



# Gender Pay Gap Reporting

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# Gender pay gap?

The gender pay gap is designed to capture the extent to which women are represented evenly across an organisation. It is the difference in the average hourly pay of women compared to men in a particular organisation.

The existence of a gender pay gap does not necessarily mean women are not receiving equal pay. Rather it is the difference in the average gross hourly pay of women compared to men in a particular organisation. Such that it captures whether women are represented evenly across an organisation.

The gender pay gap should not be confused with the concept of equal pay for equal work. The gender pay gap in Ireland was 13.9% according to Eurostat in 2014. This is less than the EU average of 16.7%.

In May 2017 a private members bill, the Irish Human Rights and Equality Commission (Gender Pay Information) Bill 2017, was initiated by the Labour Party. It provides that an organisation with more than 50 employees may be obliged to publish certain information on the gender pay gap.

**The draft bill requires employers to report on the following:**

- The difference in average hourly and bonus pay for men and women
- The proportion of men and women receiving bonuses
- The number of men and women in four pay categories.

The categories mirror those required to be reported in the UK.

The Programme for Partnership governs certain commitments taking measures to reduce the gender pay gap. The commitment is reflected in the National Strategy for Women and Girls 2017 – 2020. A public consultation on measures to address the gender pay gap in Ireland closed on 4th October 2017.

Tackling the gender pay gap is not only an Irish Government priority, it is also identified as a priority at EU and UK level. In the UK, any organisation with more than 250 employees is required to report its gender pay gap annually. In Ireland, the Government is committed to introducing gender pay reporting and it is possible that the Irish requirements will mimic those in the UK.

Gender pay gap reporting can have wider implications than just compliance with new reporting requirements, with possible consequences for recruitment practices, remuneration policies, employee relations, talent retention and public reputation.

Organisations reporting a high gender pay gap, for example, could be seen as less than fully committed to fair pay, promotion and development opportunities for women. This may make them less attractive as employers, undermine their ability to recruit and could also have a negative impact on how their brands are seen in the wider market place.

So the stakes are high, and for some organisations, the process of preparing a gender pay gap report could reveal some sobering truths. Organisations that start preparing for gender pay gap reports early will have the opportunity to address any issues raised before publicly disclosing their gender pay gap. Those leaving preparations too late will find themselves addressing any issues in the public domain, under the watchful eye of the media, trade unions, their employees and their customers.

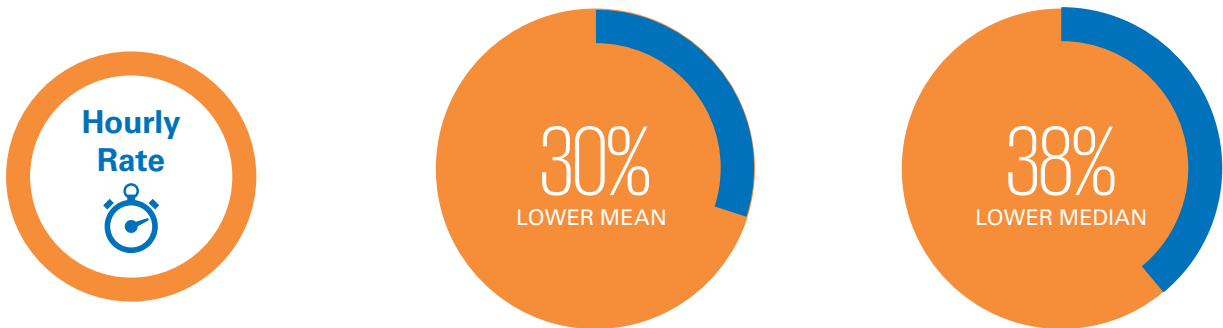
# Sample report

## What will a typical report look like?

In the UK, employers publish their data on a government website.

