

Gender Pay Gaps - So What?

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Gender Pay Gaps - so what?

- Us: a very short introduction
- GPG: key stats, causes, solutions
- GPG reporting
- Equal pay - key points
- Our work
- Key observations
- Top tips

Menzies Law in a nutshell...

- Employment law, pensions, data protection
- HR, Pay & Reward, Business Immigration, L&D
- GPG and Equal Pay Audits a speciality
- Barrister-led, everyone has 20+ years' experience
- Annual, fixed-fee contracts
- Collaborative, 'partnering' style



GPG key stats

GPG by sector UK 2015



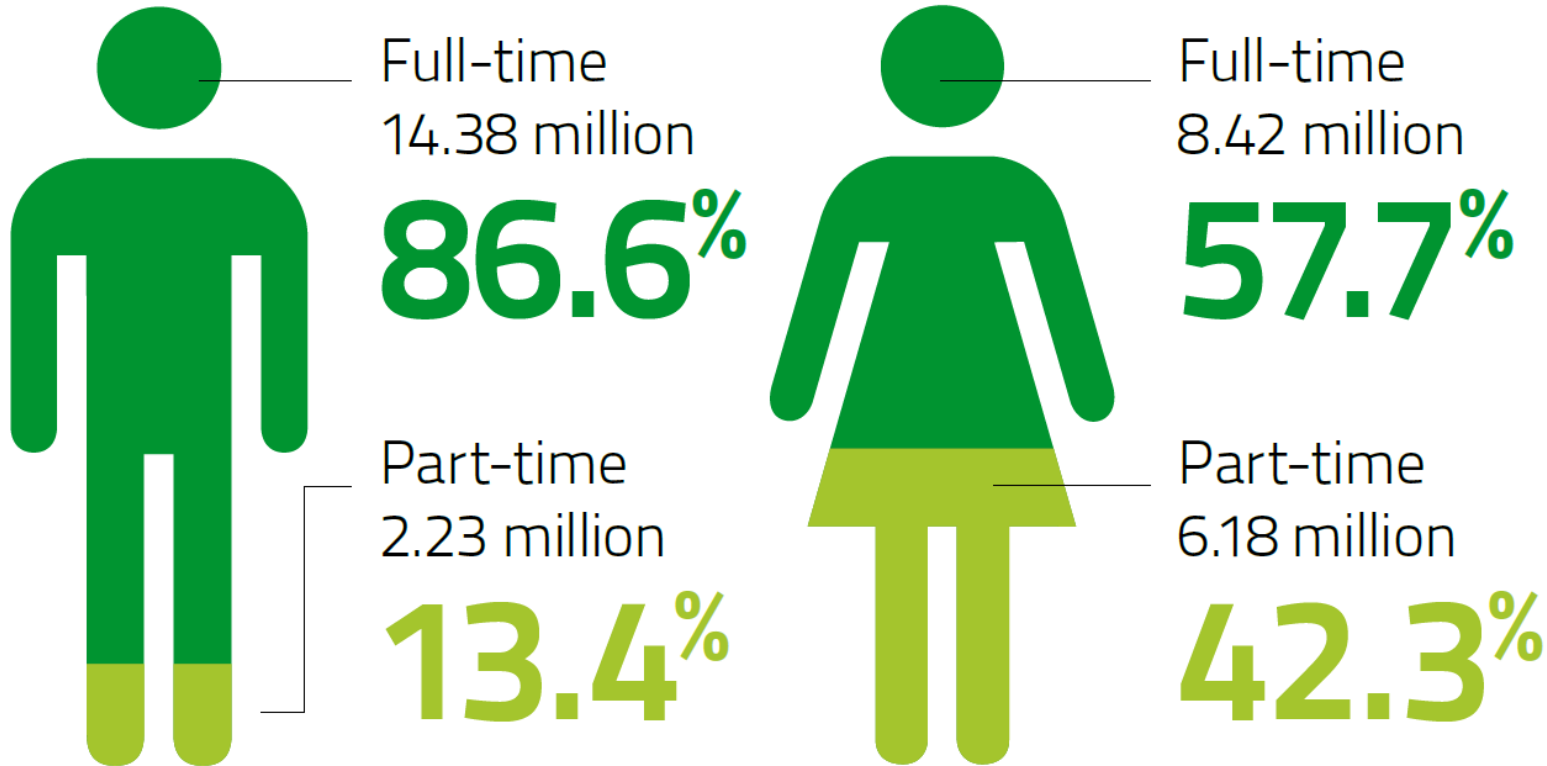
Source: ONS Annual Survey of Hours and Earnings 2015

Median average hourly earning for ■ Men ■ Women ■ Median Gender Pay Gap



GPG causes

Full-time v. Part-time work



Source: ONS Labour Market Statistics (November 2015).



