

Aspirations Care Limited
GENDER PAY GAP REPORTING
APRIL 2020

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Overview of Gender Pay Gap Reporting and Calculations

Context

The gender pay gap is a measurement of the difference in men and women's average earnings, regardless of their role or seniority. It is not about men and women being paid equally for performing the same or similar work, which has been covered by equal pay legislation since the 1970s.

The UK's gender pay gap has fallen over time, however, the voluntary *Think, Act, Report* initiative launched in 2011 has resulted in limited progress. Out of 300 organisations signed up to the programme, the Government estimates that only around 11 have published gender pay gap information.

In July 2015, the Prime Minister set out his ambition to close the gender pay gap in a generation.

To meet this commitment, the Government has now published the final draft of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, which will require larger employers to publish the difference in average pay of their male and female employees. This is the first use of the powers conferred in section 78 of the Equalities Act 2010, and has the aim of raising awareness and incentivising employers to explore the extent to which their policies and practices may have contributed to the gap.

An explanatory memorandum has also been published, and supporting non-statutory guidance for employers will be released after the Regulations have been approved by Parliament.

The regulations will apply to private and voluntary sector businesses that employ 250 employees at the "snapshot date" of 5 April. Nearly 8,000 employers will be affected, with around 11 million employees, representing approximately 34% of the total workforce.

Separate regulations will be published for public authorities, government departments and the armed forces.

The methodologies for calculating the various requirements are prescribed in the legislation, and are intended to mirror those used by ONS in their Annual Survey of Hours and Earnings to enable meaningful comparison of the data.

In addition to reporting on the overall gender pay gap, employers will be required to report their bonus pay gap, and the proportions of men and women occupying each quartile.

The Government hopes that bonus reporting will encourage employers to scrutinise their remuneration policies and ensure that their practices are fair and transparent, and quartile reporting is intended to help employers identify where women are concentrated in terms of remuneration, and whether there are any blockages to progression.

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The reporting requirements

Relevant employers will be required to publish four measures, along with a written statement signed by a director, partner or member of the governing body, confirming that the information is accurate. For LLPs the statement must be signed by a designated member.

The report must be published on the employer's website for at least 3 years from the date of publication. There is a requirement that the report also be uploaded to the government portal at: <https://www.gov.uk/report-gender-pay-gap-data>

The following measures must be contained in the report:

- 1 The mean and median gender pay gap figure for pay
- 2 The mean and median gender pay gap figure for bonuses
- 3 The proportion of men and women in receipt of a bonus
- 4 The number of men and women in each quartile of the pay distribution

These figures should be calculated with reference to the snapshot date of 5 April, and published on the company's website within 12 months. The latest date for first publication was therefore 4 April 2018.

While there is no legal requirement, the government recommends that additional narrative reporting be supplied to provide context for the gender pay gap figures given the potential reputational risk where gaps are large.

Information may be provided on distortions that may have affected the reported figures, the employer's recruitment, development and equality policies, sector averages, or any steps that are being taken to address the gap.

Failure to comply constitutes an "unlawful act", and would fall within the enforcement powers of the Equality and Human Rights Commission. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, therefore, do not specify any additional criminal or civil penalties. Compliance will be monitored through the portal, so that the government can consider alternative enforcement mechanisms if necessary.

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Calculating the gender pay gap

Employers are required to calculate both the mean and the median gap in the hourly rate of pay between male and female "full-pay relevant employees".

A full-pay relevant employee is a person who is employed on the snapshot date and is not, during the relevant pay period, being paid at a reduced rate as a result of being on leave. Leave includes annual leave, maternity, paternity, adoption, parental, sick or special leave (which is not defined).

The relevant pay period refers to the pay period, whether that is weekly, monthly or any other period, within which the snapshot date falls.

A "relevant employee" means a person employed by the relevant employer on the snapshot date and specifically excludes partners in a partnership or LLP.

For the purposes of gender pay gap reporting, bonus pay should be included where a bonus was paid during the relevant pay period.

A six step approach is prescribed in the legislation to calculate the hourly rate of pay:

- Step 1 Identify all amounts of ordinary pay and bonus pay paid to each employee during the relevant pay period.
"Ordinary pay" and "bonus pay" have specific meanings - see separate definitions.
- Step 2 Exclude any amounts of ordinary pay that would normally fall to be paid in a different pay period
- Step 3 Where a bonus is paid in respect of a period that is not the same length as the pay period, divide the amount by the length of the bonus period (in days) and multiply by the relevant pay period (in days).
Only bonuses paid in the April pay period will be caught in the calculation of the hourly rate of pay. Different rules apply to the calculation of the bonus pay gap.
- Step 4 Add together the ordinary pay and bonus pay identified in step 1 as adjusted by steps 2 and 3.
- Step 5 Multiply the amount in step 4 by the appropriate multiplier. (7 divided by the number of days in the relevant pay period - a month is treated as having 30.44 days and a year as having 365.25 days)
- Step 6 Divide the amount in step 5 by the number of working hours in the week for each employee.
"Working hours" also has a specific definition in the legislation - see separate definition.

