

CLOSE YOUR PAY GAP

BRIEFING 6

GENDER PAY GAP REPORTING AND COVID-19: HOW TO DEAL WITH FURLOUGHED STAFF

INTRODUCTION

The Equality and Human Rights Commission (EHRC) has announced that enforcement of pay gap reporting is back in 2021. The reporting deadlines of 30 March 2021 for third sector employers and 4 April 2021 for private sector employers still stand, however the EHRC will not take enforcement action providing your report is published by 5 October 2021. Companies are strongly encouraged to report their pay gap information as early as is practicable and to include an action plan detailing how you will tackle gender inequality in your organisation.



COVID-19 has had a significant impact on employees and employers, with many companies placing all or a number of their employees on furlough, using the UK Government's Coronavirus Job Retention Scheme (CJRS). If you have furloughed employees, this will affect how you calculate and report your gender pay gap information. **This briefing tells you who to include and who not to include when calculating your gender pay gap, bonus gap and pay quartiles**, and provides information on the impact of COVID-19 on women workers to help you to decide on what to include in your gender pay gap action plan.

IF YOU HAVE NOT FURLOUGHED STAFF

Companies have taken different staffing approaches during the pandemic. **If your company has not furloughed any employees your gender pay gap reporting is not affected by furlough** and you should make your calculations and report your information as normal. If your company has employees who were not furloughed but who were asked (and agreed) to defer part of their salary, these employees are classed in the same way as employees who have not been furloughed, and therefore should be included in all gender pay gap calculations and reporting.

IF YOU HAVE FURLOUGHED STAFF

Some companies have furloughed staff on full salary, while some have furloughed staff on a reduced salary.



At the time of publishing, and on the snapshot dates, the CJRS allows companies to claim for 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500 per month. Companies can choose to furlough their employees on 80% of their salary, or on a topped up rate of between 80% and 100% of their salary.

Whether or not a furloughed employee's salary was topped up is the factor that determines what parts of gender pay gap reporting they should and should not be included in.

This briefing provides information on how the following groups should be included in your pay gap reporting calculations:

- Employees furloughed on full salary
- Employees furloughed on a reduced salary

HOW FURLOUGH AFFECTS YOUR GENDER PAY GAP REPORTING

The gender pay gap reporting regulations require companies to report:

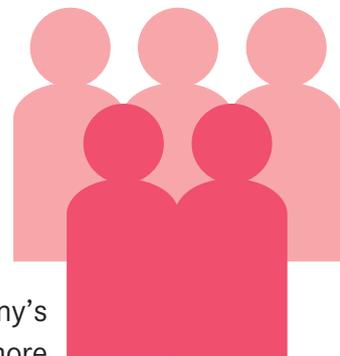
1. mean & median gender pay gap using hourly pay
2. percentage of women and men in each pay quartile
3. percentage of women and men receiving bonus pay
4. mean & median gender bonus gap using total bonus pay

Your company is required to report its gender pay gap information if it has a headcount of 250 or more employees.

Furlough impacts these calculations in different ways.

FURLOUGH AND HEADCOUNT

The headcount calculation method is unchanged by furlough. Employees furloughed under the CJRS are classed as being on a period of temporary leave. This means they are still your employees and should be included in your company's headcount for the purposes of determining if you have 250 or more employees. For example, if you have 1000 employees and 800 were furloughed on your snapshot date, you would still be required to comply with gender pay gap reporting regulations as your headcount is 1000 employees.



YOUR MEAN AND MEDIAN GENDER PAY GAP

Who to include	Who not to include
Employees who were furloughed on full pay.	Employees who were furloughed on less than full pay.

Furloughed employees whose salaries were topped up to 100% of their usual pay are classed as full-pay relevant employees and are to be included in calculations of your mean and median gender pay gap.



Furloughed employees receiving less than full pay do not count as full-pay relevant employees, as the reduction in their pay was because they were on a period of temporary leave. These employees should not be included when calculating your mean and median gender pay gap.

YOUR PAY QUANTILES

Who to include	Who not to include
Employees who were furloughed on full pay.	Employees who were furloughed on less than full pay.

Furloughed employees whose salaries were topped up to 100% of their usual pay are classed as full-pay relevant employees. These employees should be included when calculating and reporting the percentage of women and men in each pay quartile.

Furloughed employees receiving less than full pay do not count as full-pay relevant employees and therefore should not be included in your pay quartile calculations.

THE PERCENTAGE OF WOMEN AND MEN RECEIVING BONUS PAY

All furloughed employees, whether on full or part pay, must be included when calculating and reporting the percentage of women and men receiving bonus pay.

YOUR MEAN AND MEDIAN GENDER BONUS GAP

All furloughed employees, whether on full or part pay, must be included when calculating and reporting your mean and median gender bonus gap. If a bonus is pro-rated to reflect a furloughed employee's reduced salary, you should not adjust this to reflect what the bonus would have been on 100% salary when making your calculations.

THE IMPACT OF COVID-19 ON WOMEN IN YOUR WORKFORCE

Women's employment has been hit hard by COVID-19. Women are more likely to work in sectors that have been shut down, and are most sensitive to necessary public health measures in reopening. Women are also more likely to be furloughed, and for longer periods of time, impacting on their economic security.



The crisis has highlighted a long-standing issue: women still do the vast majority of unpaid childcare and care for older or disabled people. This creates real barriers for women when it comes to work. Women are four times more likely to give up employment because of multiple caring responsibilities. This is because a lack of adequate flexible working option pushes many women out of the workplace.

During the pandemic, women have been expected to take on the burden of the additional childcare and home-schooling. This has led to increased anxiety and stress and evidence shows that women are disproportionately impacted because of the extra stress of their multiple roles. While schools and nurseries are gradually re-opening, women are still juggling all of these responsibilities.

It is highly likely that there may be a loss of female talent in the workplace if companies don't act to support their female staff. This could drive up your costs, including recruitment, training and the loss of experienced staff.

We have developed new guidance to help employers prevent this happening.

The guidance provides good practice steps you can take now to support your female employees and close your pay gap. You can include these practical and easy-to-implement actions in your gender pay gap action plan to help you to ensure homeworking practice takes account of balancing childcare with work duties, your line managers know how to support your female employees, and your return to work plans and processes are gender-proofed.



Your working practices have likely already changed dramatically during lockdown, showing just how possible it is to do things differently. This is an opportunity to transform your employment policy and practice and make sure it works for all of your workforce, regardless of gender.