

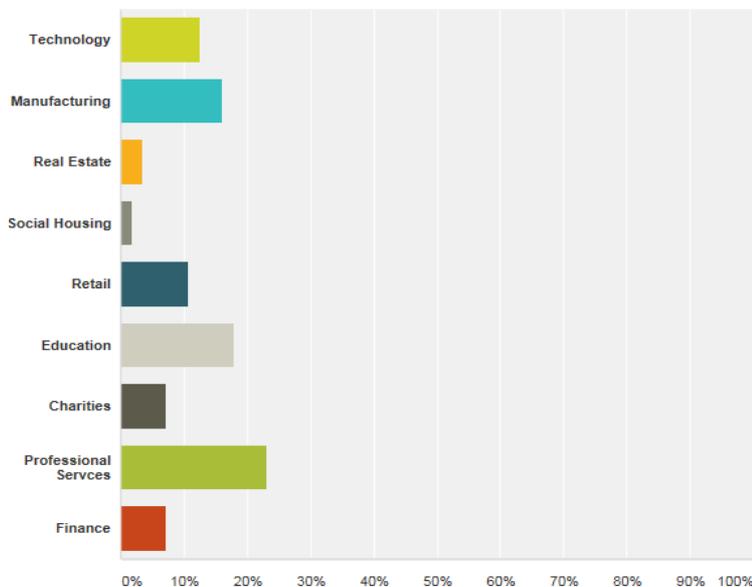


# PENNINGTONS MANCHES GENDER PAY GAP SURVEY - UNCERTAINTY OVER CALCULATING THE GENDER PAY GAP SUGGESTS A NEED FOR SPECIALIST ADVICE

## BACKGROUND

The introduction of new legislation taking effect on 5 April 2017 brings gender pay gap reporting to the top of the agenda. Penningtons Manches carried out a survey across a range of industry sectors to explore the level of knowledge and planning that existed in early April 2017 amongst those responsible for HR in their organisation.

### *% responses by industry sector*



## ASSESSING EMPLOYEE NUMBERS AND PAY

The new gender pay gap regulations state that **all organisations** with over 250 employees must calculate and publicise their gender pay gap figures by the 5 April 2018. Of the 56 respondents in our survey, 46% knew that their organisation would be subject to gender pay regulations, while the remainder either did not know or thought the regulations did not apply to them.



When asked how they will assess the number of employees in their organisation, 86% of total respondents plan to include workers in their 250 employee threshold. However there was some degree of confusion over whether to include contractors, including agency and third party contractors, with one in five respondents unsure whether or not to include contractors in their 250 headcount. Even those respondents who were clear from the outset about whether they would be required to produce a gender pay gap report expressed uncertainty as to whether contractors, casual staff and staff on international assignment should be included in their calculations.

**Q: When you assess the number of employees your organisation has, do you plan to include:**

	Yes	No	Don't know	N/A
Workers	86%	2%	3%	9%
Contractors including agency and third party contractors	23%	45%	20%	12%
Casual staff	50%	20%	9%	21%
Staff on international assignment	32%	13%	5%	50%
LLP members	4%	23%	3%	70%
Partners	11%	23%	0%	66%

One in four respondents did not know whether to include staff who do NOT receive full pay in March and April due to periods of sick leave, and 58% did not know how to handle employees with variable rates of pay in their gender pay gap calculations.

There is also evidence of uncertainty over the definition of 'pay', with 55% saying they do not know which benefit schemes will be counted as pay, and 41% unsure about which bonus schemes and 'bonus pay' to include in their calculations.

**DOING THE CALCULATIONS**

Less than a third of organisations who had responded had carried out calculations to determine their gender pay gap at the time of our survey. For those that provided an estimate of their pay gap, the most frequent estimate was that overall women were paid 10-20% less than men in their organisation, so broadly in line with Office of National Statistics average figures.