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Calculating the mean gender pay gap

This must be expressed as a percentage of the mean pay for male full-pay relevant employees:

$$\frac{a - b}{a} \times 100$$

a = mean hourly rate of pay of all male full-pay relevant employees
b = mean hourly rate of pay of all female full-pay relevant employees

Calculating the median gender pay gap

This must be expressed as a percentage of the median pay for male full-pay relevant employees:

$$\frac{a - b}{a} \times 100$$

a = median hourly rate of pay of all male full-pay relevant employees
b = median hourly rate of pay of all female full-pay relevant employees

Calculating the mean bonus pay gap

This must be expressed as a percentage of the mean bonus pay for male relevant employees. Note this is not just limited to full-pay employees, and the relevant pay period refers to the 12 months ended 5 April.

Only employees who are still employed on 5 April should be included:

$$\frac{a - b}{a} \times 100$$

a = mean bonus pay paid during the relevant pay period to male relevant employees who were paid bonus pay during that period
a = mean bonus pay paid during the relevant pay period to female relevant employees who were paid bonus pay during that period

Calculating the median bonus pay gap

This must be expressed as a percentage of the median bonus pay for male relevant employees. Note this is not just limited to full-pay employees, and the relevant pay period refers to the 12 months ended 5 April.

Only employees who are still employed on 5 April should be included:

$$\frac{a - b}{a} \times 100$$

a = median bonus pay paid during the relevant pay period to male relevant employees who were paid bonus pay during that period
a = median bonus pay paid during the relevant pay period to female relevant employees who were paid bonus pay during that period

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Proportion of male and female employees receiving a bonus

Note this is not just limited to full-pay employees, and the relevant pay period refers to the 12 months ended 5 April.

Only employees who are still employed on 5 April should be included.

Proportion of male employees:

$$\frac{a}{b} \times 100$$

a = number of male relevant employees paid a bonus in the relevant period
b = number of male relevant employees

Proportion of female employees:

$$\frac{a}{b} \times 100$$

a = number of female relevant employees paid a bonus in the relevant period
b = number of female relevant employees

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Proportion of male and female employees according to quartile bands

Employers must disclose the proportion of male and females in each quartile.

A four step approach is prescribed in the legislation to calculate the hourly rate of pay:

Step 1 Determine hourly rate of pay for each male and female full-pay employee and rank them from lowest paid to highest paid.

Step 2 Divide the list into 4 sections each comprising so far as possible an equal number of employees to determine the lower, lower middle, upper middle and upper quartiles.

Step 3 The proportion of male full-pay relevant employees within each quartile must be expressed as a percentage of full-pay relevant employees within the band:

$$\frac{a}{b} \times 100$$

a = number of male full-pay relevant employees in a quartile band

a = number of full-pay relevant employees in that quartile band

Step 4 The proportion of female full-pay relevant employees within each quartile must be expressed as a percentage of full-pay relevant employees within the band:

$$\frac{a}{b} \times 100$$

a = number of female full-pay relevant employees in a quartile band

a = number of full-pay relevant employees in that quartile band

Where employees receiving the same hourly rate of pay fall within more than 1 quartile band, the employer must ensure that as far as possible, when ranking the employees under step 1, that the relative proportion of male and female employees receiving that rate of pay is the same in each of those bands.

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What constitutes ordinary pay

Included

- Basic pay
- Pay for piecework
- Pay for leave
- Shift premium pay
- Pay for ancillary duties such as fire-warden / first aider
- Allowances:
- Location allowances
- Car allowances
- Allowances with respect to the purchase, lease or maintenance of an item
- Recruitment and retention payments

Excluded

- Overtime pay
- Redundancy pay
- Termination payments
- Pay in lieu of leave
- Remuneration provided otherwise than in money
- Expenses and reimbursements for expenditure incurred wholly and necessarily in the course of employment

What constitutes bonus pay

Any remuneration in the form of:

Money, vouchers, securities, securities options or interests in securities that relate to profit-sharing, productivity, performance, incentive or commission.

Excludes:

Ordinary pay
Overtime pay
Redundancy or termination pay

Securities, securities options and interests in securities are treated as paid to the employee at the time they are charged to tax.

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How to calculate an employee's working hours in a week

Where an employee has normal working hours that do not differ from week to week, then the employer should use the normal contracted hours in force at the snapshot date.