### Employer Name Plc

#### Women's hourly rate is:



#### Women's bonus is:

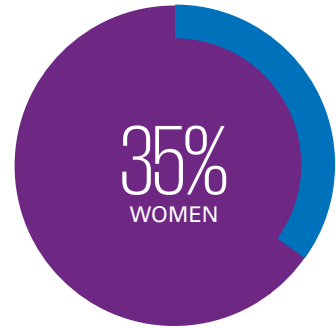
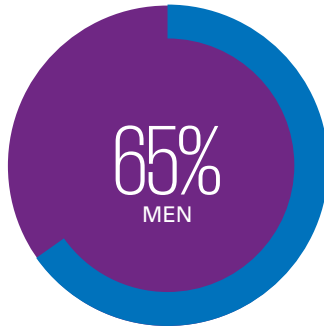


#### Who received bonus pay?

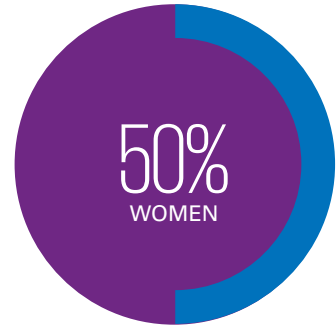
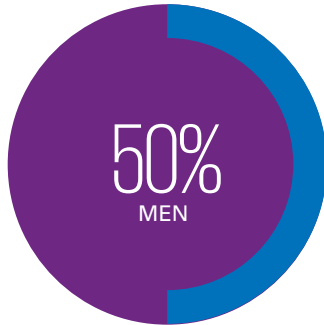
How many men and women are in each quartile of the employer's payroll?



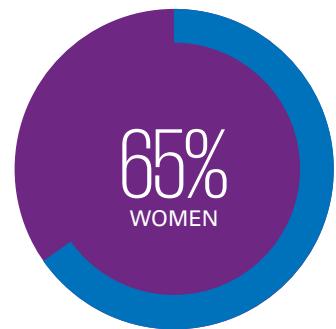
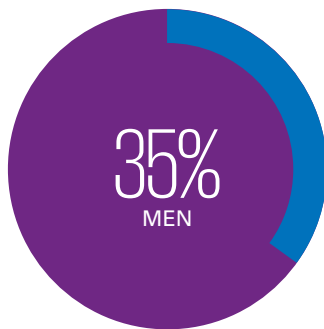
**Top quartile**



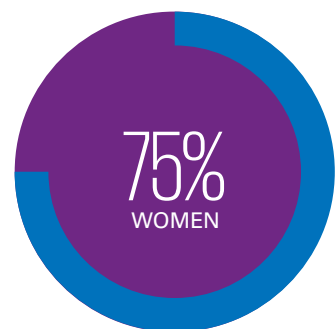
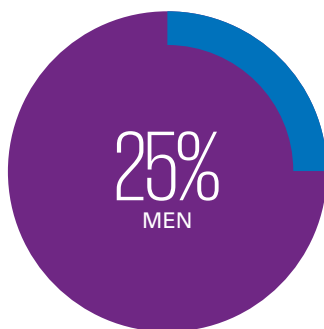
**Upper middle quartile**



**Lower middle quartile**



**Lower quartile**





“  
...it is vital to get stakeholders on board early and make sure they are fully aware of the challenges.”  
”

# Who to involve?

Gender pay gap (“GPG”) reporting presents a wide range of challenges. These challenges will need input and support from across an organisation, so it is vital to get stakeholders on board early and make sure they are fully aware of the challenges.

## The key challenges include:

Challenges	Possible issues	Possible stakeholders impacted
Technical implementation	<ul style="list-style-type: none"> <li>– Implementing a new reporting system</li> <li>– Upgrading/replacing payroll software</li> <li>– Installing new hardware (such as time recording devices)</li> </ul>	<ul style="list-style-type: none"> <li>– Payroll</li> <li>– Finance director</li> <li>– IT</li> <li>– Operations</li> </ul>
Legal compliance	<ul style="list-style-type: none"> <li>– Ensuring compliance with GPG requirements</li> </ul>	<ul style="list-style-type: none"> <li>– Legal</li> <li>– C-level support</li> </ul>
Employee relations	<ul style="list-style-type: none"> <li>– Reviewing internal HR processes and policies</li> <li>– Reviewing staff remuneration</li> <li>– Reviewing employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>– Internal communications</li> <li>– C-level support</li> </ul>
Recruitment challenges	<ul style="list-style-type: none"> <li>– Reviewing recruitment policies</li> <li>– Managing reputation with candidates</li> </ul>	<ul style="list-style-type: none"> <li>– Recruitment</li> <li>– Marketing</li> <li>– Brand management</li> </ul>
Brand communications	<ul style="list-style-type: none"> <li>– Deciding on timing of report publication</li> <li>– Producing narrative to accompany report data</li> <li>– Managing media scrutiny</li> </ul>	<ul style="list-style-type: none"> <li>– Marketing</li> <li>– Brand management</li> <li>– Public relations</li> <li>– Legal</li> <li>– C-level support</li> </ul>
Internal communications	<ul style="list-style-type: none"> <li>– Producing narrative to accompany report data</li> <li>– Managing employees’ questions/concerns</li> <li>– Liaising with trade unions (where applicable)</li> </ul>	<ul style="list-style-type: none"> <li>– Internal communications</li> <li>– C-level support</li> </ul>

# Five steps to get ready



Understanding the challenges around gender pay gap reporting as early as possible is the best way to prepare. We have identified five steps to help pinpoint any issues you need to address before you publish your first report.