GPG causes

The hourly pay rate penalty

Full-time workers
£13.29 Per
hour

Part-time workers
£8.44 Per
hour

Median hourly earnings (excluding overtime)
Source: ONS Annual Survey of hours and Earnings (2015).



Closing the Gap

■ Government

- Wants to close “in a generation” (more like 60 yrs)
- Led by Cameron and now by May
- Individual ‘rights based’ approach doesn’t work very well
- Mandatory GPG reporting – a big step
- Liberal v. Radical approaches (equality of opportunity v. equality of outcome)



GPG reporting

- Voluntary approach not worked
- Public Sector Equality Duty not made major dent in public sector GPG
- Mandatory GPG reporting: major step change
 - Highlight issue
 - Focus minds
 - Educate
 - External scrutiny: unions, press, competitors



GPG reporting

- Applies to employers with 250+ workers
- Only count within each separate legal body...
- ... so no need to include subsidiaries except where they employ 250+ (divergence from Equal Pay law) (perhaps will allow group reporting in future years?)
- Include both employees **and** others working under a personal contract (casuals, consultants, contractors)



GPG reporting

- Data ‘snapshot’ date: 5 April 2017 for private and voluntary sector
- 31 March 2017 for public bodies in England
- 12 months to then calculate GPG data and publish:
 - Private sector: **deadline 4 April**
 - Public sector (England): **deadline 30 March**
- Publish on your website and upload to Government’s searchable website – with a narrative
- Narrative content could be critical
 - Explain your gap, set in context
 - Outline what you’re doing to close your gap



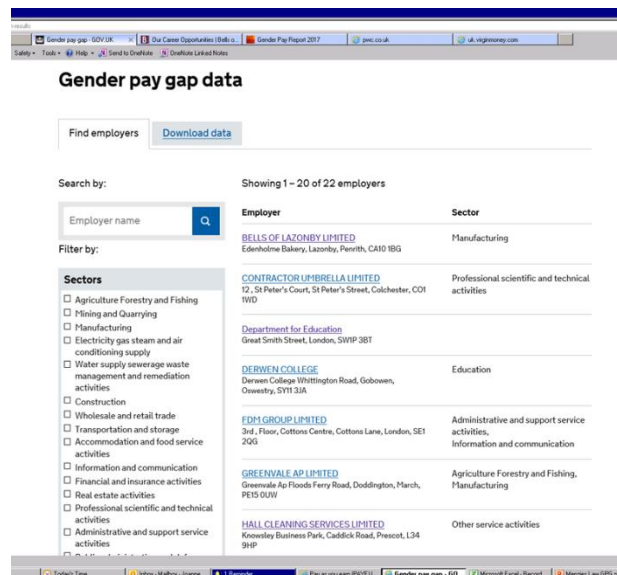
GPG reporting

- Data to publish:
 - the mean and median average gender pay gap figures for the organisation
 - the mean and median bonus pay gender pay gap for bonus payments over the last 12 months
 - the number of men and women working across each of the 4 'quartile' pay bands



GPG reporting

- Only 153 employers have published their Gender Pay Gap data on the Government's website to date (23 Oct).
- Many thousands still to go.



