

GENDER PAY GAP REPORTING OBLIGATIONS

THE
INVESTMENT
ASSOCIATION

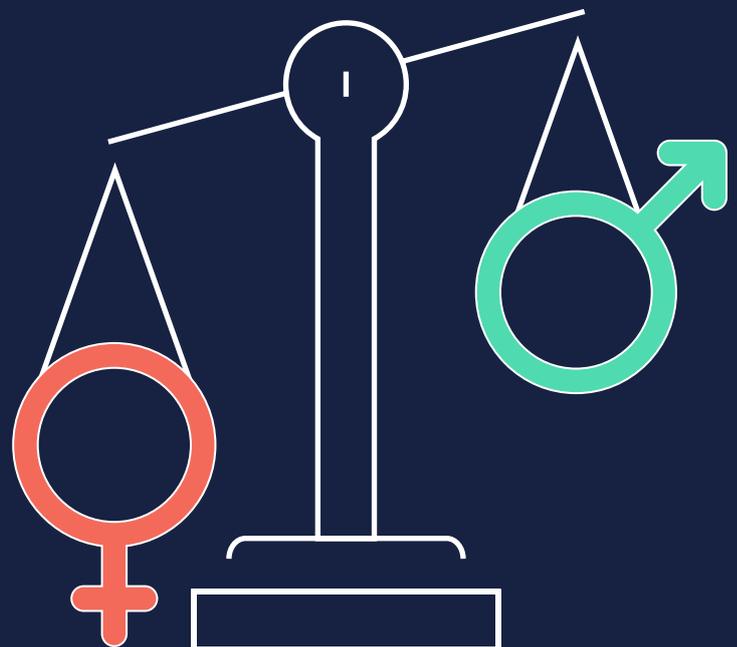
A GUIDE FOR IA MEMBERS



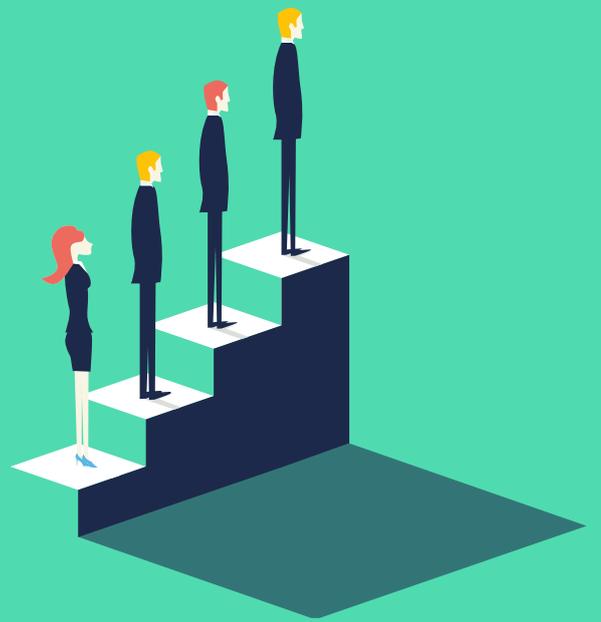
AUGUST 2017

OVERVIEW

AS OF 6 APRIL 2017, IT IS **MANDATORY** FOR UK EMPLOYERS WITH MORE THAN 250 STAFF TO PUBLISH GENDER PAY INFORMATION ON AN **ANNUAL** BASIS. FOR FIRMS WITH FEWER THAN 250 EMPLOYEES, THEY ARE NOT LEGALLY REQUIRED TO COMPLY WITH THE REGULATIONS, BUT ARE URGED BY GOVERNMENT TO GIVE SERIOUS CONSIDERATION TO THE BUSINESS BENEFITS OF DOING SO. THE RULES GOVERNING GENDER PAY GAP REPORTING ARE LAID OUT [IN THE EQUALITY ACT 2010 \(GENDER PAY GAP INFORMATION\) REGULATIONS 2017](#). THIS DOCUMENT PROVIDES AN OVERVIEW FOR INVESTMENT ASSOCIATION MEMBERS OF THESE REGULATIONS AND WHAT REQUIREMENTS THEY PLACE ON FIRMS.



WHAT IS THE GENDER PAY GAP?



The gender pay gap shows the **differences in the average pay between men and women**. It differs from ‘equal pay’, which is about the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman. The gender pay gap *may* include unlawful inequality, but this is not necessarily the case.

WHAT DO FIRMS HAVE TO REPORT?

