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## Gender Pay Gap – Know the Facts

With the deadline rapidly approaching for companies to report their gender pay gap data, this factsheet gives you the key information about the regulations and what they mean for companies and employees.

### What is the 'Gender Pay Gap'?

The gender pay gap is the difference in the average hourly pay of a man versus that of a woman. As of 2017, the overall median gender pay gap in the UK was 18.4%, up from 18.1% last year, while the figures for full-time workers only are slightly better: 9.1%, down from 9.4% last year. Since 1997 the gap has been narrowing, but progress has stalled recently.

### Why does the gender pay gap exist?

There are two main causes of the gender pay gap:

1. Differences in where and how women tend to work, versus men: women are more likely to be in lower paying, lower skilled roles and are more likely to work part-time (where hourly pay is typically lower). Crucially, there are far fewer women than men in many high-skill, higher paying STEM jobs; less than 1-in-10 UK engineers are women for example, well below the EU average.
2. Differences in pay received by men and women for the same work, or for work of equivalent value (i.e. an equal pay problem). This remains a huge, ongoing issue, as demonstrated by Prospect's recent victory at the Met Office where senior female meteorologists were being paid about £7,000 less per year than their male colleagues.

### If my company has a gender pay gap does that mean there is an equal pay problem?

Not necessarily. Equal pay and the gender pay gap are two different things; equal pay issues are one potential cause of a gender pay gap, but not the only one (see above). As a result, just because your company or organisation has a gender pay gap, it does not automatically mean there is an equal pay issue, and the existence of a gender pay gap is not, in itself, sufficient evidence for an equal pay case. But, where gender pay gaps exist, it is likely that equal pay issues are playing a role, which is another reason to start engaging your employer and requesting more information.

### What are the Gender Pay Gap reporting regulations?

In April 2017 the government announced new regulations that require any company or organisation with more than 250 employees to report annually on their gender pay gap. They are required to publish four key pieces of information:

- The difference in mean hourly pay between male and female employees
- The difference in median hourly pay between male and female employees
- The percentage of men and women in each pay quartile
- The percentage of men and women who receive bonuses and the average amounts received

The regulations are relatively weak and there is a lot of important data that is not included in the requirements (such as breakdowns by pay grade, job type, full-time versus part-time workers etc.). Crucially, it is not clear if companies will face any meaningful enforcement action if they fail to publish their reports or if they publish inaccurate data. Nevertheless, the regulations can be a starting point for raising the issue of pay equality in your workplace.

### **How can we persuade employers to take this issue seriously?**

There are many reasons why employers should be proactive in tackling the gender pay gap.

- At heart it's an issue of basic justice: closing gender pay gaps would be a major step forward for gender equality and all companies should have an interest in helping to achieve that.
- Companies who are proactive on this issue are likely to enjoy an enhanced reputation, which in turn is likely to bring a range of business benefits, including making it easier for them to attract high-quality employees in the future.
- Taking positive steps to tackle the gender pay gap can also have a big impact on staff morale and help to improve the retention of women workers; improving the gender balance of the workforce can have major positive effects and a growing body of research has shown that more diverse workplaces tend to be more productive, more profitable, and have higher levels of employee engagement.
- Taking steps to tackle the gender pay gap, and engaging openly with the workforce on this issue, is likely to give employees more confidence that pay systems are fair and transparent; this can have obvious benefits in terms of improving employee morale and engagement.
- Concerted action on pay inequality is likely to have big economic benefits; research by the management consultancy McKinsey found that closing the gender pay gap could add £150 billion to UK GDP in 2025 compared with business as usual.

### **How can Prospect reps take action in their workplaces?**

The new reporting regulations are an opportunity to raise the issue of gender discrimination in the workplace. With respect to the reporting regulations, some steps to consider:

- If your employer is required to report, make sure they do so; only a small percentage of affected employers have reported so far, so pressure is needed to ensure all employers take these requirements seriously.
- Employers should be strongly encouraged to go beyond the minimum requirements of the regulations; data that breaks down the gender pay gap by pay grade, job type, and by hours worked would all help to get a much more accurate and comprehensive picture of gender pay differences.
- Employers should also be encouraged to explain any gender pay gaps that exist and the steps they are planning to take to address them; this is not a requirement of the regulations but would help ensure that publishing the data is a more meaningful exercise.
- Even if your employer is not required to report it is worth asking them to consider voluntarily publishing the data; there are significant potential business benefits to engaging positively with the issue of gender pay inequality (see points above).

### **When your employer has reported, what can you do next?**

If your employer has reported gender pay gap data, there are several potential next steps to consider.

- Examine the data that has been published, especially if the gender pay gap at your company is higher than the national averages (median 18.4%, mean 17.4%). If your employer has not provided any commentary with the data, engage with them about how they explain the gap and what they plan to do about it.
- If you have concerns about possible equal pay issues, start a conversation with the rest of your branch and your full-time officer about what action you want to take. It may make sense, for example, to push your employer to conduct a more comprehensive pay audit, which would review the pay system as a whole to ensure all employees are being treated equally.
- The regulations can also be a useful starting point for opening a dialogue with your employer about recruitment and retention practices; there are a range of steps that can be taken to reduce discrimination in hiring and to improve retention rates for women, for example by introducing more flexible working arrangements

### **Where can I get more information?**

There are a range of additional sources of information available:

- A more detailed briefing from Prospect about the Gender Pay Gap Regulations is available here - <https://library.prospect.org.uk/id/2017/00667>
- A Prospect briefing on Equal Pay is available here - <https://library.prospect.org.uk/download/2014/01228>
- Information from the Equalities and Human Rights Commission (EHRC) about the regulations - <https://www.equalityhumanrights.com/en/advice-and-guidance/gender-pay-gap-reporting-requirements>
- A TUC guide to the gender pay gap is available here - <https://www.tuc.org.uk/gender-pay-gap-reporting>
- Guidance from ACAS on the gender pay gap - <http://www.acas.org.uk/index.aspx?articleid=5768>