



Governance *in brief* Government consults on gender pay gap disclosures

Headlines

- The Government Equalities Office is asking for views on equal pay reporting regulations and ideas on wider actions that could be taken to reduce the gender pay gap in the UK.
- The reporting regulations are not expected to be published until the first half of 2016 and at this stage there is little guidance as to what these may look like and/or when employers would be required to make their first disclosures.
- The intention is that these disclosures would be required for **all** companies with more than 250 employees.

Background

The Small Business, Enterprise and Employment Act 2015, enacted on the 26 March 2015, requires the Government to introduce regulations around disclosure of the gender pay gap within the next year. To commence this process, the Government Equalities Office has published a consultation paper entitled "Closing the Gender Pay Gap".

This follows other Government efforts in this area over recent years to tackle the issue on a voluntary basis. In particular, in 2011 the Think, Act, Report (TAR) Framework was launched, the aim of which was to improve transparency on pay. While around 275 employers signed up to the voluntary scheme it is reported that only five of these published details of the gender pay gaps in their organisations and only two of those reported the pay gap by grade.

The latest consultation paper covers both practical aspects of the reporting regulations, and wider questions around what other actions the government could take to close the gender pay gap. The consultation runs until 6 September 2015.

What are employers expected to report on?

The new reporting regulations will apply to all employers with over 250 employees in the UK. Specific details of what will need to be disclosed will be determined after the consultation, however it is anticipated that this will require publishing of gender pay gap figures for UK employees on an annual basis.

The figures to be disclosed would include the gender pay gap for full-time and part-time employees, as well as the overall gap.

In addition, organisations may also be required to look at more detailed areas such as:

- starting salaries for men and women and the difference between them;
- the difference between average basic pay and total average earnings of men and women broken down by grade and job type; and
- other components such as bonuses, pensions and allowances.

Implications for employers

Publishing the gender pay gap will likely be a sensitive issue for many companies. In particular, some organisations may consider that gender pay gap figures at an aggregated level do not provide a fair representation of underlying pay practices. We would therefore encourage organisations to review their pay policies and practices now, including analysis of the gender pay distribution across the organisation to develop a clearer understanding of the scale of any gender pay gaps and any drivers and/or explanatory factors for this. Depending on the findings of this analysis, companies should then consider implementing a strategy and action plan to address any identified issues.

For further information

Government Equalities Office

Closing the Gender Pay Gap (July 2015) – <https://www.gov.uk/government/consultations/closing-the-gender-pay-gap>

Deloitte view

- Deloitte supports the proposals announced by the Government. It marks another important step towards achieving parity, both in terms of pay but also representation at all levels within big businesses. A key issue is the number of women employed at more senior grades rather than pay grade differentials. We believe that without a representative share of senior female employees average pay will never truly equalise.
- We encourage all companies to respond to the consultation in order to help shape the final regulations.

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