The regulations place six reporting requirements on firms, namely:

1. The average gender pay gap as a mean average.
2. The average gender pay gap as a median average.
3. The average bonus gender pay gap as a mean average.
4. The average bonus gender pay gap as a median average.
5. The proportion of men and proportion of women receiving a bonus payment.
6. The proportion of men and women in the lower, lower middle, upper middle and upper quartile pay bands.



Alongside the calculations, firms must publish a **written statement**, authored by an appropriate senior person (a director of their corporate body), which confirms the accuracy of their calculations.

PROVIDING A SUPPORTIVE NARRATIVE

It is recommended as good practice (but is not a legal requirement) that firms should also provide a **supporting narrative** alongside their mandatory reporting. This is separate from the written statement confirming the accuracy of the figures. Reasons to provide a supporting narrative include:

1.



To help anyone reading the statement to understand the firm's view of why a gender pay gap is present in their company and what the organisation intends to do to close it.

2.



To report where the gender pay gap has successfully reduced over time.

3.



To highlight where measures have already been implemented to reduce the gender pay gap but will need time to take effect before an impact is made.

4.



To help motivate staff across the organisation to reduce the gender pay gap.

WHAT CONSTITUTES AN EMPLOYEE?

In order to know whether your organisation will be required to comply with these requirements, you will need to know whether you have 250 or more qualifying employees on the 'snapshot' date – for private companies this has been fixed as the **5 April** each year. The definition of who counts as an employee is defined in the Equality Act 2010, and includes:



- **EMPLOYEES WITH A CONTRACT OF EMPLOYMENT.**
- **WORKERS AND AGENCY WORKERS WITH A CONTRACT TO DO WORK OR PROVIDE SERVICES.**
- **SOME SELF-EMPLOYED PEOPLE, WHERE THEY HAVE TO PERSONALLY PERFORM THE WORK.**



Part-time workers and those in job share arrangements each count as one employee for headcount purposes.

Company partners, where they would usually also be considered employees, should be included in the employee headcount, but not be used as part of the calculations, as partners are not “paid” but instead take a share of the profits. This means that whilst employers may have 250 or more employees, and therefore be covered by the regulations, they may not be required to report on the pay and bonus of all of those employees. For details see pages 6 and 7 of the Acas guidance available at the following link: http://www.acas.org.uk/media/pdf/m/4/Gender_Pay_Reporting_GUIDE3.pdf.

WHEN DO FIRMS HAVE TO REPORT BY?



Employers covered by the regulations will have to publish their first gender pay information report on or before **4 April 2018** and then **annually** on or before 4 April each year.

PUBLICATION



Employers must publish their gender pay calculations and written statement in a visible place on their company website **and** on the designated government website.

The information must be published within one year of the relevant snapshot date. Employers can report on gender pay at any point in their reporting cycle, but they should aim to publish their results as soon as reasonably possible after the snapshot date. There is no requirement for an employer to publish at the same time each year.

The information must be maintained online on the employer's website for a minimum of three years. Employers may wish to maintain this information on their website for longer to show longer-term progress.

ENFORCEMENT



The regulations are enforced by the Equalities and Human Rights Commission. The regulations themselves do not provide for any specific sanctions for non-compliance with the rules, but the explanatory notes provide that a failure to comply will constitute an 'unlawful act' under the Equality Act 2006, which empowers the Equalities and Human Rights Commission to take enforcement action. This typically takes the form of an inquiry/investigation and unlawful act and compliance notices. This could have an adverse impact on the company's reputation.

OTHER INITIATIVES



TO BE AWARE OF:

THE HAMPTON-ALEXANDER REVIEW



An independent, Government-backed review conducted by Sir Philip Hampton and Dame Helen Alexander is building on the success of the voluntary, business-led approach of the Davies Review into women on boards. Its aim is to examine female representation in leadership positions in British companies, with a view to raising the ambition to the FTSE 350 and increasing the target to 33% of women on boards by 2020. The review has also set a combined target for FTSE 100 companies to aim for a minimum of 33% women's representation across their Executive Committee and in the Direct Reports to the Executive Committee by 2020. The Government

has endorsed the report and is encouraging those not yet focussed on improving the number of women leaders in their organisation, specifically CEOs and HR Directors, to join their peers in taking action. See more details here: <https://ftsewomenleaders.com/>

WOMEN IN FINANCE CHARTER



A commitment by the Treasury and signatory firms to work together to build a more balanced and fair industry. Participating Financial Service (FS) firms commit on a voluntary basis to supporting the progression of women into senior roles by focusing on the executive pipeline and mid-tier level. They set their own targets for their organisation and publicly report on progress against these internal targets each year. The Charter is open to FS firms of any type and size. See here for details: www.womeninfinance.org.uk.

