

GENDER PAY GAP REPORTING: WORKED EXAMPLE



Example Gender Pay Gap Reporting Calculations: Hook & Smee Pirate Co.

Despite having less than 250 employees **Hook & Smee Pirate Co.** wishes to calculate its gender pay gap. The company has 20 employees, there are 10 female employees and 10 male employees. **Captain Hook and Mr Smee** are exempt from the calculations as they are partners in the business.

Example: Full-Pay Relevant Employee

Hook Jr., Line, Sinker, Peter Pan and **Wendy** all do the same role for the same pay, They work five days a week, get paid weekly and would usually earn £400 in the week of the snapshot date. That week:

1. **Hook Jr** worked all week and earned £400. This means he is a full-pay relevant employee.
2. **Line** worked four days but took a fifth day as unpaid special leave to attend a funeral and earned £320. This counts as leave but **Line** earned less than usual so is not a full-pay relevant employee.
3. **Sinker** was off all week but took fully paid annual leave, so still earned £400. This counts as leave and she still earned her usual pay, so she is a full-pay relevant employee.
4. **Peter Pan** was on shared parental leave and received statutory pay, which was less than £400. This counts as leave but because Pan earned less than usual, he is not a full-pay relevant employee.
5. **Wendy** worked three days and was involved in official strike action for two days and earned £240. Although Wendy earned less than usual, this does not count as leave so she would still be a full-pay relevant employee.

6. Another colleague, **Smee Jr**, carries out the same role part-time where he works the equivalent of three days per week, earning £240. He worked all his hours in the snapshot week. This means he is a full-pay relevant employee.

Note: **Line** and **Peter Pan** would still be 'relevant employees', so while they would not be used for hourly gender pay gap calculations, they would still be used for bonus gender pay gap calculations.

Of the 20 employees, 6 receive bonuses. 4 male employees receive bonuses and 2 female employees receive bonuses.

To calculate hourly pay they add the ordinary pay and bonus pay together, multiply that by the appropriate multiplier ($7 \div$ days worked in pay period) and divide by the hours worked in a week.

Example: Hourly Pay

Tinkerbelle earns £300 in bonus and £1000 in ordinary pay for the period involving the snapshot date. This makes a total of £1300.

Tinkerbelle has a pay period of 14 days, so the calculation needed would be 7 divided by 14, making the appropriate multiplier 0.5. £1300 multiplied by 0.5 is £650.

Tinkerbelle has worked 40 hours that week, so they do £650 divided by 40, making the hourly pay £16.25.

Hook & Smee gather all the pay data for employees into the table below.

Gender	Hourly Pay	Bonus
Male	100	20
Male	100	20
Male	90	18
Male	80	14
Male	50	
Male	50	
Male	40	
Male	40	
Male	30	
Male	20	
Total Male Employee Pay	600	72
Gender	Hourly Pay	Bonus
Female	80	16
Female	70	14
Female	60	
Female	50	
Female	40	
Female	40	
Female	40	
Female	30	
Female	20	
Female	20	
Total Female Employee Pay	450	30

Note that bonus pay is included in hourly calculations but the separate data is needed for some calculations.

To calculate the results, they will need the following averages:

1. Mean male hourly pay

= Sum of all male employee hourly pay ÷ number of male employees

Or

$$600 \div 10 = 60$$

2. Mean female hourly pay

= Sum of all female hourly pay ÷ number of female employees

Or

$$450 \div 10 = 45$$

3. Median male hourly pay

Middle number male hourly pay when they are in cumulative order

Or

50

4. Median female hourly pay

Middle number male hourly pay when they are in cumulative order

Or

40

5. Mean male bonus pay

= Sum of all male bonus pay ÷ number of male employees who receive bonus

Or

$$72 \div 4 = 18$$

6. Mean female bonus pay

= Sum of all female bonus pay ÷ number of female employees who receive bonus

Or

$$30 \div 2 = 15$$

7. Median male bonus pay

Middle number male bonus pay when they are in cumulative order

Or

19

8. Median female bonus pay

Middle number female bonus pay when they are in cumulative order

Or

15

Now that **Hook & Sme** have gathered this data they need to calculate the results to the 6 gender pay statistics:

1. The difference between the mean hourly rate of pay of male employees and that of female employees

$$\frac{[(\text{mean hourly rate of pay of all male full-pay relevant employees} - \text{mean hourly rate of pay of all female full-pay relevant employees}) \div (\text{mean hourly rate of pay of all male full-pay relevant employees})] \times 100}{100}$$

Or

$$[(60-45) \div 60] \times 100 = 25\%$$

2. The difference between the median hourly rate of pay of male employees and that of female employees

$$\frac{[(\text{median hourly rate of pay of all male full-pay relevant employees} - \text{median hourly rate of pay of all female full-pay relevant employees}) \div (\text{median hourly rate of pay of all male full-pay relevant employees})] \times 100}{100}$$

Or

$$[(50-40) \div 50] \times 100 = 20\%$$

- 3. The difference between the mean bonus pay paid to male employees and that the mean bonus pay paid to female employees**

$$[(18 - 15) \div 18] \times 100 = 16.66\%$$

- 4. The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees**

$$[(19-15) \div 19] \times 100 = 21.05\%$$

- 5. The proportions of male and female relevant employees who were paid bonus pay**

(Number of Male/Female employees who receive bonus \div Number of Male/Female employees) \times 100

Or

$$(4 \div 10) \times 100 = 40\% \text{ for Male Employees}$$

And

$$(2 \div 10) \times 100 = 20\% \text{ for Female Employees}$$

6. The proportions of male and female employees in the lower, lower middle, upper middle and upper quartile pay bands

First they need to put all employees into the cumulative order according to their pay. Then they must divide them up into four equal groups (quartiles) as the table below shows.

Gender	Pay	Quartile
Male	100	1
Male	100	1
Male	90	1
Female	80	1
Male	80	1
Female	70	2
Female	60	2
Female	50	2
Male	50	2
Male	50	2
Female	40	3
Female	40	3
Female	40	3
Male	40	3
Male	40	3
Female	30	4
Male	30	4
Female	20	4
Female	20	4
Male	20	4

Next they will have to find out the percentage male and female employees in each quartile by:

(Number of Male/Female employees in quartile ÷ Number of employees in quartile) x 100

Or

$(4 \div 5) \times 100 = 80\%$ Male Employees in Quartile 1

And

$(1 \div 5) \times 100 = 20\%$ Female Employees in Quartile 1

This should then be repeated for the remaining quartiles.

Publishing

All that is left to do is for one of **Hook & Smee** to sign the statement of truth and upload the results to their website and the government portal. As partners either **Hook or Smee** can sign the declaration.

In their case a narrative may be helpful as there seems to be a large pay gap between men and women.