pay relevant male and female employees in the quartile.

Comparing results between the quartiles will indicate the distribution of full-pay relevant male and female employees across the organisation.

### **Step 3: Make a supporting statement and narrative**

#### **Making a supporting statement**

Employers subject to the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 must prepare a written statement that will be published alongside the results from Step 2.

Employers subject to the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 do not need to prepare a written statement but can do so if they wish.

Where required, this statement must confirm that the published information is accurate and be signed by an appropriate person.

The appropriate person will depend on the type of employer involved:

- For any corporate body other than a limited liability partnership, this will be a director (or equivalent)
- For a limited liability partnership, this will be a designated member
- For a limited partnership, this will be a general partner
- For any other kind of partnership, this will be a partner
- For an unincorporated body of persons other than a partnership, this will be a member of the governing body or a senior officer
- For any other type of body, this will be the most senior employee

#### **Providing a narrative**

All employers should add a supporting narrative - a gender pay gap does not necessarily mean they have acted inappropriately or discriminatorily but this will need explaining.

A narrative helps anyone reading the statement to understand the organisation's view of why a gender pay gap is present and what the organisation intends to do to close it.

#### **For example... aid understanding**

An employer with a moderate gender pay gap and an action plan to reduce the gap further has recently identified a number of key reasons for the gap and actions to take to help close the gap. The employer uses the supporting statement to explain this and confirm measures are in place to reduce the gender pay gap.

A narrative should also be used where measures to reduce the gender pay gap have already been taken which need time to take effect before an impact is made.

### For example... measures will take time

An employer has implemented a number of actions intended to reduce the gender pay gap, including a review of staff bonus schemes, recruitment processes and career development opportunities. They expect the changes will begin to impact over the next two to four years. The employer uses the supporting statement to give a brief overview of the measures in place.

A narrative also provides the opportunity to report where the gender pay gap has successfully reduced over time and this success would be beneficial to the employer if customers and prospective employees perceive it to be a good place to do business or to work.

### For example... reporting a pay gap reduction

An employer has implemented a number of successful actions to increase female recruitment into their research organisation, which resides in the traditionally male-dominated science sector.

They only have a small proportion of women in senior posts and the recruitment is predominantly into entry level or junior posts, due to the lack of women currently working in this sector. They realise that whilst this is a great step forward, it is possible that their gender pay gap increases in the short term.

The employer uses their supporting statement to explain this, setting out the positive impact their actions have had on gender diversity and that they expect to see a decrease in the gender pay gap over the long term.

Finally, employers should be mindful that their narrative can motivate their organisation to reduce the gender pay gap, as outlined in [Step 5](#).

## Step 4: Publishing gender pay information

Employers must publish:

- all the results from [Step 2](#), **and**
- where applicable, the written and signed statement from [Step 3](#).

The information must be published to:

- a place where the information can be reasonably expected to be found on their own website, **and**
- a designated government website.

The information must be published within one year of the relevant snapshot date (before March 30<sup>th</sup> of the following calendar year for public bodies subject to the Specific Duties Regulations, and April 4<sup>th</sup> for other employers). It will make sense to add gender pay reporting into a sensible point of their reporting cycle but employers should aim to publish their results as soon after the snapshot date as is reasonable for them to do. There are practical advantages to this:

- Those who publish earliest can be seen as leaders/exemplar in their sector and gain from brand and reputation enhancement, e.g. positive impacts on recruitment, retention and contract awards.
- It's easier to work with fresh data that is more readily recalled than trying to unearth old data that may have been archived and is harder to access.
- An employer can avoid planning to publish at the last minute only to find that key employees are on sick leave or there are other unplanned absences.
- Unanticipated issues or complications can be tackled earlier on.
- Early analysis and publication encourages early action to tackle any pay gaps identified.

### Gender pay gap results will help to inform employees

Business in the Community surveyed over 1000 employees and found that 93% want to see their employer's pay gap, 92% said they would use this information if they were looking for a job and deciding between two employers and more than half of female employees would favour a company that was more proactive in closing their gap.

*Source: BITC (2015) The gender pay gap: what employees really think*

The information must be maintained online on the employer's website for a minimum of three years.

Employers may want to maintain this information on their website beyond that period to show their longer-term progress.

Only the calculation results and written statement should be published, which should not in itself raise employee data protection issues. However, employees should bear in mind data protection principles when going through the whole process of gender pay reporting (including data gathering), since it may involve processing personal data.

There is no requirement for an employer to publish at the same time each year.

