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Preparing for gender pay reporting – stage two

The Gender Pay Gap Information Regulations come into force on 6 April 2017. In last week's guide we explained how to work out whether the regulations apply to your organisation, who counts as an employee and what is meant by the snapshot date.

In this stage two guide we explain what pay information you will need to gather.

Full-pay relevant employees

You only need to collect pay data for full-pay relevant employees, i.e. employees receiving ordinary full pay on the snapshot date. Remember that employees who work part-time or job-share each count as one employee for these purposes.

If an employee is on leave at that time and receiving less than full pay, they will not count as a full-pay relevant employee. Leave includes annual leave, sick leave, compassionate or special leave, maternity, paternity, adoption, parental or shared parental leave, as well as other forms of leave such as sabbaticals and study leave.

If an employee receives less than full pay during the relevant period for some other reason, for example employees on strike, they will still count as a full-pay relevant employee and must be included in the gender pay calculations.

Ordinary pay

Includes:

- basic pay

- allowances – such as car allowance, London living allowance, or pay for taking on additional responsibilities such as fire warden

- pay for piecework – where an employee is paid according to the number of pieces they create in a particular period

- pay for leave – but only full paid leave, otherwise the employee is excluded (see the 'full-pay relevant employees' section above)

- shift premium pay

Ordinary pay **does not** include overtime pay, reimbursement of expenses incurred for business purposes, season ticket loans, redundancy or termination payments, pay in lieu of leave or any non-monetary benefits in kind such as medical insurance.

Pensions and salary sacrifice

Ordinary pay should be calculated using the gross amount received by the employee **after** any reduction for a salary sacrifice scheme but **before** deduction of employee pension contributions (or any other deductions made 'at source').

Relevant pay period

You will need to calculate the amount of ordinary pay earned by each full-pay relevant employee during the relevant pay period.

The relevant pay period is the normal payroll period, or otherwise the period in which you pay the employee, within which the snapshot date falls. It will usually be a week or a month, but may vary for different employees.

You will need to decide on the appropriate pay period for employees who do not receive basic pay, for example employees who are paid for piecework or casual workers paid per assignment. ACAS suggest designating up to a year as the relevant pay period when payment is irregular.

Exemption

The regulations do contain an exemption from the gender pay reporting duty if an employer does not have the relevant data for an employee **and** it is not reasonably practicable for them to obtain that data.

This could apply where a worker or contractor is not in the normal payroll system and there is no record of the hours and/or dates they worked. However, it will be difficult for employers to argue that the exemption applies where there is some form of written agreement with the employee and/or where the employee has provided invoices which record the hours worked and the amount to be paid.

In our final stage three guide next week, we will cover:

- bonuses and the relevant bonus period

- how to calculate weekly working hours

- how to calculate hourly rates of pay

Read our first guide here - preparing for gender pay reporting - guide one

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