## Step 01 ▶

### Get your reporting systems in place

To comply with gender pay gap reporting in the UK, the organisation must report on employees in three key areas:

1. the percentage difference in male and female pay on a mean and median basis;
2. the percentage difference in bonus paid to men and women on a mean and median basis, and what proportion of the male and female workforce are paid a bonus; and
3. how many men and women sit in each pay quartile.

Your gender pay data must be based on a gross hourly rate, calculated by dividing weekly pay by weekly basic paid hours. So the first challenge is to make sure your systems can identify the number of hours per week each employee works. This may sound simple, but not all payroll systems record hours worked automatically. For some employees, you may be able to use metrics such as full time employee equivalent, but this won't work for employees paid an hourly rate who are working a different number of hours each week. Your payroll system needs to be able to report for this group of employees, and you might need to look closely at your time recording systems or employee contracts to determine exactly how many hours an employee has worked. In addition, given that elements of pay such as overtime are excluded from the calculation, will need to be able to map payments made in relation to additional hours, so that your calculations meet the conditions of the regulatory framework.

In addition, if you have multiple payroll runs and multiple sets of payroll data, you need to be able to bring this data together. You must be confident that it is accurate and consistent before you calculate pay data for men and women across your organisation.



## Step 02 ▶

### Understand how to complete your calculations

To calculate your organisation's gender pay gap, you need to be clear on a range of factors:

- which elements of pay and bonus are covered by the gender pay gap reporting requirement;
- which employees, including contractors, agency workers and casual workers, are covered;
- what period you need to draw pay and bonus data from;
- how to calculate the gross hourly rate with your existing systems, given the number of variables to be considered; and
- what the implications for 'group' organisations are, and how to report gender pay gap data in the context of a group or individual entities within the group.

You should also be aware that pay and bonuses are calculated differently, and across different time periods.

### Calculating pay

Pay calculations are made on the basis of remuneration paid in the pay reference period falling on 30 April (or 5 April, subject to confirmation in the final regulations) each year. The UK legislation sets out which elements of an employee's remuneration package should be included in this calculation and which shouldn't.

Included	Excluded
– Basic pay	– Overtime pay
– Paid leave	– Expenses
– Maternity pay	– Value of salary sacrifice schemes
– Sick pay	– Benefits in kind
– Area allowances	– Redundancy pay
– Shift premium pay	– Arrears of pay
– Bonus pay	– Tax credits
– Car allowances	
– On call and standby allowances	
– Clothing allowances	

### Calculating bonuses

You must include bonus in your pay calculation, but must also report separately any bonus paid over the relevant 12-month period. This is to ensure that all bonus payments within the reporting period are covered, irrespective of how they are paid. Some bonuses, typically profit share bonuses, are usually paid annually, whilst other forms, such as commission or employee incentive bonuses, tend to be paid more frequently.

The UK legislation sets out the payments you should include when you calculate bonuses for the purpose of gender pay gap reporting.

#### Included

- Payments received and earned in relation to profit sharing, productivity, performance and other bonus or incentive pay, piecework and commission
- Long-term incentive plans or schemes (including those dependent on company and personal performance)
- Cash equivalent value of shares on the date of payment

## Step 03 ▶

### Perform a trial run

The next step is to carry out a trial run of your gender pay gap report. This helps in two ways: firstly, it lets you check that your systems and processes are ready to report in a way that is compliant with the new reporting requirement and secondly, it provides you with an early and private snapshot of the current gender pay gap in your organisation.

### Are you ready to report?

A trial run can provide you with reassurance that the people whose job it is to produce the data for gender pay gap reporting are trained and familiar with the processes, and that the processes are adequate to deliver the report.

A trial run can also identify any issues with the infrastructure behind this process. If you discover you need new software or hardware (such as time recording devices), finding this out early will give you time to complete what may be a lengthy IT and procurement process.