### Step 5: Implement plans to manage the gender pay gap

Carrying out the first four steps means employers are meeting their legal obligations. However, these efforts should also be used by an employer to encourage and initiate an action plan that aims to reduce the gender pay gap in their workplace.

There are numerous examples of benefits to business in taking action:

- It will help ensure legal compliance across a number of areas of legislation
- It will communicate to existing staff that an employer is committed to building diverse and inclusive workplaces, that give equal opportunities to all employees irrespective of gender.
- It will help businesses to monitor pay, bonus and career progression among staff to ensure that all employees, irrespective of gender, are supported to reach their full potential on the basis of skill development, customer satisfaction and high performance. In turn, a more valued workforce is likely to

demonstrate greater productivity and reduce costs associated with high staff turnover.

- A well-published written statement detailing an action plan is likely to attract a wider pool of talented people for vacancies, helping employers to recruit the best possible candidates and gain the many advantages that come with that.
- A well-published written statement detailing an action plan is also likely to be of particular use to employers who have actual and/or potential clients and customers that value businesses with a reputation for being 'ethical' or 'fair'.
- It will provide an employer with a positive message to report in subsequent gender pay report statements, which is particularly useful if some of the measures identified may take some time to take effect, or will increase in effectiveness over the years.

### Real evidence of business benefits

Gender diversity has been found to be a competitive differentiator and companies in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry medians. Meanwhile, companies in the bottom quartile are statistically less likely to achieve above-average returns.

For the UK economy as a whole, McKinsey have estimated that bridging the UK gender gap in work has the potential to create an extra £150 billion on top of the business-as-usual GDP forecasts in 2025, and could translate into 840,000 additional female employees. Similar conclusions have also been found by the OECD.

*Sources: McKinsey (2016), The Power of Parity: Advancing Women's Equality in the UK and OECD (2012), 'Effects of reducing gender gaps in education and labour force participation on economic growth in the OECD'.*

The action plan, of course, needs to identify the challenges behind eliminating the gender pay gap, which is where the different calculations can be used to good effect.

### For example... support for parents

A business finds that it has a high mean gender pay gap and also that the proportion of females in the organisation is high in the lower quartiles but this steadily diminishes in the higher quartiles. They conduct a review and it becomes clear that much of this is due to the fact that there is a lack of support for female employees with children, particularly how they progress at work in a way that is compatible with limited existing flexible working options. Developing initiatives to encourage female mentoring and development, encouraging greater takeup of shared parental leave by men, and a review of flexible working options would be beneficial.

### For example... reputation is key

A business which has been taking action to reduce the gender pay gap for some time produces results with noticeably low levels of gender pay inequality across all the calculations, but notes there is still a pay gap remaining – and understands this is in part due to less recruitment of women locally.

The employer values its reputation for being seen as a fair employer. It also has a tradition of recruiting college leavers from local communities close to its establishments, a number of which are known to struggle with deprivation and high levels of student absenteeism.

As part of its action plan it works with local charities to support a number of facilities and work-experience opportunities aimed at motivating and developing skills in disadvantaged students – encouraging female students in particular – with the intention that a wider pool of better skilled and gender-balanced candidates become available.

### For example... longer term planning

A business that is taking steps to tackle sex inequality and increase female representation across the workforce in a sector such as construction may anticipate their calculations will show higher pay gaps in the shorter term.

Any action plan should be handled by committed and sufficiently senior management to ensure the plan is developed, ensuring actions are implemented, monitored and evaluated. It is also important to ensure any policies that may be affected by proposed actions are updated.

Communication and consultation are essential:

- Key messages should be passed consistently to all line managers. Where new or changed actions are required of managers, this should usually be supported through briefings and/or training at first, and then form part of their performance management assessment in the longer term.
- Where there is a recognised trade union, any information and consultation arrangements should be followed. Union and employee engagement (especially with female employees) is essential to forming a constructive process. It is also often beneficial to have early discussions to help inform an action plan. Many trade unions have considerable expertise and experience in dealing with equality matters and could therefore be a valuable source for recommendations as well as commenting on any proposals.
- Employees should also be given the chance to help shape any action plan, and will often have valuable insight to offer at all stages. This insight may be gathered efficiently through various means such as team meetings, suggestion boxes and focus groups.

**Think, Act, Report...**

This is the government's voluntary initiative to address gender equality in the workplace. There are over 300 organisations signed-up across Great Britain, collectively employing over 2.5 million people. These organisations publish a broad range of information about what they are doing to strengthen equality of opportunity for women in the workplace and are a powerful community of best practice.

