



Regulatory Update

Mandatory Gender Pay Reporting

Provided by **Crendon Insurance Brokers Ltd**

Quick Facts

- Mandatory gender pay gap reporting will affect employers with at least 250 relevant employees.
- Employers will be required to report the difference in mean bonus, mean pay, and median pay.
- Final regulations are expected by 1 October 2016, though the first full report is expected by April 2018.

Final regulations are expected to be issued and come into force by 1 October 2016. However, employers will not be expected to publish the required information immediately.

On 12 February 2016, The Government Equalities Office published a [Government Consultation Draft](#) introducing mandatory gender pay gap reporting (draft regulations).

Once adopted, the proposed regulations are expected to become effective on 1 October 2016 and become part of the Equality Act 2010.

Affected Employers

If adopted, the draft regulations would apply to private and voluntary **large employers**. The draft regulations define 'large employer' as an employer with at least **250 relevant employees**. A 'relevant employee' is someone who ordinarily works in Great Britain and whose contract is governed by UK legislation.

Similar provisions for public sector employees will be introduced as part of the Public Sector Equality Duty.

Mandatory Gender Pay Gap Reporting

Reporting under the draft regulations will take place as a publication of employee payment data. Specifically, the draft regulations require employers to report the following:

- The difference in **mean bonus, mean pay** and **median pay** during the pay period between male and female employees;
- The proportion of male and female employees who received bonus pay during the 12 months preceding the relevant date (as a percentage of the total number of relevant male and female employees, respectively); and
- The numbers of male and female relevant employees according to quartile pay bands.

An employer's initial mandatory reporting must be published within 12 months of the relevant date. Subsequent reports will be required annually thereafter.

Employers will also be required to include written statements confirming that the information they submitted is accurate.

Reporting Website

To comply with these regulations, employers will need to publish the information referenced above on a searchable UK website.



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The publication must be in English and must be accessible to the public. In order to monitor improvements, employers will be required to retain reported information on the website for at least **three years**.

Employers will also be required to upload this information to a government-sponsored website. At least initially, the Government Equalities Office is expected to maintain ownership of this government website.

Calculating Pay Statistics

For purposes of calculating the means and medians previously mentioned, 'pay' includes the following:

- Basic pay;
- Paid leave;
- Maternity pay;
- Sick pay;
- Area allowances;
- Shift premium pay; and
- Bonus pay and other pay (including car allowances paid through the payroll, on call and standby allowances, and clothing, first-aider or fire warden allowances).

'Pay' does not include overtime pay, expenses, the value of salary sacrifice schemes, benefits in kind, redundancy pay, arrears of pay or tax credits. This definition of pay is consistent with the definition used by the Office of National Statistics (ONS) for the Annual Survey of Hours and Earnings (ASHE).

Compliance Enforcement

Currently, the draft regulations do not propose enforcement penalties. However, the Government Equalities Office will closely monitor compliance with finalised regulations during the initial years of implementation.

In addition, the government is expected to publish a database of complying employers. This information will be available to the public through a government-sponsored website. The website is also expected to identify examples of compliance and non-compliance.

Implementation Timeline

The Government Equalities Office is expecting to review all comments and respond to public comments by the summer of 2016.

Final regulations are expected to be issued and come into force by 1 October 2016. However, employers will not be expected to publish the required information immediately. Rather, employers may be required to produce a 'snapshot' report by April 2017 (employers will be allowed to look back at previous data for this initial report). The first full reports are expected for April 2018, and annually thereafter.

Impact on Employers

Even though final regulations have not yet been published, employers should evaluate how they plan to comply with these upcoming regulations.

Employers may need to implement new payroll systems and procedures or modify current ones in order to produce the data they will be required to publish.

Employers should also use initial data to understand pay differences between male and female employees, and, if there is a gap, seek to understand why the gap exists.

Employers should also consider drafting internal communications to help answer questions and concerns from their personnel, shareholders and the general public regarding their current pay equity conditions.

Contact **Crendon Insurance Brokers Ltd** for more information regarding UK employment laws.