### What's your gender pay gap?

The other important advantage of performing a dummy run is that it lets you identify precisely what, if any, disparities in pay exist within the business. Our experience is that many organisations are either unaware that they have a gender pay gap or, if they know they have one, that they underestimate it. Part of the gap can be down to factors beyond the organisation's control, such as the make-up of the local labour market or the type of work the business does. But often the way recruitment, promotion and pay negotiations are handled make the gender pay gap bigger than it needs to be. Understanding as early as possible where you could do more to reduce your gender pay gap gives you a chance to seek advice in confidence. Typically, the issues identified are sensitive so seeking advice under the protection of legal advice privilege is important to give you a chance to explore and address them without risk of disclosure.

Please see KPMG's Data analytics tool on page 13 for more details on how a trial run can assist your organisation.

## Step 04 ▶

### Look at the underlying issues

If your data reveals a large gender pay gap, this could have an impact on your success as a recruiter. In KPMG's 2016 Think Future research, for example, 55% of women polled said that a sector's reputation on gender equality would influence their decision about working in it.

Similarly, a large gender pay gap could also have a negative impact on employee morale, motivation and retention – who wants to work for an organisation where not everyone has the same chance to reach their full potential? A large gender pay gap can also look unappealing to your customers and other stakeholders, especially if ethical behaviour is an important part of your brand story.

On a positive note, gender pay gap reporting can be an opportunity to address an important issue that is often overlooked in the day-to-day running of the business. This goes far beyond reviewing your pay bands; it is about looking deeper into exactly where and why a gender pay gap exists.

Some of the most common areas to consider include:

- Recruitment practices
- Salary negotiations
- Bonus awards
- Promotion decisions
- Support for returners
- Options for flexible working
- Organisational culture

Understanding the reasons for your gender pay gap as early as possible gives you time to work out how to explain them (if the reasons are fair and valid) or to take professional advice on how to address them and to take action before your first gender pay gap report.

## Step 05 ▶

### Get ready to publish

The UK legislation requires you to report your gender pay gap data in two ways:

- Directly to a government department, which will make the report available to the public and collate a league table to enable businesses and employees to compare the results; and
- On your own website, in an area that is easy to find. There's no strict definition of what this means, but we suggest making your GPG data accessible from the home page. You must leave your report on your site for at least three years.

A director or employee at a similar level must sign off the data behind your report.

There's no requirement in the UK legislation for a narrative to support your data, but our recommendation is to include one. This narrative will be a key part of your gender pay gap reporting strategy.

### Getting your narrative right

The narrative is particularly important if your organisation is reporting a relatively large gender pay gap. This is because the public and the media often confuse 'gender pay' and 'equal pay' although they are two very different things. The narrative you provide can help minimise the risk of confusion.

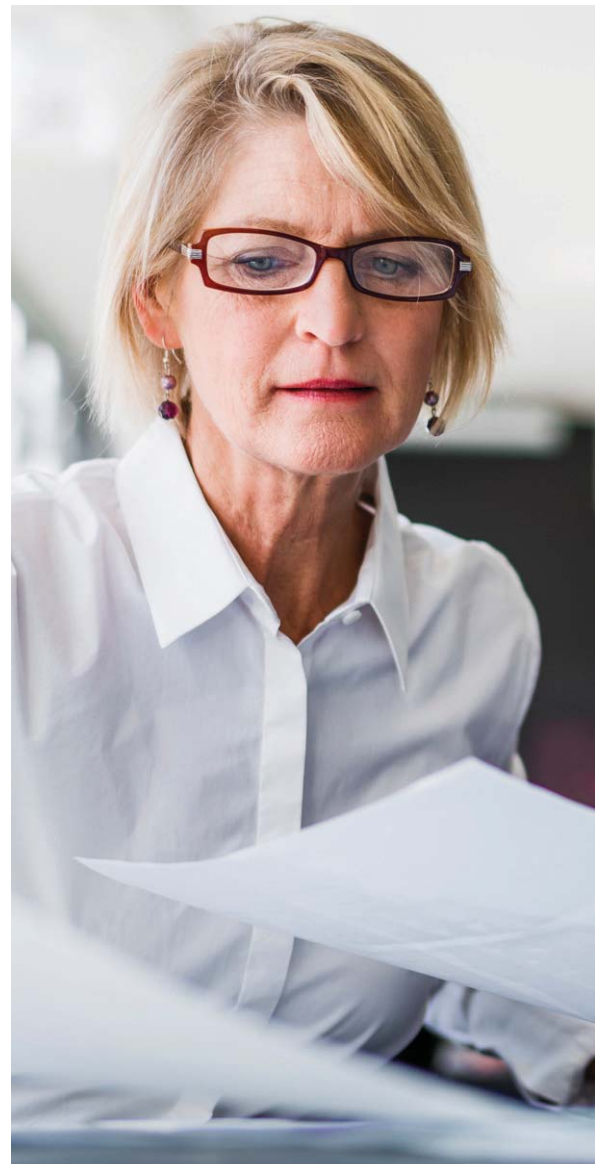
While a large gender pay gap may indicate wider issues around equality of pay in your organisation, it doesn't necessarily mean you are acting in a way that is contrary to the Equal Pay Act. Despite your best efforts to be an inclusive employer, you could have a large gender pay gap for reasons largely beyond your control. The narrative is your opportunity to discuss these issues and challenges, and avert any criticism that may be directed at you.