Think, Act, Report provides a simple, step by step framework of measures to help employers identify ways to close the gender pay gap that can be easily downloaded to help employers form an action plan.

Their case studies also provide particularly useful examples, from a broad range of employers, of issues identified, action taken and results obtained. By signing up, employers pledge to:

- Think: identify any issues around gender equality
- Act: take action to fix those issues
- Report: on how your business ensures gender equality

Employers can sign up at [www.gov.uk/think-act-report](http://www.gov.uk/think-act-report) and access case studies and the latest publication *Trailblazing Transparency: Mending the Gap*.

## Understand key terms

### Snapshot date

This is the key date that many of the details needed to carry out the calculations will come from. It is also the date from which an employer has a year to publish their gender pay report. This will always be March 31<sup>st</sup> for public authorities subject to the Specific Duties Regulations, and April 5th for all other employers, in any year where an employer has 250 or more employees.

### Ordinary Pay, pay period and relevant pay period

Ordinary pay is defined in regulation 3. It includes basic pay, allowances, pay for piecework, pay for leave and shift premium pay. It only includes money payments, so anything that is not money (such as benefits in kind or securities) is excluded. Gross amounts should be used after salary sacrifice.

Ordinary pay does not include pay related to overtime, redundancy or termination of employment, pay in lieu of annual leave or pay which is not money.

As well as actual 'overtime pay', payments such as allowances earned during paid overtime hours (to the extent that employers can clearly identify them) should be excluded from ordinary pay .

### Don't forget the following allowances...

All allowances should be included in the definition of ordinary pay. Examples include:

- Extra amounts for fire warden, first aider roles etc.

- Extra amounts due to location e.g. London living allowances
- Extra amounts paid to an employee abroad where an employer can reasonably obtain information from a host employer
- Extra amounts for the purchase, lease or maintenance of a vehicle or item e.g. a car allowance
- Extra amounts to recruit and retain an employee
- Extra amounts for being on call

Where payments called 'allowances' are paid for core duties (not additional duties), they are regarded as part of basic pay and should still be included. For the purposes of the calculations, it does not matter whether a particular sum is treated as basic pay or an allowance, because both are included in 'ordinary pay'.

Where payments for recruitment and retention are 'one off' incentive payments made at the start of employment, or are more in the nature of a bonus than an ongoing allowance, they should be treated as incentive payments falling within bonus pay, rather than as allowances falling within ordinary pay.

Any payments that only reimburse expenditure used entirely for business purposes do not need to be included e.g. the use of a hire car to reach an event, or repayment for a taxi fare between an office and a client.

In some cases, employers will need to make a judgement on what is considered an allowance or expense and should seek professional advice if necessary.

### Additional exclusions:

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 – usually in return for some form of non-cash 'fringe benefit', perk or benefit in kind that is not reflected in their salary or wages. Such schemes are excluded from the calculations. The employer should use the employee's gross pay after any reduction for a salary sacrifice scheme (even if the employee has voluntarily opted in to the scheme).

**Benefits in kind** are non-cash benefits not usually included in wages and usually found in the form of 'perks' or 'fringe benefits' for example company cars or private medical insurance. These are also excluded from the calculations.

**Interest free loans** from an employer to an employee such as season ticket loans are not included.

The pay period is the period in which the relevant employer pays the relevant employee basic pay.

The relevant pay period is the pay period within which the snapshot date falls. In practice, this means the pay period in which March 31<sup>st</sup> (for employers subject to the Specific Duties Regulations) or April 5<sup>th</sup> (for all other employers) falls.

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 for the previous period) should be excluded. Similarly, if an employee receives a pay award or allowance in the relevant pay period backdated to January, only the amount attributable to the relevant pay period should be included. However, there is no need 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.

The duration of pay periods will vary but will typically be a week, a fortnight or a month. The duration might vary for different employees too.

### What about employees that do not receive basic pay?

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

If employees are paid in an irregular manner e.g. an irregular amount every month and/or irregular pay in arrears, then it may be prudent to designate up to a year as the pay period.

### What happens with pensions?

The amount of an employee's ordinary pay and bonus pay must be calculated before deductions are made at 'source'.

- Employee pension contributions are a deduction, so 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 would be a deduction and will not affect the gender pay gap calculations.
- However, where an employee contributes to a pension by means of a salary sacrifice scheme, the employee's gross salary after the reduction should be used.
- Employer pension contributions go directly to a pension fund, so these have nothing to do with the gender pay gap calculations.

