

GENDER PAY GAP REPORTING: GETTING IT RIGHT

The Gender Pay Gap Reporting Regulations are due to come into force in April 2017. The clock is ticking to prepare and publish your first Report. Here are the issues you need to address.

Who is in scope?

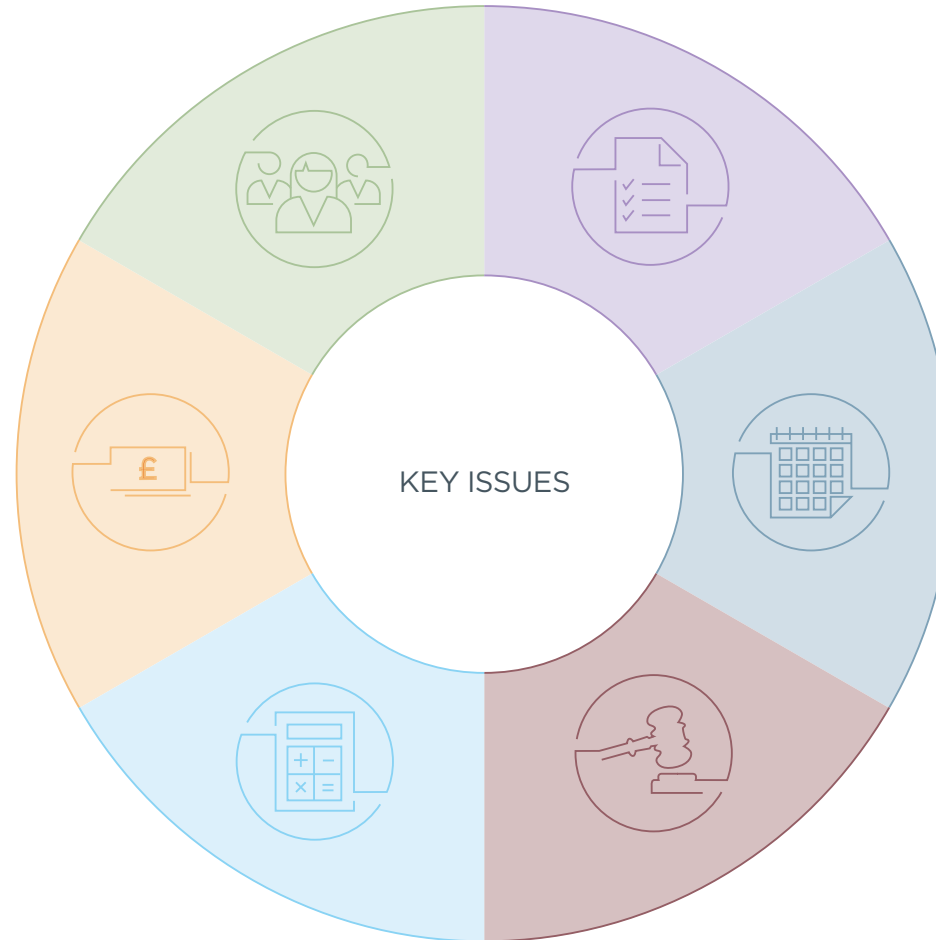
- Identify which group entities must comply
- Employers near 250 staff threshold: check impact of atypical staff headcount
- Are your overseas staff caught?
- Ignore off-payroll staff where not reasonably practicable to obtain pay data

What counts as 'pay'?

- 'Ordinary pay' includes basic pay, allowances and shift premia
- 'Ordinary pay' excludes overtime, benefits in kind and the value of salary sacrifice schemes
- 'Bonus pay' includes cash and share incentives. Treated as paid when taxed
- For overall gender pay gap, focus only on amounts paid during the snapshot pay period

What you need to calculate

- Mean and median overall gender pay gaps*
- Percentage of male and female employees in each pay quartile*
- Mean and median bonus pay gaps
- Percentage of male and female employees who received bonus pay



* Exclude staff paid at reduced rates (for example whilst on maternity leave)

Presenting your Report

- Consider narrative to explain pay gap figures and context
- Comparisons with your industry/competitors?
- What steps have you taken to remedy underlying pay gap causes?
- Consider consolidated Report for group entities?

Key dates and publication

- 5th April 2017: first snapshot pay date
- 4th April 2018: longstop date to publish first Report
- Publish Reports annually
- Keep Reports on your website for 3 years
- UK Government will publish Reports on its website

Managing your risks

- Reputation: how you compare generally and relative to industry/competitors
- Litigation: pay discrimination claims. Consider use of privilege to limit pay data disclosure
- ER: communications and training

WHAT YOU NEED TO DO NOW

- ✓ **Put together a Gender Pay Gap Reporting (GPGR) implementation team:** Does it include all key stakeholders (HR, Payroll, Legal)?
- ✓ **Board buy-in:** Have you obtained the ongoing support of the senior executive who is sponsoring GPGR and signing off the Report?
- ✓ **Who is in scope:** Consider difficult classes of staff such as casual workers and overseas secondees
- ✓ **Calculate your pay gaps:** Use the methodology in the finalised regulations. There are material differences from any first cut analysis calculated using the previous draft framework
- ✓ **Identify causes of pay gaps:** Can you explain or justify them? Should you investigate further (for example an equal pay audit)?
- ✓ **Consider remedial steps:** Decide which short and longer term steps to reduce or eliminate pay gaps are appropriate. Are you satisfied your HR policies properly reflect your reward arrangements?
- ✓ **Decide when to publish your first Report:** Consider associated internal and external communications issues



With the gender pay gap reporting regulations now in final form, employers need to prepare in earnest. Complying now ensures you are best placed to manage and explain your pay gaps.



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