

FOCUS ON

# Gender Pay Gap Reporting

Following the introduction of new regulations, on 6 April 2017 employers with 250 or more employees must publish specific figures about their gender pay gap on their own website and on the government's online reporting service. It is a legal requirement for all relevant employers to publish their data.

The deadline to publish the Gender Pay Gap report is admittedly still some time away in April 2018, however this should not detract you from taking the necessary steps now. If your organisation is in the scope of the regulations but has not submitted the report yet, the Government Equalities Office would have written to you to remind you of your obligations.

## Steps to take now

### Nominate

Every organisation should nominate someone to manage gender pay gap reporting (for example HR Director or head of Remuneration).

### Register

The nominated person should register the organisation on the Government's online reporting service: <https://gender-pay-gap.service.gov.uk/register>

### Calculate

Start preparing your organisation's gender pay gap information. The resources on the government's website should be helpful but you may find you will need some external support with this project.

### Publish

Once ready publish the final report on your website and input the statistics in the Government online reporting service website.

### Repeat

Ensure you keep a sufficient audit trail of the process to enable you to repeat the process annually from now on.



## Required Statistics

### 1. Mean (average) gender pay gap

- Hourly pay needs to be calculated using a prescribed formula so you will need to know employees' working hours
- Only full pay relevant employees should be counted.

#### Example:

Mean hourly rate for males (A) = £15.98  
Mean hourly rate for females (B) = £12.37

$$\text{Mean gender pay gap} = \frac{A - B}{A} \times 100 = \frac{£15.98 - £12.37}{£15.98} \times 100 = 29.2\%$$

### 2. Median gender pay gap

- Median is just a different number, less affected by outliers (high and low).

#### Example:

Median hourly rate for males (A) = £14.5  
Median hourly rate for females (B) = £12

$$\text{Median gender pay gap} = \frac{A - B}{A} \times 100 = \frac{£14.50 - £12}{£14.50} \times 100 = 17.2\%$$

### 3. Mean bonus gender pay gap

- This is for all relevant employees, even if not full-pay in the reporting month
- Those not paid any bonus are not included
- Any bonus payments paid in the preceding 12 months leading to the snapshot date.

#### Example:

Mean bonus for males (A) = £2,000  
Mean bonus for females (B) = £1,500

$$\text{Mean bonusgender pay gap} = \frac{A - B}{A} \times 100 = \frac{£2,000 - £1,500}{£2,000} \times 100 = 25\%$$

### 4. Median bonus gender pay gap

Same as above but using median figures rather than mean:

$$\text{Median bonusgender pay gap} = \frac{A - B}{A} \times 100 = \frac{£1,800 - £1,350}{£1,800} \times 100 = 25\%$$

### 5. Proportion of males / females receiving a bonus

- Females who got a bonus in the preceding 12 month as a percentage of all relevant females
- And males who got a bonus in the preceding 12 months as a percentage of all relevant males.

This may be skewed where part-time employees are paid pro-rata bonus payment.

#### Example:

All males = 299, males who received bonus = 150  
All females = 150, females who received bonus = 40

$$\% \text{females bonus} = \frac{40}{150} \times 100 = 26.7\%$$

$$\% \text{males bonus} = \frac{150}{299} \times 100 = 50.2\%$$

## 6. Proportion of males / females in each quartile band

- Rank all the full-pay relevant employees by hourly rate
- Divide into four quartiles, each with equal number of people (called lower quartile, lower middle quartile, upper middle quartile and upper quartile)
- Ensure even split of genders with equal hourly rates across quartiles

### Example:

Total full-pay relevant employees = 960 -> 240 employees per quartile:

Upper quartile: 59 females, 181 males - *females*  $\frac{59}{240} \times 100 = 24.6\%$ ,

*males*  $\frac{181}{240} \times 100 = 75.4\%$

Middle-upper: 116 females, 124 males - *females* 48.3%, *males* 51.7%

Middle-lower: 132 females, 108 males *females* 55%, *males* 45%

Lower quartile: 150 females 90 males - *females* 62.5%, *males* 37.5%

\* Numbers in blue are those required for the report

## Contact us

For more information on the subject or if you need help with your gender pay gap report, please contact us on [HRsolutions@mhllp.co.uk](mailto:HRsolutions@mhllp.co.uk)



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