### Bonuses, bonus period and relevant bonus period

Bonuses are defined in regulation 4. They include anything that relates to profit sharing, productivity, performance, incentive and commission. They must be received in the form of cash, vouchers, securities, securities options, and interests



in securities. Non-consolidated bonuses are included. 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, is instead to be treated as a benefit in kind and excluded. Gross amounts should be used.

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

Whilst bonus pay does not include pay related to overtime, it may be difficult to distinguish whether a bonus (or part of a bonus) relates to overtime hours. In cases where it is unclear that an element of bonus pay relates to overtime, it should be included in bonus pay.

### How to value bonuses paid in securities

Bonuses paid in securities are a financial asset intended to gain the employee profit e.g. shares, bonds, debentures and futures. Securities options, and interests in securities are also included.

Employers will need to include the value of bonuses paid in securities, as at the time when the employee incurs a charge to income tax. If an employee has decided to defer an entitlement to bonus pay for example in the case of a long term incentive plan (LTIP), then that amount would not be captured until a later time when the amount does give rise to a charge to income tax. Where the securities provided to employees do not give rise to a charge to income tax at all (e.g. as part of a share incentive plan where shares are kept for a certain period of time), they will not be included in bonus pay.

Loan schemes provided by the employer are not included.

The **bonus period** is a twelve month period that ends on the snapshot date.

The **relevant bonus period** will always be the preceding twelve months ending on the snapshot date being used for calculations. For example, where the snapshot date is April 5<sup>th</sup> 2017, the relevant bonus period will be April 6<sup>th</sup> 2016 to April 5<sup>th</sup> 2017.

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 calculations – it is simply the point payment has been received. For example, a public sector bonus awarded because of good performance in 2015 but received in March 2017 will need to be included in calculations for the relevant bonus period April 6<sup>th</sup> 2016 to April 5<sup>th</sup> 2017.

### Bonus pay recalculation when calculating 'hourly pay'

Three of the calculations in these regulations are concerned with bonuses only – and not pay. For these calculations, the 12 month relevant bonus period described above is used .

For the other calculations – bonuses and pay are included. However, only bonuses received by [full-pay relevant employees](#) in the '[relevant pay period](#)' are included.

If the period for which a bonus was received is the same as the relevant pay period, the full amount should be recorded. If the period for which a bonus was received differs to or exceeds the pay period, the bonus amount should be pro-rated i.e. divided by the number of days in the bonus period and then multiplied by the number of days in the pay period. If a bonus is not related to a time period, the full amount should be included.

The regulations specify that where periods are calculated in months, a month is treated as having 30.44 days, and where periods are calculated as a year, a year is treated as having 365.25 days.

### **For example... bonus pay recalculation when calculating hourly pay**

Gregor, a full-pay relevant employee, is paid on a monthly basis but he also received a bonus payment of £2300 in the pay period that included the snapshot date. The bonus period actually covered three months – the same duration as the last three pay periods in total (including the one with the snapshot date).

- The pay period amounts to 30.44 days (1 month)
- The bonus period amounts to 91.32 days (3 months)

To work out how much of this bonus relates to the relevant pay period, his employer needs to divide the £2300 by 91.32 – giving a figure of £25.19. They then need to multiply this figure by 30.44 – giving a result of £776.79 bonus payment relevant to the pay period in question.

Note – this example works through the steps and rounds up the figures to the nearest penny. Employers may choose to calculate more accurately.

### **Leave**

Under these regulations, 'leave' is interpreted broadly to include:

- annual leave
- maternity, paternity, adoption, parental or shared parental leave
- sick leave
- special leave
- any other forms of leave (e.g. study leave or sabbaticals)

### **Relevant employer**

An employer is defined as a relevant employer for any year where they have 250 or more employees on the snapshot date. They must comply with the regulations.

### **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, then 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, whether or not this is as a result of being on leave, should be excluded from the gender pay gap calculations.

Full pay relevant employees are included in all the gender pay gap calculations. They are part of the definition of relevant employees (see below) so are counted in bonus pay gap calculations.

### **For example... Full-pay relevant employee**

Jalissa, Jenny, Jakob, Jackie, Jill and Javed all do the same role on the same terms and conditions, work five days a week, get paid weekly, and would usually earn £400 basic pay in the relevant pay period.