The screenshot shows the 'Gender pay gap data' website. At the top, there are buttons for 'Find employers' and 'Download data'. Below this is a search bar with the text 'Employer name' and a search icon. To the right of the search bar, it says 'Showing 1 - 20 of 22 employers'. Below the search bar is a 'Filter by:' section with a 'Sectors' list. The list includes: Agriculture Forestry and Fishing, Mining and Quarrying, Manufacturing, Electricity gas steam and air conditioning supply, Water supply sewerage waste management and remediation activities, Construction, Wholesale and retail trade, Transportation and storage, Accommodation and food service activities, Information and communication, Financial and insurance activities, Real estate activities, Professional scientific and technical activities, Administrative and support service activities, and Other service activities. The main content area displays a table of employers with columns for 'Employer' and 'Sector'. The table lists the following employers and sectors:

Employer	Sector
BELLS OF LAZONBY LIMITED Edenholme Bakery, Lazonby, Penrith, CA10 1BG	Manufacturing
CONTRACTOR UMBRELLA LIMITED 12, St Peter's Court, St Peter's Street, Colchester, CO1 1WG	Professional scientific and technical activities
Department for Education Great Smith Street, London, SW3P 3BT	
DERWEN COLLEGE Derwen College Whittingham Road, Gobowen, Oswestry, SY11 3JA	Education
EDM GROUP LIMITED 2nd Floor, Cottons Centre, Cottons Lane, London, SE1 2GG	Administrative and support service activities, Information and communication
GREENVALE AP LIMITED Greenvale Ap Floods Ferry Road, Doddington, March, PE15 0JW	Agriculture Forestry and Fishing, Manufacturing
HALL CLEANING SERVICES LIMITED Knowley Business Park, Caddick Road, Prescott, L34 9HP	Other service activities



What does it look like?

Gender pay gap data

Find employers [Download data](#)

Search by:

Employer name

Filter by:

Sectors

- Agriculture Forestry and Fishing
- Mining and Quarrying
- Manufacturing
- Electricity gas steam and air conditioning supply
- Water supply sewerage waste management and remediation activities
- Construction
- Wholesale and retail trade
- Transportation and storage
- Accommodation and food service activities
- Information and communication
- Financial and insurance activities
- Real estate activities
- Professional scientific and technical activities
- Administrative and support service activities

Showing 1 – 20 of 22 employers

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BELLS OF LAZONBY LIMITED Edenholme Bakery, Lazonby, Penrith, CA10 1BG	Manufacturing
CONTRACTOR UMBRELLA LIMITED 12, St Peter's Court, St Peter's Street, Colchester, CO1 1WD	Professional scientific and technical activities
Department for Education Great Smith Street, London, SW1P 3BT	
DERWEN COLLEGE Derwen College Whittington Road, Gobowen, Oswestry, SY11 3JA	Education
FDM GROUP LIMITED 3rd, Floor, Cottons Centre, Cottons Lane, London, SE1 2QG	Administrative and support service activities, Information and communication
GREENVALE AP LIMITED Greenvale Ap Floods Ferry Road, Doddington, March, PE15 0UW	Agriculture Forestry and Fishing, Manufacturing
HALL CLEANING SERVICES LIMITED Knowsley Business Park, Caddick Road, Prescot, L34 9HP	Other service activities

Windows taskbar: Start, Fee Earner Desktop - Tim..., Time Entries, Today's Time, Inbox - Mailbox - Joanne..., 1 Reminder, Pay as you earn (PAYE) |..., Gender pay gap - GO..., Microsoft Excel - Record..., Menzies Law GPG presen..., 105%, 14:36



What does it look like?

The screenshot shows a web browser window displaying the GOV.UK Gender pay gap reporting page for Virgin Money PLC. The browser's address bar shows the URL: <https://gender-pay-gap.service.gov.uk/viewing/employer-details?view=hourly-rate&id=a2pLdV2BHzWPKFpWUJaw%21%21>. The page header includes the GOV.UK logo and the title "Gender pay gap reporting". A blue banner at the top states "BETA This is a new service – your feedback will help us to improve it." Below this, there is a link to "View more employers". The main content area is titled "2017 to 2018 gender pay gap data" and "VIRGIN MONEY PLC". The address is listed as "Jubilee House., Gosforth, NE3 4PL" and the sector as "Financial and insurance activities". There are three tabs: "Hourly rate" (selected), "Pay quartiles", and "Bonus pay". The "Hourly rate" section shows "Women's hourly rate is" with two values: "32.5% LOWER (mean)" and "38.4% LOWER (median)". To the right, there is a section for "Employer's gender pay gap report" with a link to the report on the company's website and the name of the person responsible for the report, Jayne-Anne Gadhia, Chief Executive. The Windows taskbar at the bottom shows several open applications, including "Fee Earning Desktop - Tim...", "Time Entries", "Today's Time", "Inbox - Mailbox - Joanne...", "1 Reminder", "Pay as you earn (PAYE)", "Gender pay gap - GO...", "Microsoft Excel - Record...", and "Menzies Law GPG presen...". The system clock shows 14:37.