The narrative is also your opportunity to explain the measures you are already taking to address your gender pay gap. Future reports should refer to previous reports to highlight the success of any initiatives you have introduced. These future reports are likely to come under even more scrutiny than your first report, as employees, trade union representatives and the media look to see whether mandatory reporting has had an impact.

### Managing internal communications

Your gender pay gap report will be available publically, so your employees and any trade unions recognised by your organisation are likely to access it. It's better to take control and decide how you want to communicate your report internally and engage with employees on the wider issues of gender pay and diversity.

If your report is unfavourable, you may be tempted to downplay its publication, but doing this can allow employees, the media or trade unions to take control of the narrative. This can be extremely damaging to your brand. It is far better to own the narrative and tackle any issues or concerns head-on.



# 'Ready to report' checklist



## Inform your stakeholders

Gender pay gap reporting will require input and support from a range of stakeholders, particularly if you need to change your payroll infrastructure or put together a communications plan for a potentially negative report. Different departments work at different speeds, so start engaging early to avoid getting caught out.



## Understand your ability to report

Check your reporting systems can deliver the data you need and be clear on how much human intervention is likely to be involved in compiling your gender pay gap report. Key questions to ask are: Have we got the right software and hardware? Have we confirmed procedures for calculating pay and bonuses? Have staff had the right training?



## Explore your gender pay gap

Organisations that report a large gender pay gap are likely to face intense media, public, employee and trade union scrutiny. So try to understand where your organisation stands before you go public with your data. Conduct a 'practice run' to identify the issues within your organisation – and create an opportunity to address them away from public view.



## Implement proactive change

How you respond when you identify a gender pay gap could come under as much scrutiny as your gender pay gap itself. Failing to demonstrate positive change could put you in the firing line. Think now about how changing policies and practices in key areas, including recruitment, talent development, training, remuneration and retention, could help reduce your gender pay gap.



## Plan your communications strategy

Your organisation needs to own the narrative around your report. This is particularly important given that gender pay and equal pay are often confused. Prepare for challenges to your report from third parties, time your communications strategy carefully and put plans in place to control your message.





“

Different departments work at different speeds, so start engaging early to avoid getting caught out. “

# Where can KPMG help?

KPMG can help get your teams ready for the likely introduction of Gender Pay Gap reporting (GPG) in Ireland. We can make your stakeholders aware of the issue, prepare a current "As is" analysis of your payroll to assess the current status of your organisation and provide a communication and action plan to address any gaps arising.

1

## Awareness

KPMG can host a workshop/meeting with your stakeholders, to share insights on the practical challenges of GPG and how organisations in the UK are dealing with it and what next steps they are taking to communicate and take action to reduce their GPG.

2

## Analysis

Our KPMG Data analytics tool can analyse your organisation's payroll data and prepare a detailed review and report by age, location, seniority of employees, functions and / or job titles of your current pay data and potential root causes and advise on actions to address GPG.

3

## Assurance

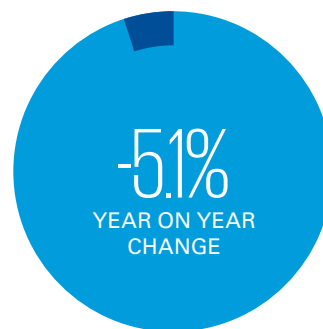
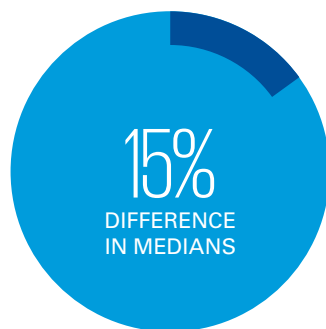
Develop practical communications or guidance for your stakeholders on GPG reporting, taking action to reduce the GPG and feeding in to other gender, inclusion and diversity initiatives. Gender pay gap reporting is likely to generate ongoing and evolving issues to discuss (e.g. diversity reporting, equal pay auditing etc.)