- Jalissa worked all week and earned £400. This means she is a full-pay relevant employee.
- Jenny worked four days but took a fifth day as fully paid special leave to deal with a childcare-related emergency and earned £400. This means she is a full-pay relevant employee.
- Jakob worked four days but took a fifth day as unpaid special leave to attend a funeral and earned £320. This counts as leave and Jakob earned less than usual so he is not a full-pay relevant employee.
- Jackie was off all week but took fully paid annual leave, so she still earned £400. This counts as leave and she still earned her usual pay, so she is a full-pay relevant employee.
- Jill was on maternity leave and received statutory maternity pay, which was less than £400. This counts as leave and because Jill earned less than usual, she is not a full-pay relevant employee.
- Javed worked three days and was involved in official strike action for two days and earned £240. Although Javed earned less than usual, this does not count as leave so he would still be a full-pay relevant employee.
- Another colleague, Jade, carries out the same role in a part-time arrangement where she works the equivalent of three days per week, earning £240. She worked all her hours in the relevant pay period. This means she is a full-pay relevant employee.

Note: Even though they are not full-pay relevant employees, Jakob and Jill would still be 'relevant employees', so while they would not be included in the gender

pay gap calculations involving an hourly rate of pay, they would still be included in the bonus gender pay gap calculations.

### Relevant employee

Relevant employees are all employees employed by the employer on the snapshot date of a given year, [except for partners](#).

This term includes full-pay relevant employees and also other 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.

### Weekly working hours

This is covered in Regulation 7 and does not include paid or unpaid overtime.

### Employees with a fixed hourly rate of pay

Weekly working hours are used to help establish an employees 'hourly pay'.

If an employee:

- 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

- does not receive any bonuses or any allowances, shift premia or other variable pay during the relevant pay period

...then their hourly pay is already available and it will not usually be reasonable or necessary to go through the hourly rate of pay calculation set out in the regulations.

- A.** If the 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, even if they leave after the snapshot date but before the relevant pay period ends. 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.
- B.** 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).
- This must usually be found by dividing the total number of hours worked over the twelve weeks that end with the last complete week of the relevant pay period.
  - Weeks where no work has been done (such as a week of sick leave) must be substituted for an earlier week.
  - Weeks where some/all work has been done (such as a week with 3 days worked and 2 days taken as unpaid special leave) must be included.

**C.** If the employee is not contracted to work the same number of hours every week and:

- they have **not been employed for twelve weeks by the end of the relevant pay period**, or
- there is **some other reason the calculation cannot reasonably be made**

...the employer must use a number that fairly represents the number of working hours worked in a week. Where appropriate, this should be done using the average number of hours the employee could expect in a week under their contract, or the average number of hours of other employees carrying out similar employment for the employer.

### For example... less than 12 weeks employment

Tania has been hired for a newly created role and it isn't clear what the normal working hours will end up being, or if there will even be normal working hours – so for now her employer has guaranteed a minimum of 15 hours work each week. By the end of the relevant pay period she has been working for 6 weeks and worked 150 hours. Her employer therefore makes an average calculation from the six weeks Tania worked, which is 25 weekly working hours.

If Tania had been taking over a more predictable role that someone else had been carrying out before she started, it may have been reasonable to come up with a representative number of hours for Tania based on the average number of working hours of the comparable employee.

### For example... some other reason

Jaz, a full-pay relevant employee with a variable hours contract, is paid weekly under the following contractual terms:

- basic pay of £7.50 per hour
- an evening shift premium of £2 per hour
- a productivity allowance of £5 for every 100 items packed

Jaz had a relatively quiet week during the relevant pay period. She worked 25 hours, including one evening shift of 5 hours and packed 400 items. Her pay during the relevant pay period is therefore:

- basic pay of £187.50 (£7.50 x 25 hours)
- an evening shift premium of £10 (£2 x 5 hours)
- a productivity allowance of £20 (for packing 400 items)
- a total payment of £217.50

However, Jaz actually worked significantly more than 25 hours per week over the last 12 weeks. On average (including the week during the relevant pay period), she worked 40 hours a week.

If her employer used the standard calculation outlined in step B earlier in this section of the guide, they would need to divide the £217.50 into 40 hours, giving Jaz an hourly rate of £5.44 an hour. This is clearly unrepresentative because it is lower than even the basic hourly pay rate.

Her employer uses the 'some other reason' provision in the regulations and decides to calculate Jaz's hourly rate of pay by dividing her £217.50 weekly pay during the relevant pay period by the 25 hours actually worked in that period. This calculation provides a more representative hourly rate of £8.70.

### For example... Minimum annualised hours

Jeff, a teacher...

- is a full-pay relevant employee on the snapshot date.
- is required to work a minimum of 1,265 hours over 39 weeks.
- does not need to have annual leave added separately because his paid hours per week are the same for annual leave and work.