Gender pay gap - GOV.UK - Internet Explorer

https://gender-pay-gap.service.gov.uk/viewing/employer-details?view=hourly-rate&id=a2pLdV2BHzWPKFpWUJaw%21%21

Blank Page reporting - Google Search Gender pay gap - GOV.UK Our Career Opportunities | Bells o... Gender Pay Report 2017 pwc.co.uk uk.virginmoney.com

Home Read mail Print Page Safety Tools Help Send to OneNote OneNote Linked Notes

GOV.UK Gender pay gap reporting

BETA This is a new service – your [feedback](#) will help us to improve it.

[View more employers](#)

2017 to 2018 gender pay gap data

VIRGIN MONEY PLC

Address: Jubilee House., Gosforth, NE3 4PL

Sector: Financial and insurance activities

Hourly rate **Pay quartiles** Bonus pay

Women's hourly rate is

32.5%
LOWER
(mean)

38.4%
LOWER
(median)

Employer's gender pay gap report
View the employer's 2017 to 2018 gender pay gap report on their website.
<https://uk.virginmoney.com/virgin/assets/pdf/vm-gender-pay-gap.pdf>

Person responsible for employer's report
Jayne-Anne Gadhia
Chief Executive

Start Fee Earning Desktop - Tim... Time Entries Today's Time Inbox - Mailbox - Joanne... 1 Reminder Pay as you earn (PAYE) Gender pay gap - GO... Microsoft Excel - Record... Menzies Law GPG presen... 105% 14:37



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Quartile	Men (%)	Women (%)
Top quartile	65%	35%
Upper middle quartile	52%	48%
Lower middle quartile	35.8%	64.2%
Lower quartile	27.4%	72.6%



What does it look like?

The screenshot shows the GOV.UK Gender Pay Gap reporting interface for Virgin Money PLC. The page is titled "Gender pay gap reporting" and includes a "BETA" notice. It displays the following information:

- 2017 to 2018 gender pay gap data**
- VIRGIN MONEY PLC**
- Address:** Jubilee House., Gosforth, NE3 4PL
- Sector:** Financial and insurance activities
- Filters:** Hourly rate, Pay quartiles, Bonus pay (selected)
- Women's bonus pay is:**
 - 45.3%** LOWER (mean)
 - 40.7%** LOWER (median)
- Who received bonus pay:**
 - 90.1%** OF MEN
 - 88.7%** OF WOMEN
- Employer's gender pay gap report:** View the employer's 2017 to 2018 gender pay gap report on their website. <https://uk.virginmoney.com/virgin/assets/pdf/vm-gender-pay-gap.pdf>
- Person responsible for employer's report:** Jayne-Anne Gadhia, Chief Executive

The browser window shows the URL: <https://gender-pay-gap.service.gov.uk/Viewing/employer-details?view=bonus-pay&id=s2pUJv28HhCVFpVfUJaw%21321>. The taskbar at the bottom shows several open applications, including "Gender pay gap - GOV.UK" and "Microsoft Excel - Record...".



GPG reporting

- What's next?
 - Sector league tables?
 - 'Name and shame' by Government?
 - Fine for not publishing GPG?
 - Legal penalties/fines for a high GPG?
 - Difficulty winning public sector contracts?
 - Difficulty winning funding?

School/College name	▼ Value Added score
England - all schools and colleges	NA
England - state funded schools and colleges	NA
Schools (tick the box next to a school/college to select it for comparison - once you have selected all)	
<input type="checkbox"/> Rochdale Sixth Form College	0.42
<input type="checkbox"/> Brighton Hove and Sussex Sixth Form College	0.32
<input type="checkbox"/> Carmel College	0.26
<input type="checkbox"/> Hereford Sixth Form College	0.25
<input type="checkbox"/> Varndean College	0.24
<input type="checkbox"/> Cardinal Newman College	0.23
<input type="checkbox"/> New College Pontefract	0.22
<input checked="" type="checkbox"/> Godalming College	0.21
<input type="checkbox"/> Havant College	0.21
<input type="checkbox"/> Scarborough Sixth Form College	0.20

