

Executive Reward Briefing

Gender Pay: first data published



At the time of writing, 76 entities have to date submitted their Gender Pay Gap Reporting information to the Government website: <https://gender-pay-gap.service.gov.uk>. Also, as the Gender Pay Gap Reporting regulations require reporting on a per entity basis (any legal entity with 250 or more employees must report separately, even if a member of a larger group), the number of groups which have so far reported is fewer still.

The way in which the Government has collated this information has aggregated together the submissions of all businesses, voluntary organisations and public sector organisations.

Whilst in no way a comprehensive data set, we noted the following from analysing the published data:

- The average figure for the data set's mean hourly pay gap is 12%
- The average figure for the data set's mean bonus pay gap is 11%
- The figures based on median data are lower than for the mean data (the average median hourly pay gap is 10.5% and the average median bonus pay gap is 9.5%)
- The average percentage of each gender receiving bonus pay was 31% of men and 30%

of women

- Across the quartile distributions for hourly pay, the average percentage of men in the lowest quartile was 46%, and the average percentage of men in the top quartile was 62%

With the public and voluntary bodies removed (giving a revised data set of 50 reporting entities), the picture is as follows:

- The average figure for the mean hourly pay gap is 14%
- The average figure for the mean bonus pay gap is 14%
- The average median hourly pay gap is 12% and the average median bonus pay gap is 13.5%
- The average percentage of each gender receiving bonus pay was 43% of men and 41% of women
- Across the quartile distributions for hourly pay, the average percentage of men in the lowest quartile was 53% and the average percentage of men in the top quartile was 72%

To be clear, the average figures mask considerable variety: for example, across the full data set, the mean

Executive Reward Briefing

hourly pay gap ranges from -16% (woman's mean is 16% more than the man's mean for that entity) to 38%.

While not drawing conclusions, we thought it was interesting that this data appears aligned with what many professionals working in reward would have said was intuitively the picture:

- There are Gender Pay Gaps in terms of the quantum of pay both for hourly rates (driven largely by salary levels) and for bonus pay
- Across a broad data set, there does not appear to be an issue of equal treatment regarding the inclusion of genders in incentive or bonus plans – the average percentage figures for each gender that received bonus pay are broadly similar. However, there will be some entities which have an issue in this area
- What is particularly driving the Gender Pay Gap is the distribution of each gender across the pay quartiles, particularly the high representation of men within the most highly paid quartile in organisations
- Gender Pay Gaps are typically lower in public sector and voluntary organisations
- In companies where we would expect there to be a large, minimum wage workforce (such as manufacturing, food production or retail) the headline hourly rate gaps will be low or non-existent (for example, median hourly pay for both sexes will be around the national living wage). In contrast, where a company can be expected to have a smaller and better paid workforce, there is at least the scope for higher headline Gender Pay Gaps

What companies are doing now on Gender Pay Gap Reporting

FIT's experience of assisting companies with Gender Pay Gap Reporting is that companies are currently very engaged with this topic. The first-year 2017 figures required for Gender Pay Gap Reporting must be published by 5 April 2018. Many companies are accordingly preparing their figures and any related explanatory disclosures in anticipation of board meetings in Q4 2017. What is driving this is:

- A desire for the work on this project to be done before year end reporting

- Having sufficient time for checking and verification – the publication of Gender Pay Gap Reporting figures must be accompanied by a statement of accuracy which is signed by a director
- Whilst not every company will include its Gender Pay Gap disclosures within its Annual Report and Accounts, we expect that a relatively large number of companies will want to state in their Annual Reports that they have published their Gender Pay Gap disclosures on their company websites

As part of the preparation for publication (leading to Q4 board meetings) we have seen companies do the following:

• Testing what is behind the headline reported figures

We have seen companies look at their data sets in a variety of ways in order to use the data to better understand the actual commercial position. This has included:

- where a business has more than one reporting entity (any legal entity in a group with 250 or more employees must report separately), we have seen companies prepare the calculations on a group-wide consolidated basis to see how these figures align with the figures which must be reported for the individual legal entities
- providing Gender Pay Gap figures for individual quartiles for each entity – this tends to show the large impact on the reportable figures for mean hourly pay and mean bonus pay which having a high proportion of men in the top quartile will produce
- for illustration, producing the figures without certain categories of employees, either by seniority (for example, the Board and ExCo) or by function (for example, central functions including finance and legal)

These breakdowns can help in preparing any draft explanatory disclosures which are proposed to accompany publication of the statutory statistics.

• Considering action plans

We are also seeing companies develop action plans for the initiatives which might be undertaken to address some of the underlying causes of Gender Pay Gaps.

Executive Reward Briefing

In some cases we find that companies do already operate some, most or all of the most common initiatives set out below, given their long-standing commitments towards encouraging talent and diversity. Thus, from the Gender Pay Gap Reporting perspective, the task is often to pull together existing initiatives into a co-ordinated package, and where appropriate, to get the initiatives to “leverage” from one another so as to make them more effective. Sometimes this has involved a person within senior management taking a new responsibility to bring existing initiatives together.

Common initiatives potentially relevant for the Gender Pay Gap	
Women’s networks at work, particularly within certain specialisms where gender imbalance has been identified (for example, tech)	“Returnships” and other maternity issues
Mentoring and development programmes for women managers and executives	Flexible working
	Reviewing recruitment job specifications to see if they encourage gender balanced shortlists

FIT Remuneration Consultants September 2017

If you wish to discuss anything arising from this briefing, please ask your usual contact at FIT or call us on 020 7034 1111.