Jeff's employer divides his 1,265 minimum hours by 39 working weeks, which makes his basic weekly hours **32 hours and 26 minutes**.

### For example... Unspecified hours

Mei, a head teacher at the same school as Jeff above...

- is a full-pay relevant employee on the snapshot date.
- does not have specified working hours but her work amounts to broadly the same overall amount of work as Jeff in the example above.
- does not need to have annual leave added separately because her paid hours per week are the same for annual leave and work.

Mai's employer records her basic weekly working hours as **32 hours and 26 minutes** so meaningful comparisons can be drawn.

### For example... Term time workers

Sam...

- is a full-pay relevant employee on the snapshot date
- works 10 hours a week over 39 weeks.
- gets 5 weeks of annual leave, which is taken outside of the 39 weeks
- gets paid in 12 equal instalments no matter how many hours she works that month

Taking a 12 week average of weekly working hours and discounting weeks Sam didn't work is unlikely to represent how her pay and work matches up.

Instead, her employer finds a fair alternative method that represents Sam's average weekly hours...

- They add her 39 work weeks and 5 annual leave weeks, making 44 paid weeks per year. They multiply this by the 10 hours Sam works to get 440 paid hours each year.
- They average out her hours over the whole year, just like the payments are, by dividing her 440 paid hours by 52.18 (the exact number of weeks in a year).

This makes Sam's average weekly hours **just under 8½ hours a week** and the method works for other full and part time term time workers too.

- D.** If an employee is paid on the basis of **piecework**, their 'weekly working hours' will be the number of hours of output work in a week during the pay period. This is determined in accordance with Chapter 4 of Part 5 of the National Minimum Wage Regulations 2015. More information on piece work can be found at [www.acas.org.uk/piecework](http://www.acas.org.uk/piecework).

### What about on-call and sleeping-in arrangements?

Whether or not hours worked with on-call and sleeping-in arrangements can be included must be in line with the National Minimum Wage Regulations 2015.

## Essential considerations – reducing the gender pay gap

### Developing the evidence base

The gender pay gap is an indicator of the roles female employees have in a business in relation to male employees.

Employers should have effective gender monitoring in place. In summary, this means data to show things like:

- Recruitment proportions of men and women
- Reviews of starting salaries
- The number of women and men in each job or pay band
- Reward components at different levels
- The number of men and women who apply for jobs or promotion and the number of men and women who are successful
- The numbers of men and women who apply externally compared to internally
- The proportion of women and men who return to work after maternity, paternity, adoption or shared parental leave to resume their original jobs.

- Separate gender pay gap figures for their full-time and part-time employees (for employers with a large number of part-time employees e.g. 25% or more of their workforce)
- 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
- The proportion of women who work part-time and flexibly compared to men, and at what level such arrangements are found
- The number of successful flexible working requests by gender
- Gender pay gaps across wider corporate groups (where the group considers this informative and appropriate)
- Exit interviews of men and women to better understand if one gender is leaving for common reasons compared to the other

For more information on monitoring gender see the framework at [www.gov.uk/think-act-report](http://www.gov.uk/think-act-report).

The latest gender pay gap statistics in a given employer sector or region can be found in the Annual Survey of Hours and Earnings at [www.ons.gov.uk](http://www.ons.gov.uk).

### **Ensure related policies and practices are up to date**

When taking action to reduce the gender pay gap, an organisation can address, review and update a broad range of their people policies and practices related to their staff, such as:

- pay, reward and recognition
- recruitment and induction
- equality, discrimination and inclusion
- unwanted behaviour, bullying and harassment or dignity at work
- flexible working
- talent management and people development; is the pipeline to senior roles working as it should for women?

It would be good practice to involve employees or their representatives in this work.

### **Train and support line managers**

It is good practice to ensure that all managers are aware of any policy changes and in particular have received appropriate training to ensure they understand what behaviours and actions are required of them and their staff in the workplace. Similarly, any employee involved in the recruitment and promotion of staff should be trained to ensure fair, non-discriminatory and consistent processes are followed.

When developing an action plan to tackle the gender pay gap, managers in particular should receive awareness training around the positive action provisions of the Equality Act 2010. The action plan may well involve positive action measures for women and these managers would have a key role in ensuring delivery and success of any such strategy.



Acas provides a number of guides aimed at helping managers understand the provisions of the equality act 2010 and it also offers a free e-learning course, as well as a number of equality-related training sessions. This can be found at [www.acas.org.uk/equality](http://www.acas.org.uk/equality).

Managers should also receive guidance and training around handling unwanted behaviours. This can be found at [www.acas.org.uk/bullying](http://www.acas.org.uk/bullying).