FURTHER GUIDANCE AND USEFUL LINKS

The Government Equalities Office and Acas advice: Managing gender pay reporting:

http://www.acas.org.uk/media/pdf/m/4/Gender_Pay_Reporting_GUIDE3.pdf

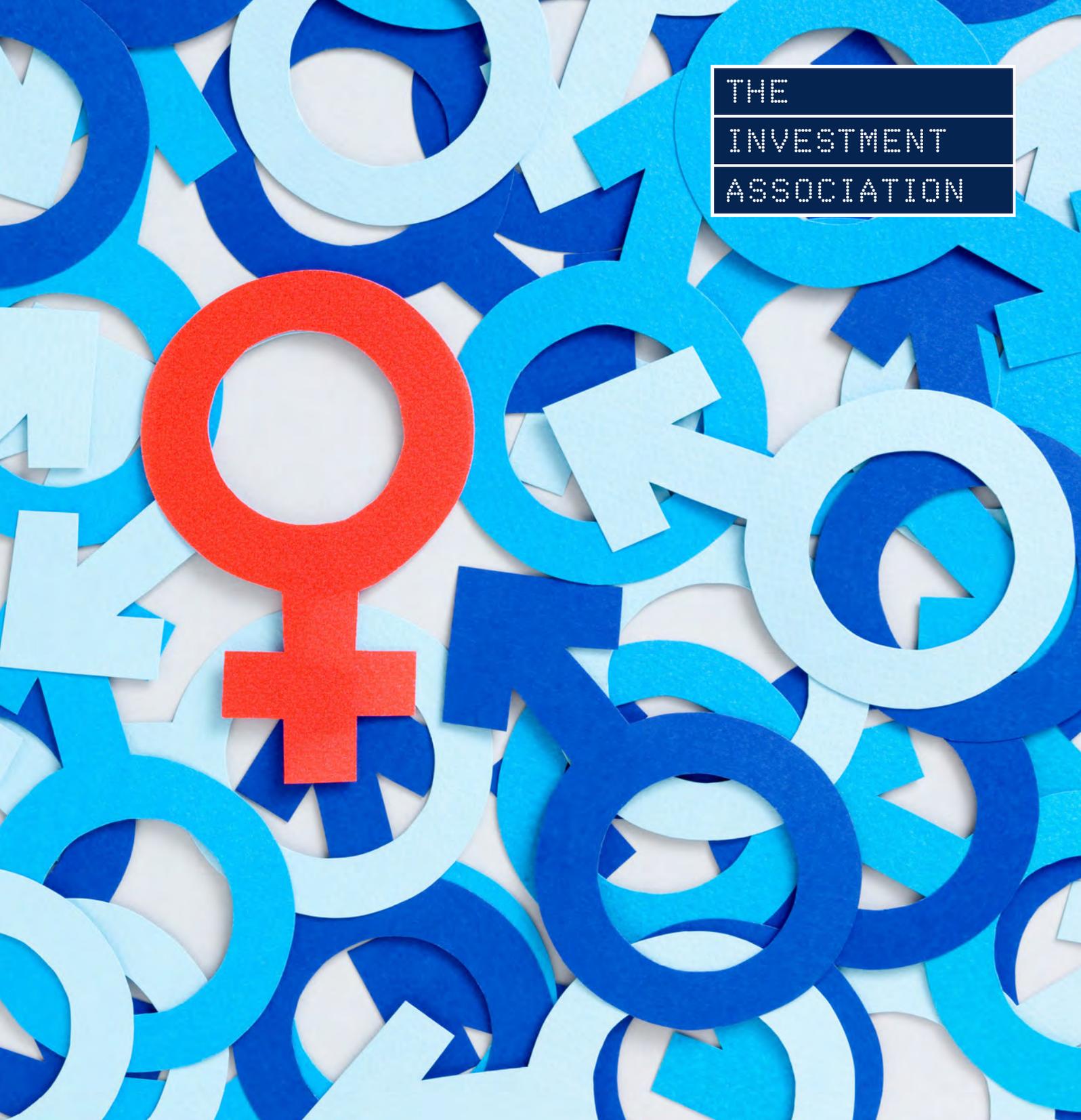
Gender pay reporting notification template:

http://www.acas.org.uk/media/word/1/0/Gender_Pay_Reporting_COMMUNICATION1.docx

HM Government Gender Pay Gap website:

<https://genderpaygap.campaign.gov.uk/>

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Disclaimer: This document is not intended to give legal advice and it should not be relied upon. It should not be regarded as a comprehensive statement of the law and practice in this area. Readers must take specific legal advice on any particular matter which concerns them.

