



First year of gender pay gap statistics show 87% of employers pay men more than women

By **Ben Smith** - 30 April 2018

The deadline to report gender pay data for eligible firms was 4 April 2018 and no doubt you will have seen the deluge of press coverage on the topic. Below we look at what the first year of data has revealed about the gender pay gap in the UK (spoiler alert: it's a widespread problem across sectors).

To very briefly recap, the Gender Pay Gap Regulations (the "**Regulations**") require that a pay gap be expressed as a percentage. Therefore, a pay gap of 25% means that for every £1 a man earns, a woman earns £0.75 (and a pay gap of -25% would mean that for every £1 a woman earns, a man earns £0.75).

As of 18 April 2018, the overall figures, based on a "snapshot" of pay on 5 April 2017, are as follows^[1]:

- Mean Hourly Pay Gap: 13.4%
- Median Hourly Pay Gap: 9.4%
- Mean Bonus Pay Gap: 22.25%
- Median Bonus Pay Gap: 5.3%
- Percentage of male staff receiving a bonus: 20%
- Percentage of female staff receiving a bonus: 17.5%
- Lower Pay Quartile (Male/Female): 44.4% / 55.6%
- Lower Middle Pay Quartile (Male/Female): 48.4% / 51.6%
- Upper Middle Pay Quartile (Male/Female): 54% / 46%
- Upper Quartile Pay (Male/Female): 62.7% / 37.3%

87% of employers report a pay gap showing men are paid on average more than women. These pay gaps range from 0.1% to an eye-watering 87.8% (Swansea City Association Football Club Limited) and 159% (Millwall Holdings Plc).

Sector Analysis

The largest pay gap is found in the financial services industry, where there is an average hourly pay gap of 26.2% and an average bonus gap of 45.9%. Other high pay gaps are in the legal sector (an hourly pay gap of 20.7% and a 38.1% bonus gap) and construction (an hourly pay gap of 21.8% with a bonus gap of 30%). The lowest pay gap is found in the hotel and restaurant sector, with an average hourly pay gap of 8.1% (and an average bonus gap of 10.6%). This can perhaps be explained by the high number of workers paid at the minimum wage in the sector.

A tendency towards men in senior roles contributes to pay gaps

A major factor contributing to a gender pay gap seems to be a concentration of men in more senior roles. On average men make up 62.7% of the upper pay quartile so this is a widespread issue, but we can see its effects particularly potently in a slew of female-dominated companies that have nevertheless reported significant pay gaps.

- Condé Nast, publisher of magazines such as Vogue and Vanity Fair, has a significant pay gap of 36.9%, despite employing predominately women in each of the four pay quartiles.
- The clothing business Phase Eight has an average pay gap of 64.8% despite women making up 97.5% of its workforce. In their gender pay gap statement Phase Eight say the raw figure without context is “*misleading and does not reflect the true story and culture within the ... business*”.
- A similar picture can be seen at the publisher Hachette; fashion companies Coast, Sabre Fashion, and LK Bennett; academy trust Lunesdale Learning Trust; retail/cosmetics brand The Body Shop.

Suspicious figures – just how accurate is the data?

- Surprisingly high numbers of firms have reported that they have no pay gap. 73 report a mean pay gap of zero, 901 report a median pay gap of zero and 55 report both mean and median pay gaps of zero. While the prevalence of *median* pay gaps at zero can perhaps be explained by a significant percentage of the workforce being paid the minimum wage (if more than half of men and women workers are paid the minimum wage, a company will have a median pay gap of 0), these results are otherwise statistically implausible, at best. As 250+ employees are required to make a company eligible to report, it is very unlikely there would be no mean pay gap at all. Further, to achieve both a mean and median pay gap of zero is near-impossible, as the two measure very different things.
- Some firms have also reported impossible pay gaps. Complete Care Holdings Limited reports an average hourly pay gap of -400% which, because of the way that the Regulations require the pay gap be calculated, would mean men were ‘fined’ money for every £1 a woman earned. Similarly, Millwall Football Club (reporting as Millwall Holdings Plc) reports an average pay gap of 159%, which would mean women are ‘fined’ for every £1 earned by a man. These suggest errors have been made in calculations – errors which may be more widespread beyond these obvious outliers.

The scale of the pay gap revealed across sectors and the avalanche of press coverage suggests that gender pay – and wider conversations about diversity – will remain a hot topic.

Look out for more content in the coming weeks from GQ|Littler as we help you and your business navigate this tricky area.

[1] These figures are the median, rather than the mean, of all reported data as of 18 April 2018. The median is used as the mean is skewed by outliers in the data meaning the median is the more helpful measure.