Information, guidance and details of training to help managers deal fairly and appropriately with requests to work flexibly can be found at [www.acas.org.uk/flexibleworking](http://www.acas.org.uk/flexibleworking).

### **Manage family-friendly leave successfully**

Reducing the gender pay gap can be achieved where an employer goes further than the legal family-friendly rights listed below and actively encourages the use of these rights to all their employees. These can include simple steps, such as encouraging male employees to consider taking shared parental leave. More sophisticated measures such as reviewing maternity, adoption, paternity and shared parental pay schemes to give them comparable financial value can be effective but should be considered carefully to ensure any changes are legally compliant.

Family-friendly legal rights include:

- pregnancy-related absences and antenatal appointments
- maternity, paternity, adoption and shared parental leave
- parental leave (following a return to work)
- returning from leave to the same or similar job
- keeping in touch with, and updating, employees absent for any form of family-friendly leave
- additional protections related to redundancy situations

### **Make the most of flexible working**

Flexible working is used increasingly by both male and female employees and handled strategically at an organisational level. It is very beneficial to both employer and employees, with clear business benefits.

However, flexible working uptake levels in many workplaces vary significantly by employee gender, as do certain types of flexible working arrangements (such as condensed hours, job shares or term time work). For example, some workplaces have cultures or practices that effectively reserve flexible working in lower level positions for female employees, or even only for mothers. Employers may also feel that flexible working arrangements may sometimes be an obstacle to career development for certain roles, particularly at senior levels of employment.

These approaches can have a negative effect on the gender pay gap, and potentially open an employer to claims of indirect discrimination on the grounds of sex too. The first step to take here is for an employer to make sure they look at flexible working from the right perspective – it is not flexible working arrangements that present an obstacle, but often the lack of flexible working in more senior

roles. Ensuring that (so far as possible) all promotions can successfully function with flexible working arrangements in place, including those to senior levels, will help.

### **Encourage and review career and talent development**

There is a risk that even well-intentioned employers focus on the female employees, when what they really need to do is change their structure and processes so that capable employees of both genders can progress.

Options to develop within the workplace should be made as accessible as possible to all employees of both genders. However, simple measures can often be taken where it becomes clear female employees are less likely to make use of development or upskilling opportunities.

Some of the common issues that may be easily fixed include:

- Female employees may be more likely to have responsibilities that limit their ability to travel. Arranging events such as training more locally or on site can help to tackle this, as can support for childcare arrangements.
- Male employees may feel there are obstacles to their working flexibly or taking leave for domestic and caring responsibilities. This may be down to individual or workplace cultures, or a lack of awareness of equality rights or workplace policies. Raising awareness and encouraging such practices can help here.
- If there is a high proportion of female employees on flexible working or part time arrangements, running week-long events can create a problem. Similarly, if there is an opportunity to be involved in a career-developing project that requires full-time resource, invite job-sharing proposals from employees and challenge the full-time requirement.
- Where certain teams or levels of seniority are dominated heavily by male employees, it can be useful to monitor recruitment in these areas to identify what may be causing the situation.

The above examples involve relatively simple fixes that do not exclusively advantage female employees, but simply remove some of the barriers they may have been more likely to face than their male colleagues. However, the Equality Act 2010 also permits an employer to go further than this and take what is called 'positive action' to actively approach and encourage women into particular job roles or management levels, which is covered in this guide under the [Consider Taking Positive Action](#) section.

### **Minimise any negative impact from pay systems**

Pay systems are the basis on which employers reward employees for their contribution to your organisation. 'Reward' means not only pay itself, but all contractual terms of employment, such as bonuses, holiday entitlement, company cars, pensions contributions and any other benefits.

Although pay systems will vary from employer to employer, there are some good practice tips to ensure fairness and help reduce the gender pay gap, including:

- have one transparent pay system for all staff
- undertake regular job evaluation to objectively assess the demands of each job

## Managing gender pay reporting

- ensure that employees and managers have clear channels to communicate any suggestions or concerns
- routinely review all aspects of pay to ensure that all parts of the business are operating fairly and consistently

### Consider taking positive action

Under the Equality Act, an employer can take what the law terms 'positive action' to help employees or job applicants it thinks:

- are at a disadvantage because of their sex, and/or
- are under-represented in the organisation, or whose participation in the organisation is disproportionately low, because of their sex and/or
- have specific needs connected to their sex.

This is a valuable tool for employers seeking to reduce their gender pay gap, particularly where they wish to remove obstacles deterring female employees from applying for jobs or promotions.

