

UK Gender Pay Gap Reporting Regulations to Take Effect in April 2017

February 10, 2017

By [Daniella McGuigan](#)

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 are expected to come into force in the United Kingdom (UK) on April 6, 2017. Although the regulations are still subject to final approval by the UK Parliament, they are not expected to change.

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 are expected to come into force in the United Kingdom (UK) on April 6, 2017. Although the regulations are still subject to final approval by the UK Parliament, they are not expected to change.

What Are the Regulations?

The reporting legislation requires employers with 250 or more employees in the UK (or employees working abroad, but who have UK employment rights) to publish statutory calculations every year showing how large the pay and bonus gap is between their male and female employees.

What Information Needs to Be Calculated?

Employers must collate gross hourly pay data from their systems for their employees' relevant pay periods. The relevant pay period is determined by the frequency with which an employee gets paid and it must include the "snapshot date," which is always April 5. For example, for an employee who is paid weekly, the relevant pay period used to calculate the hourly rate of pay would be the week that includes 5 April. The hourly rate of pay would then be calculated using a multiplier stated in the regulations (depending on what the relevant pay period is) and the employee's normal weekly working hours.

Employers must also collate bonus information for the 12-month period ending on April 5. (For this first reporting year, the bonus period will run from April 6, 2016, to April 5, 2017 inclusive.) Using that

information, six calculations will then need to be carried out using prescribed formulas which are set out within the regulations:

- average gender pay gap as a mean average;
- average gender pay gap as a median average;
- average bonus gender pay gap as a mean average;
- average bonus gender pay gap as a median average;
- proportion of males receiving bonus payments and proportion of females receiving bonus payments; and
- proportion of males and females when divided into four groups ordered from lowest to highest pay.

The issue of which employees fall within the scope of the regulations and what is covered under the term “pay” is not straightforward. For example, any employee who is not in receipt of his or her normal contractual pay during the relevant pay period, which must include 5 April, is excluded completely from the calculations (whether due to maternity leave, sick leave, special leave, paternity leave, etc.). Further, any bonus that is received by an employee during the relevant pay period is also included in the ordinary pay calculation (on a pro rata basis if it relates to a period that is greater than the relevant pay period).

Where and by When Does the Information Need to Be Published?

- The latest date that 2017 pay and bonus data can be published is April 4, 2018.
- The information must be published on the organization’s own website and remain there for a time not less than three years. A government website will also be created where the information will have to be published. (Details concerning the government website will likely be released nearer April 5, 2017.)
- There will be the opportunity to submit a narrative alongside any published data to explain the results (good or bad). This narrative will be key in terms of managing external and internal communications and workplace relations.
- Finally, the gender pay gap report must be signed off at board level by each organization.

What Will Happen If My Organization Does Not Comply?

Once the regulations are in force, it will be a legal requirement for all employers who fall within the scope of the regulations to publish their gender pay reports. The Equality and Human Rights Commission has the power to enforce any failure to comply, but perhaps the greatest commercial risk is reputational damage caused by suspicions as to why an organization has failed to publish data when its competitors have.

How Can Your Organization Get Ready to Comply?

- Consider setting up a project group which will be responsible for the gender pay gap reporting duties. This group should be made up of staff that will be responsible for finance and payroll, human resources, communications (external and internal), and operational matters. From there, devise a project plan with phasing so that the organization is ready to comply with its reporting obligations within its own operational framework.
- Check the payroll system to ensure that it is able to capture the pay data that is required to comply with the regulations as of April 5 each year and also for the preceding 12-month period in relation to bonus information.
- Ensure personnel files are up to date and that there are clear records available detailing each employee's remuneration package, pay intervals, and normal contractual working hours per week. This is essential information that will allow you to determine the hourly rate of pay needed for the calculations.
- Consider carrying out sample data testing to test systems and ensure that they can supply the data that is needed to carry out the necessary calculations.
- If you are concerned that there may be equal pay risks within the organization, consider carrying out an equal pay risk analysis review under the protection of legal professional privilege before the organization has to publish data.

AUTHOR



Daniella McGuigan

Partner, [London](#)

TOPICS

[Cross-Border](#), [Pay Equity](#)