Where an employee has no normal working hours, or hours differ from week to week, employers should:

Average the number of working hours during the 12 week period ending with the last complete week of the relevant pay period.

Where the employee has not been employed for 12 weeks, or the employer is not reasonably able to make the calculation above, a number which fairly represents the number of working hours in a week giving regard to:

Or the average hours the employee could expect under their terms of employment,
 the average number of hours of other employees doing similar work.

If, during the 12 week period above, no hours are worked for a particular week, then hours worked in earlier weeks should be brought into the calculation until 12 weeks are accounted for.

For piecework employees - use the number of hours output in the week during the relevant pay period within which the snapshot date falls.

Working hours includes hours the employee is available and required to be available at or near the place of work for the purposes of working unless the employee is at home. Any hours that are entitled to overtime pay should be excluded.

Only include hours where the employee is awake for the purposes of working, even if the employee sleeps at or near work and the employer provides facilities for sleeping.

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Gender Pay Gap Calculations**

Statutory figures

Mean gender pay gap	-3%
Median gender pay gap	0%
Mean gender bonus gap	-168%
Median gender bonus gap	20%
Proportion of men in receipt of a bonus	4%
Proportion of women in receipt of a bonus	5%

Distribution by quartile:

Quartile	Men	Women
Upper	33%	67%
Upper middle	30%	70%
Lower middle	33%	67%
Lower	38%	62%

Statutory figures - 2019 reported figures

Mean gender pay gap	-0.5%
Median gender pay gap	-1.6%
Mean gender bonus gap	0.0%
Median gender bonus gap	0.0%
Proportion of men in receipt of a bonus	0.0%
Proportion of women in receipt of a bonus	0.0%

Distribution by quartile:

Quartile	Men	Women
Upper	27%	73%
Upper middle	27%	73%
Lower middle	32%	68%
Lower	39%	61%

The information must be published on the employer's website in a manner accessible to all employees and the public for a period of 3 years from the date of publication. This must be accompanied by a written statement signed by a director of the Company which confirms that the information is accurate.

The figures must be submitted to the government website: <https://www.gov.uk/report-gender-pay-gap-data>

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Gender Pay Gap Calculations
Methodology

The data provided by the payroll team at Aspirations has been cross-referenced with data held on our Payroll Professional software. We have then used various lookups and filters to identify which employees are Relevant and which are Full Pay Relevant.

- Gender pay gap calculations

The pay data breakdown for Full Pay Relevant employees who are on a variable basis has been summarised for 3 months and averaged.

For salaried employees, the "hourly rate" is salary divided by contracted hours.

Formulae have been added to calculate the mean and median hourly rates for males and females.

- Bonus pay gap calculations

A separate Bonus Data report has been used containing the bonuses paid in the 12 months to April 2020.

The numbers of relevant males and females has been taken from the April Star Data sheet.

- Bonus proportion calculations

The numbers of relevant males and females has been taken from the April Star Data sheet.

- Distribution by quartile

The ee ref, name, basic pay, earnings, contracted hours, hourly rate and gender columns have been copied to a new tab "Data - Quartiles" from "Data - GPG".

The data has been sorted by hourly rate.

The data has been split into 4 such that the same number of employees are included in each segment.

Countif calculations have been added to calculate the number of men and women in each quartile, and the percentage split in each quartile has been calculated.

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Calculation detail - Statutory figures

Gender Pay Gap

Mean gender pay gap

Mean female average hourly rate		10.29	
Mean male average hourly rate		9.96	
Mean gender pay gap	$\frac{9.96 - 10.29}{9.96} \times 100$		-3.3%

Median gender pay gap

Median female average hourly rate		8.54	
Median male average hourly rate		8.50	
Median gender pay gap	$\frac{8.50 - 8.54}{8.50} \times 100$		-0.5%

Gender Bonus Gap

Mean gender bonus gap

Mean female bonus pay		7,026	
Mean male bonus pay		2,625	
Mean gender bonus gap	$\frac{2625 - 7026}{2,625} \times 100$		-167.6%

Median gender bonus gap

Median female bonus pay		200	
Median male bonus pay		250	
Median gender bonus gap	$\frac{250 - 200}{250} \times 100$		20.0%

Proportion of men in receipt of a bonus

Number of males paid a bonus		8	
Number of male employees		224	
Proportion of men	$\frac{8}{224} \times 100$		3.6%

Proportion of women in receipt of a bonus

Number of females paid a bonus		26	
Number of female employees		516	
Proportion of women	$\frac{26}{516} \times 100$		5.0%

Distribution by quartile

Quartile	Men	Women
Upper	33%	67%
Upper middle	30%	70%
Lower middle	33%	67%
Lower	38%	62%