System for reporting on gender pay gap data is massively flawed

Wednesday 13 March, 2019

New research by the Directory of Social Change (DSC) reveals massive difficulties in finding accurate and transparent figures on the gender pay gap, raising doubts about the efficacy and transparency of the wider reporting system.

As part of its research for the upcoming *Guide to UK Company Giving* (12th edition), DSC analysed the gender pay gap data of 400 companies with community investment programmes in the UK. 344 companies in the sample provided information and an additional 30 were not required to report. However, gender pay gap data for 26 companies was unaccounted for with no clear indication as to why.

Following the 2017 amendment to the Equality Act (2010), companies with over 250 employees have to report their gender pay gap data to the Gender Pay Gap Service. The service is monitored by the Equality and Human Rights Commission which is responsible for ensuring that the data is correct and companies comply.

DSC's research encountered several flaws in the current system that can lead to patchy reporting.

Corporate groups are required to submit the data for each separate company within the group. If a company within the group does not employ over 250 people, then they do not legally have to submit a report. This misrepresents the overall figures for the group.

Companies are given the option of voluntarily reporting combined figures for an entire group, but we did not find many companies that reported in this way. We came across companies that had up to seven separate subsidiaries that they were legally required to report on. Not only does this make it difficult to understand a whole company's true gender pay gap, it also means companies can, and frequently do, highlight more favourable figures and misrepresent the actual gap.

Partners in Limited Liability Partnerships (LLPs) fall outside the current scope of regulations as traditional or limited liability partners receive a share of the profits and therefore do not get paid in the same sense as salaried employees. While some LLPs that DSC looked at did report on their partners' pay gap, many did not. The legal sector has a high number of LLPs and the lack of transparent reporting fails to show true representation of that sector's gender pay gap.

A final list of companies that are required to submit data does not exist. The government estimates there are 9,000 companies, however the Financial Times suggests the number of companies required to submit could be 13,500. The Guardian also reported that some companies have submitted inaccurate figures to the Gender Pay Gap service and have faced no fines for failing to comply with legislation.

DSC Researcher Judith Turner says: "Our research leads call into question the credibility of companies' gender pay gap data disclosures in general, as well as some big loopholes in the reporting requirements. When will the government enforce sanctions on companies that are breaking the law by ignoring the requirement to report? Despite legal requirements, government recommendations and changing workplace culture, too many companies are evading measures designed to support gender equality in the UK. If robust evidence isn't accessible and in the public domain, companies will never be in a position to tackle gender inequality effectively and decisively."

[ENDS]

Notes to editors:

- Founded in 1974, the Directory of Social Change (DSC) is a national charity which supports an independent voluntary sector through campaigning, training and publications. DSC is one of the largest supplier of information and training to the voluntary sector, and its work helps tens of thousands of organisations every year achieve their aims. Learn more at www.dsc.org.uk
- An amendment to The Equality Act 2010 passed in January 2017 requiring companies to report on the difference between the mean and median gender pay gaps, as well as differences between bonus payments and the percentage of men and women who received them. Data is collected by the Government Equalities Office (GEO) and made available through its Gender Pay Gap service. https://www.gov.uk/report-gender-pay-gap-data

Media:



Related Sectors:

Charities & non-profits ::
Government ::

Related Keywords:

Guide UK Company Giving
Women Board Men ::

Scan Me:

- For the first time, DSC was able to collect gender pay gap data on 330 companies in our latest edition of *The Guide to UK Company Giving* (12th edition).

- Now in its 12th edition The Guide to UK Company Giving details the community investment and charitable giving programmes of around 400 companies. Companies are taken from the FTSE All Share and from our own research. The main criteria for inclusion in the guide is that their CSR programmes benefit small and medium-sized charities across the UK. More information on DSC's Guide to UK Company Giving can be found at: https://www.dsc.org.uk/publication/the-guide-to-uk-company-giving-2019-20/

- Employers free to exploit gender pay gap reporting flaws. In Financial Times 24 February 2018. https://www.ft.com/content/dde60338-17c2-11e8-9e9c-25c814761640, accessed on 01/03/19.
- Lack of sanctions 'makes a mockery' of gender pay gap reports. In: Guardian 28 February 2019.

For more information, please contact Daniel Ferrell-Schweppenstedde, Directory of Social Change, by email (dferrell@dsc.org.uk) or phone (020 7697 4293).

Company Contact:

Directory of Social Change

T. 02076974200
E. jblazquez@dsc.org.uk
W. https://www.dsc.org.uk

View Online

Additional Assets:

Newsroom: Visit our Newsroom for all the latest stories:
https://www.directoryofsocialchange.pressat.co.uk