## KPMG Data analytics tool

2017



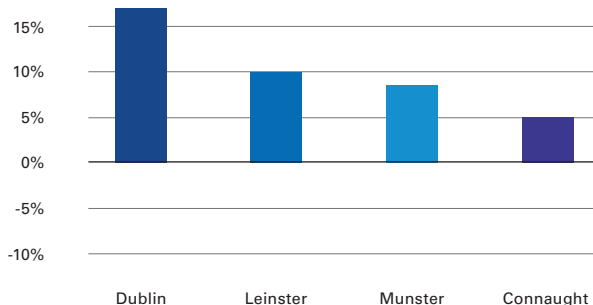
Example data from KPMG's analytics software



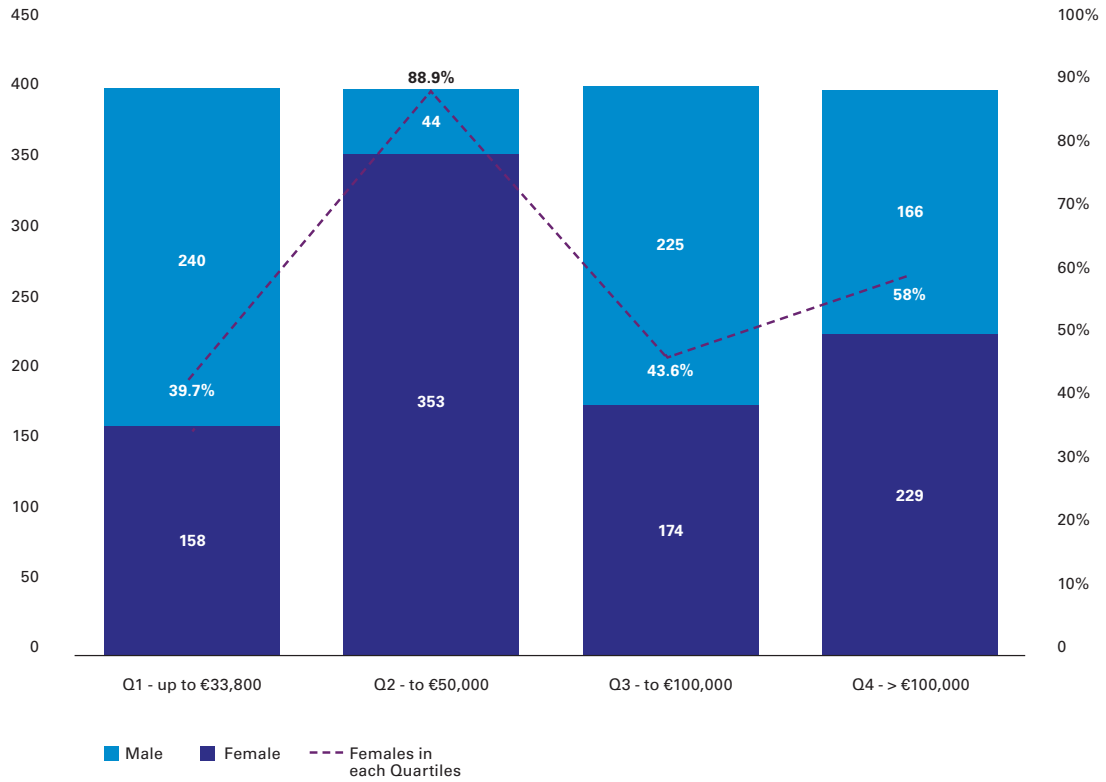
2017



Difference in Median Pay by Location



Number of Men and Women in each Quartile  
(Equal number of Employees)



# Inclusion and Diversity Awards

## KPMG | 2017 Awards



**Winner: 'Overall Outstanding Achievement in CSR'**

Chambers Ireland CSR Awards



**Category Winner: 'Excellence in the Workplace'**

KPMG Inclusion & Diversity programme



**Category Winner: 'Excellence in Community Volunteering'**

KPMG Family for Literacy initiative



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