CIPD

Gender pay gap reporting

Calculation examples

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The calculations below are designed to accompany the guide _Gender pay gap reporting: How to calculate and publish your gender pay gap_.

Calculation one: Calculating hourly pay based on annual salary

In 2022, Sandra's annual salary is £26,744. In addition, she receives allowances of £550 and a bonus of £900, totalling £28,194. She works 35 hours a week, or 7 hours a day over 5 days.

- Daily pay: £28,194 divided by 365.25 = £77.19.

- Hourly rate: £77.19 divided by 7 = **£11.03**.

In April 2023, Sandra's company stops paying bonuses, but makes a one-off payment to each employee of £7,000. Sandra also earns £670 in allowances. Sandra's pay over the year totals £34,414.

- Daily pay: £34,414 divided by 365.25 = £94.22.

- Hourly rate: £94.22 divided by 7 = **£13.46**.

Calculation two: Calculating ordinary pay on a variable hours contract

Geoff works 370 hours over the relevant 12-week period, of which 340 hours were worked at the standard rate of £10 an hour, and 30 hours at the night shift rate of £15 an hour. Geoff was also paid a £100 share of a team bonus for meeting an urgent production target in week three.

Geoff's pay over the 12-week period totalled (340 × £10) + (30 × £15) + £100 = £3,950.

- Hourly rate: £3,950 divided by 370 = **£10.68**.

Calculation three: Calculating bonus pay

These calculations are for the 2022/23 reporting period. The snapshot date is 5 April 2022, and the report must be published by 4 April 2023. Simon's annual salary is £50,000. He works a 40-hour week, or 8 hours a day. In the year prior to the snapshot date of 5 April 2022, he was awarded bonuses totalling £70,000. £40,000 was a personal bonus, paid to him on 31 March 2022. The remaining £30,000 was a team bonus, which is paid to him on 30 June 2022. However,

within the bonus year preceding the snapshot date, Simon also received the previous year's team bonus of £17,000. This was paid to him on 30 June 2021.

For the purposes of the annual gender pay gap report for 2021/22:

- Simon's ordinary pay amounts to £50,000 + £40,000 + £17,000 = £107,000 divided by 365.25, to give a daily rate of £292.95, and an hourly rate of £36.62.

- Simon's bonus pay: £40,000 + £17,000 = **£57,000.**

Simon's £30,000 team bonus, paid to him on 30 June 2022, will be included in the following year's calculations as he received it after the snapshot date.

The Regulations require you to produce three calculations related to bonus pay; total bonus pay received over the relevant 12-month period, daily bonus pay and hourly bonus rate. The 12-month bonus pay period described in the example above allows you to calculate daily and hourly bonus rates:

- Daily bonus pay: £57,000 divided by 365.25 = £156.06.

- Hourly bonus rate: £156.06 divided by 8 = **£19.51.**

Calculation four: Calculating the mean gender pay gap

Kangaroo Travel has 4,500 employees, of whom 4,445 are relevant full-pay employees. Of these, 3,100 are female and 1,345 male.

The hourly rates of pay of the male employees amount to (1,000 × £15) + (300 × £21) + (45 × £50) = £23,550, which, divided by 1,345, gives a mean hourly rate of £17.51. (Note that Acas guidance suggests the calculations should be to two decimal places.)

The hourly rates of pay of the female employees amount to (500 × £10) + (1,000 × £13) + (1,000 × £15) + (500 × £21) + (80 × £30) + (20 × £50) = £46,900, which, divided by 3,100, gives a mean hourly rate of £15.13.

Kangaroo's mean gender pay gap: 17.51 less 15.13 divided by 17.51 × 100 = **13.59%.**

Calculation five: Calculating the median gender pay gap

The middle value on the ranked list of Kangaroo's hourly rates of pay for male employees is £15, and for females it is £15.

Kangaroo's median gender pay gap: 15 minus 15 divided by 15 × 100 = **0.**

Calculation six: Mean and median bonus gaps, and bonus proportions

Example: Bonus calculations

Lion Sports Gear employs 457 people, of whom 230 are women and 227 are men. The pay system is relatively simple, and consists of basic pay, performance-related pay, and bonuses for sales staff who exceed pre-determined sales targets. The sales force consists of 10 women and 20 men, and in the year preceding the snapshoot date the payments are as follows:

Female (£)	Male (£)	Male (£)
5,000	1,000	12,000
10,000	2,000	14,000
11,000	2,000	15,000
12,000	3,000	15,000
15,000	4,000	15,000
16,000	5,000	35,000
16,000	7,000	40,000
20,000	7,000	40,000
25,000	7,000	50,000
30,000	11,000	55,000
Total F bonuses: £160,000		Total M bonuses: £340,000
F bonus range: £5,000-£30,000		M bonus range: £1,000-£55,000
Mean bonus pay:		Mean bonus pay:

£160,000 divided by 10 = £16,000	£340,000 divided by 20 = £17,000
Median bonus pay: £15,500	Median bonus pay: £11,500
Proportion F paid bonus = 10 ÷ 230 x 100 = 4.3%	Proportion M paid bonus = 20 ÷ 227 x 100 = 8.8%

This example shows the importance of reading all the bonus measures together. The mean and median figures suggest that women are doing reasonably well, but the proportions show that a smaller proportion of women than men are receiving bonus payments. The range (which you are not required to report on) suggests that the way in which bonuses are allocated to men may differ from the way in which they are allocated to women, in that, whereas women are getting bonuses in the mid-range, men are starting at a much lower level and ending at a much higher one. This is something that calls for further investigation.

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