

Annual Gender Pay Gap Report 2019/20: employer understanding and underlying issues

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In April 2017, the government introduced gender pay gap (GPG) transparency regulations¹ which were designed to encourage large employers (those with 250 or more employees) to take informed action to close their GPG. Most recently, on 22 December 2020, the Government Equalities Office (GEO) published its annual report on large employers' understanding of the GPG and their experiences in complying with these regulations.

The basis of the report consisted of a survey of 900 large employers conducted shortly after the GPG deadline in 2019, as well as qualitative interviews to analyse the key issues in more detail. Unsurprisingly, enforcement of the GPG reporting deadline for the 2019/2020 year was suspended due to the COVID-19 pandemic. However, with the 2020/21 reporting deadline rapidly approaching (30 March 2021 for public sector bodies and 4 April 2021 for all other eligible companies) (the snapshot date), a nuanced understanding of the GPG obligations and the government guidance serves as an important reminder for employers to gather the relevant information beforehand.

Understanding the GPG obligations

The scope of the reporting obligations essentially requires employers (and their subsidiaries within a group structure) with a headcount of 250 or more employees to report their GPG using data from the snapshot date. This must be submitted online, where employers can choose a supporting narrative and an employer action plan along with their GPG. This information is available for access to the general public via the government website [here](#).

The report suggests that employers' understanding of the GPG has continued to rise and, crucially, amongst senior staff members. Overall, 89% of the respondents felt they had a "good understanding" of what the GPG is and how it is calculated, a figure that has risen from 47% in 2017 (i.e. when large employers had to report their GPG data for the first time). More than half of the respondents (56%) also judged the ease of complying with the reporting regulations as "very or fairly straightforward", with only 15% finding the process difficult. The survey provides strong evidence that employers have found the compliance process easier second time around.

Employer GPG engagement

Around two-thirds of senior staff agreed that GPG reporting had increased awareness of gender issues at board level and prompted a discussion about GPG with a view to address and bridge the gap as quickly as possible. Furthermore, the majority (57%) believed that GPG reporting had provided a platform for an increased focus on wider quality and diversity issues within their companies.

The report suggests that, in most cases, employers felt indirectly impacted by the regulations due to the heightened publicity around reporting the GPG results. A minority also described a more direct influence in which the need to report a GPG figure and subsequently consider amending the gap had led to board-level discussions of equality and

diversity policies.

Despite senior level engagement with GPG being commonplace in 2019/20, most organisations reported little response to their latest GPG result amongst their employees. This could be attributed to the lack of communication of results by employers to their staff, as only 15% seemed to have adopted a comprehensive staff-engagement strategy.

Increasing priority to reduce GPG

Since the regulations came into force, employer attitudes to reducing the GPG varied widely and there has been little change to this, with the results almost identical to those seen in the 2017 baseline survey. Within the qualitative sample in this survey, the introduction of the regulations was said to have increased the priority afforded to closing the GPG. However, most reported a small change in priority in the period since enforcement, primarily because the underlying factors (including the importance of being a fair and ethical employer, size of their GPG, cost associated with closing their GPG, and perceived ability to close their GPG) affecting this had not changed, or because their initial plans to reduce GPG were long term in nature and required a consistent level of commitment.

Interestingly, those treating their GPG as a high priority were typically driven by "a desire to do the right thing" and be fair/non-discriminatory. Only a paltry 23% were of the opinion that diversity was good for their business in terms of profitability and productivity, and the same proportion highlighted the potential impact on their reputation as a motivating factor. Of the employers who viewed GPG as a medium priority, 15% referenced other more important priorities and claimed that GPG was a long-term issue that would take time to solve. Among those who saw GPG as a low priority, their most common reason was that they believed they could do nothing about it, or had little desire to address GPG. Many of the interviewees expressed an inability to identify anything which would spur them to increase priority in addressing their GPG. Often, this was because they either felt that enough was being done in this area or because they attributed their GPG to wider societal or cultural factors outside their control.

Additionally, employers were reluctant to report a direct link between diagnosis of the reasons for their GPG and the development of specific actions to close any gap. Some felt it was more important for the government to take action at a broader level to address its underlying causes, rather than attempting to encourage or facilitate individual employers to do more.

A call to action

Several GPG actions taken by employers focus on staff working practices, with 44% offering or promoting flexible working (e.g. part time, home working, job sharing) and 36% promoting shared parental leave policies. Others reported to have concentrated on the organisation's HR practices, such as reviewing their existing policies and improving or altering their recruitment and promotion processes. Training was also an important feature as 30% introduced or continued mandatory unconscious bias training and 37% claimed to have introduced and/or improved other equality and diversity training, which emphasises its significance.

However, notably, the qualitative interviews revealed that these actions were not necessarily implemented exclusively to address the GPG within some organisations. The report noted that the development of dedicated actions to close any GPG remains relatively uncommon. Rather, most employers admitted that these actions had been introduced prior to the regulations and described that they had been implemented to provide a fair and equitable working environment. For "passively engaged" employers (most employers), tackling the GPG was seen as important or beneficial, but not urgent.

Although employers described the GEO guidance as clear and well laid out, the perceptions were typically negative

when it came to the content as most found it to be lacking specific details about concrete actions they could take to address GPG. In most cases, employers also considered this as less critical than other priorities, such as overcoming skills shortages, dealing with commercial pressures, and addressing other equality and diversity issues.

Conclusions

Undoubtedly, the impact of the regulations has led to a greater and continued understanding of the GPG in general and almost all those responsible for reporting claimed to have good knowledge. This has made compliance with the regulations a lot easier and less burdensome for employers as they are increasingly familiar with the requirements and have established processes in place.

Despite this, many employers believe that the government should focus on addressing the wider societal and cultural drivers of the GPG, rather than encouraging or facilitating employers to do more. There is a persistent feeling that employers have already placed an appropriate level of priority on GPG and are doing all they can to address it.

However, evidence suggests that not all employers understand what they could or should be doing to address their GPG, so there is still a role for appropriate guidance and room for improvement. In any case, the overall feeling seems to be that instructions from the government in the form of guidance should be as specific as possible and include concrete examples of how employers can make a difference.

Given the requirement to report was suspended last year, the regulations serve as a useful reminder of the upcoming snapshot date for employers. Employers should ensure that they are taking the necessary steps to remain compliant with the reporting regulations in good time for the deadline. For further information, please follow the link to the annual report here.

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1. "The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017" for the private/voluntary sector and "The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017" for the public sector. ↩

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