Closing the Gap



■ Employers

- Audit, understand
- Educate and train pay decision-makers
- Equality of opportunity: bonuses, awards, etc.
- Equality of outcome: hourly pay rate (incl. PT)
- Pay structure: more transparency; more flexibility
- Design out the unconscious bias flaws

Gender Pay Gap v. Equal Pay

- **Equal Pay**

- Legal right to be paid same as man/woman doing same job/work of equal value

- **Gender Pay Gap**

- Simply the difference between average earnings



Equal Pay

- Equal with who?
 - 'Like work'
 - Work rated as equivalent
 - Equal value



Equal Pay

- How far can you defend unequal pay?
 - The 'material factor' defence:
 - genuine and not a sham or pretence
 - a significant, material factor which definitely caused the whole of the pay differential **and**
 - not itself tainted with any sex discrimination



Equal Pay

- Beware the evaporating ‘material factor’ defence
- Justification fades over time
 - Market rate
 - annual checks
 - obtaining and archiving evidence
 - Pay protection... for how long?
 - restructuring
 - TUPE



Effective protection

- Fit-for-purpose JE scheme (more later)
- Salary bench-marking
- Document every decision (more later)
- Be able to explain every gap
- Transparency and scope for adjustment: the benefit of pay supplements over consolidation



Our recent work

- Last 18 months:
 - GPG calculations
 - Equal Pay audits
 - Legal advice on equal pay risks
 - Reviewing pay structures and approaches
 - Practical advice on closing the gap and reducing legal risk
- Wide range of GPGs
- Even within almost identical orgs: 0% - 27% differences



Where it goes wrong

- Lack of JE, or letting it slide (more later)
- Lack of salary bench-marking
- Too much discretion for managers
- Managers not understanding the consequences of their actions (more later)
- No overview of the equality related outcomes of pay reviews



Letting JE schemes slide

- So easy to do when we're busy – but really must keep on top of them
- Check the outcomes are relevant after every panel
- Sense check the scores align to good scoring for your org
- Sense check the scores and pay against pay rates for other jobs of a similar scoring
- Review slotted/aligned/matched roles to ensure they are right
- Carry out an annual review of all the scoring and impact on your business



Even good GPG scores hide a multitude of sins

- Watch for the same/similar job titles in different parts of your organisation – we've seen differences of up to 50%!
- Check that allowances and enhancements are added/removed in line with your policy – we've seen bought-out enhancements that are still being paid
- Check incremental increases are being applied correctly – we've seen differences based on payroll vs HR principles
- Check you have a business case for any anomalies – “can't remember” or “don't know” is not the ideal answer



Watch out for “him and me” issues

- “Why do you pay him so much compared to me?”
- Do you have robust evidence to support it?
- Think about how you would deal with reducing someone’s pay and the resulting constructive dismissal risk
- Think about how you would deal with someone so far below market it would break the bank if you paid up
- What would happen if you get both at the same time?



Document it!

- Document, record, write it up (whatever your preferred method)
- Whatever you do, make a note of your decisions and the evidence used to support them
- Keep the evidence on file for a minimum of 6 years
- Document salary policy and principles to support consistent decision making
- Document payroll principles down to support consistent application



Train it away

- Managerial training on making better pay decisions
- Ensure everyone understands:
 - the law
 - the business case for gender equality
 - company policy
 - the practical consequences of unequal pay
- Understanding unconscious bias is key
- Give them the right systems to follow



Design it away

- So many things can be done to improve gender equality
- Lots of good behavioural design ideas around
- *The violin behind the curtain...* and other stories



The Business Case

- There are strong legal and financial reasons too for aiming for pay equality...
 - If 30% of the leaders of a company are women, the net profit margin tends to be 6% higher
 - Avoiding Equal Pay claim risks
 - Avoiding bad publicity
 - Maximising retention
 - Optimising recruitment



How we can help

- Gender Pay Gap calculation and reporting
- Equal Pay Audits
- Legal advice on equal pay risks
- Advice on pay structures and reward policies
- Job Evaluation – JOES[©]
- Salary Benchmarking



Any Questions?



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