An employer taking positive action must show specific evidence that any positive action is both reasonably considered and appropriate and will not discriminate against others. Where this is the case, an employer may legally:

- take proportionate steps to remove any barriers or disadvantages
- provide support, training and encouragement to increase the participation of female employees.

There is no legal necessity for an employer to take positive action if it does not wish to do so.

More information on positive action can be found at [www.acas.org.uk/equality](http://www.acas.org.uk/equality).

## Further information

### Acas training

Our Gender Pay Reporting training is carried out by experienced Acas staff who work with businesses every day. Training can be specially designed for companies.

Go to [www.acas.org.uk/training](http://www.acas.org.uk/training) for up-to-date information about our training and booking places on face-to-face courses.

Also, Acas specialists can visit an organisation, diagnose Gender Pay Gap issues in its workplace, and tailor training and support to address the challenges it faces. To find out more, contact our customer services team on 0300 123 1150.

### Acas guidance

More free resources on Gender Pay Reporting include:

- A communications template to notify staff about Gender Pay Reporting
- A top 10 Gender Pay Reporting legal obligations factsheet

## Managing gender pay reporting

- A top 10 Gender Pay Reporting myths factsheet

...These can be found at [www.acas.org.uk/genderpay](http://www.acas.org.uk/genderpay)

Equal Pay guidance can be found at [www.acas.org.uk/equalpay](http://www.acas.org.uk/equalpay)

Sex Discrimination guidance can be found at [www.acas.org.uk/sexdiscrim](http://www.acas.org.uk/sexdiscrim)

Discrimination guidance can be found at [www.acas.org.uk/equality](http://www.acas.org.uk/equality)

### **Think, Act, Report...**

This is the government's voluntary initiative to address gender equality in the workplace. It helps employers identify ways to close their gender pay gap and provides useful case studies. Employers can sign up at [www.gov.uk/think-act-report](http://www.gov.uk/think-act-report).

### **Office for National Statistics (ONS)**

The ONS has provided a useful online tool that helps indicate the gender pay gap for specific jobs. This can be found at <http://visual.ons.gov.uk/find-out-the-gender-pay-gap-for-your-job/>

### **CMI Women (Chartered Management Institute)**

This is a new initiative to create 1.5 million more women managers by 2024. It helps employers unlock more value in the UK's workforce, to create balanced teams and leadership, tackle women's under-representation in management roles, and work with men as agents of change in the drive for balance. Their free **Blueprint for Balance** tool can be found at [www.managers.org.uk/cmi-women/blueprint-for-balance](http://www.managers.org.uk/cmi-women/blueprint-for-balance).

### **Business in the Community (BITC)**

BITC provide a range of Gender Pay Reporting resources and can support employers through the reporting process, whichever stage they're at. This can be found at <http://gender.bitc.org.uk/>.

## Keep up-to-date and stay informed

Visit [www.acas.org.uk](http://www.acas.org.uk) for:

- employment relations and employment law guidance – free to view, download or share
- tools and resources including free-to-download templates, forms and checklists
- an introduction to other Acas services including mediation, conciliation, training, arbitration and the Acas Early Conciliation service
- research and discussion papers on the UK workplace and employment practices
- details of Acas training courses, conferences and events.

**Sign up for the free Acas e-newsletter.** The Acas email newsletter is a great way of keeping up to date with changes to employment law and to hear about events in your area. Find out more at:

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

**The Acas Model Workplace.** This engaging and interactive tool can help an employer diagnose employment relations issues in its workplace. The tool will work with you to identify areas of improvement you can consider, and will point toward the latest guidance and best practice:

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

**Acas Helpline Online.** Have a question? We have a database of frequently asked employment queries that has been developed to help both employees and employers. It is an automated system, designed to give you a straightforward answer to your employment questions, and also gives links to further advice and guidance on our website: [www.acas.org.uk/helplineonline](http://www.acas.org.uk/helplineonline)

**Acas Helpline.** Call the Acas Helpline for free and impartial advice. We can provide employers and employees with clear and confidential guidance about any kind of dispute or relationship issue in the workplace. You may want to know about employment rights and rules, best practice or may need advice about a dispute. Whatever it is, our team are on hand. Find out more: [www.acas.org.uk/helpline](http://www.acas.org.uk/helpline)

**Look for us on:**

Facebook - <https://www.facebook.com/acasorguk>

LinkedIn - <http://linkd.in/cYJbuU>

Twitter - <http://twitter.com/acasorguk>

YouTube – <https://www.youtube.com/user/acasorguk>