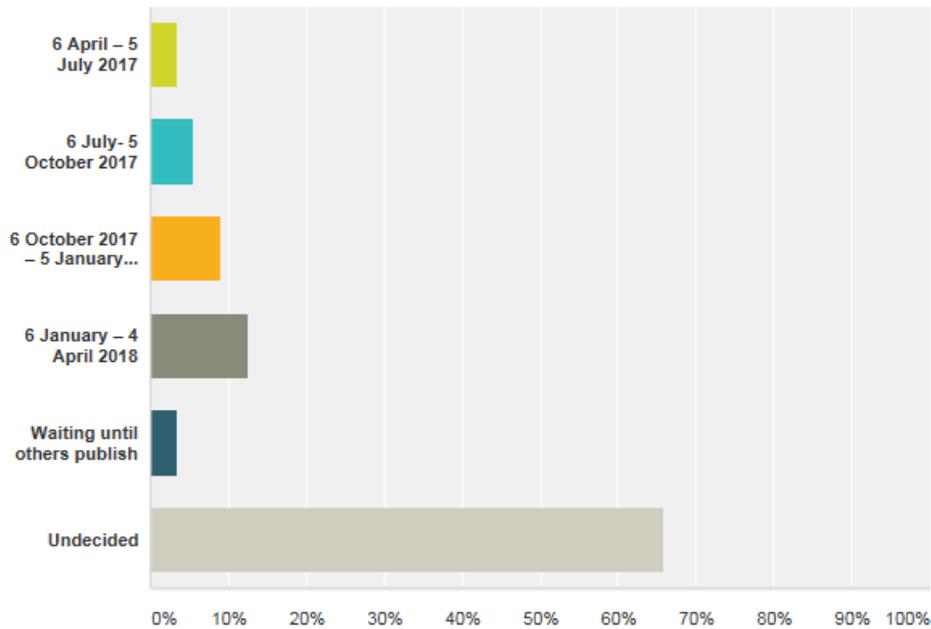
For the remaining two thirds who had not done the calculations, or who did not know, this could be the result of uncertainty over how to go about doing so.

**PUBLISHING THE GENDER PAY GAP STATEMENT**

The new regulations oblige organisations with over 250 employees to publish a gender pay gap figure by 5 April 2018. Some employers are using voluntary gender pay gap communications to gain a PR advantage. However, less than one third of our sample has definite plans on when to publish.



**Q: When do you intend to publish your gender pay gap statement?**



Similarly, 22% have not decided who will be responsible for signing off the accuracy of the gender pay gap statement on behalf of the organisation (eg the Managing Director, Finance Director, HR Director or other Director), and 59% are unsure whether explanatory notes would be included with their gender pay gap statement.

**CONCLUSIONS**

Despite the level of publicity that the new gender pay gap regulations have received in recent weeks, it is evident that there remains a degree of uncertainty over its practical application in the workplace. The definition of who should be counted as an employee for the purpose of the calculation needs clarification, and detailed knowledge may be required on an individual basis - for example in complex areas such as employees with variable rates of pay, benefit schemes and bonus pay.

The way in which communication is handled around the publication of a gender pay gap statement can potentially have an impact on both the external reputation of an organisation and the individuals who work within it. So as the deadline approaches, we believe that there is a growing need for organisations to seek expert advice not only in the calculation of the figures but also in the preparation and presentation of the public statement.

**HOW CAN WE HELP?**

Data gathering and calculating the gender pay gap can be a complex process for an organisation. In order to assist employers we have developed the Penningtons Manches Gender Pay Gap Calculator (the Calculator) to calculate both mean and median pay and bonus figures. The Calculator allows you to get an accurate figure on the pay gaps in your organisation.

We also provide legal advice to ensure that you collect and input the data required to comply with the Regulations.



Once accurate data has been run through the Calculator to determine your gender pay gap, we are also able to work with you to decide not only what you present to your companies and how, but also what steps you can take to close any pay gaps which may exist and what to include in any voluntary narrative.

Where the results of your gender pay gap require further analysis, we can also work with you to carry out privileged equal pay audits in order to help frame the narrative in the way which best suits your company.

	The Calculator	Legal advice	Price (including VAT)
Standard product	✓	One hour legal advice on which data to include in the Calculator	£500
Enterprise product	✓	Legal advice on who is caught within the definition of employee on the snapshot date which data to include in the Calculator how to calculate hourly rates including for those with irregular working hours what ordinary pay to include which bonuses to include who is included in which quartile	Fewer than 350 employees: £2,000 350 – 499 employees: £3,500 500-1,000 employees: £5,000

## FIND OUT MORE

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Fieldwork was carried out on Survey Monkey in April 2017