Title: Post-implementation review of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017	**Post Implementation Review**
PIR No: GEO-3023(4)-PIR2022	**Date: 11/04/2023**
Original IA/RPC No: RPC –GEO -3023(4)	**Type of regulation: Domestic**
Lead department or agency: Cabinet Office-Government Equalities Office	**Type of review: Statutory**
Other departments or agencies: N/A	**Date measure came into force: 06/04/2017**
Contact for enquiries: Jessica Mace jessica.mace@geo.gov.uk	**RPC Opinion: N/A**

Executive summary

This review outlines that the intended objectives of the regulations were: to increase transparency around the gender pay gap (GPG) through reporting, with the aim of prompting action to narrow the gap on the part of employers, and ultimately lead to a reduction in the national GPG. Reporting by large employers (organisations with 250 or more employees) was part of a range of Government measures aimed at closing the gap.

Having conducted a theory-based evaluation to assess the extent to which the objectives have been achieved, we have concluded that most objectives have been achieved to some extent. However, the impact of the pandemic means that the evidence base for the evaluation was limited, and the conclusions should be considered accordingly. The regulations have delivered greater transparency, although not necessarily coupled with greater public understanding. They have also contributed to some reduction in the overall GPG in organisations just above the employee threshold, and there is some evidence that they have contributed to a narrowing of the gap for just over half of employers. However, only half of employers plan to or are taking effective action to close their gap. The fact that we did not find evidence that the regulations were having an adverse impact, coupled with the potential positive impact that we have identified, has led us to recommend that the regulations should be retained at this time.

Given the changes witnessed in the number of employers voluntarily reporting prior to the regulations, and in the year when they were not enforced, the review team believe that regulation of this level is still required in order to achieve the objectives, but that it also does not require strengthening at this time. Finally, having considered whether the objectives remain appropriate, the review team concludes that they are, but will undertake a process of refinement ahead of the next review.

Policy Background

At the time that the Equality Act 2010 was being introduced, there was a growing understanding that closing the national GPG could have both economic, and social and cultural benefits. While ONS data showed that it had been narrowing since 1997, the pace of change was still slow, and there were increasingly calls for action to be taken to try and speed this up.

There was cross-party consensus that, while there were social and cultural drivers behind the gap, there was also evidence to suggest that employers could be doing more to promote greater gender equality in the workplace. As such, support grew for mandatory reporting requirements that built on an initially voluntary approach; and in 2015 the then Prime Minister announced that mandatory reporting would be part of his plan to close the GPG in a generation.

Following consultation, the regulations that introduced reporting came into force in April 2017. The regulations applied to relevant employers in the private and voluntary sectors, with separate regulations applying to specified public sector organisations. Both sets of regulations relied on the Equality and Human Rights Commission (EHRC) conducting enforcement activity under powers within existing legislation (which are outside the scope of this review).

Since then, employers reported as expected in 2018 and 2019. In response to the pandemic and the additional pressures placed on businesses, the EHRC took the decision not to enforce the regulations in 2020, and gave employers an additional six months to report before commencing enforcement activity in 2021.

Policy objectives and intended effects

The overriding aim of the policy was to prompt change and intensify efforts to close the GPG through greater transparency.

Requiring all large employers to calculate their gaps, and prove that they had done so through public reporting, was intended to ensure that they all had evidence and awareness of the gap at an organisation level.

Connected to this, the next objective was to encourage employers to take effective actions to close the gap. It was assumed that regular measurement would have the effect of triggering employers to make a concerted effort to narrow their gap, as they would want to show progress both internally and externally.

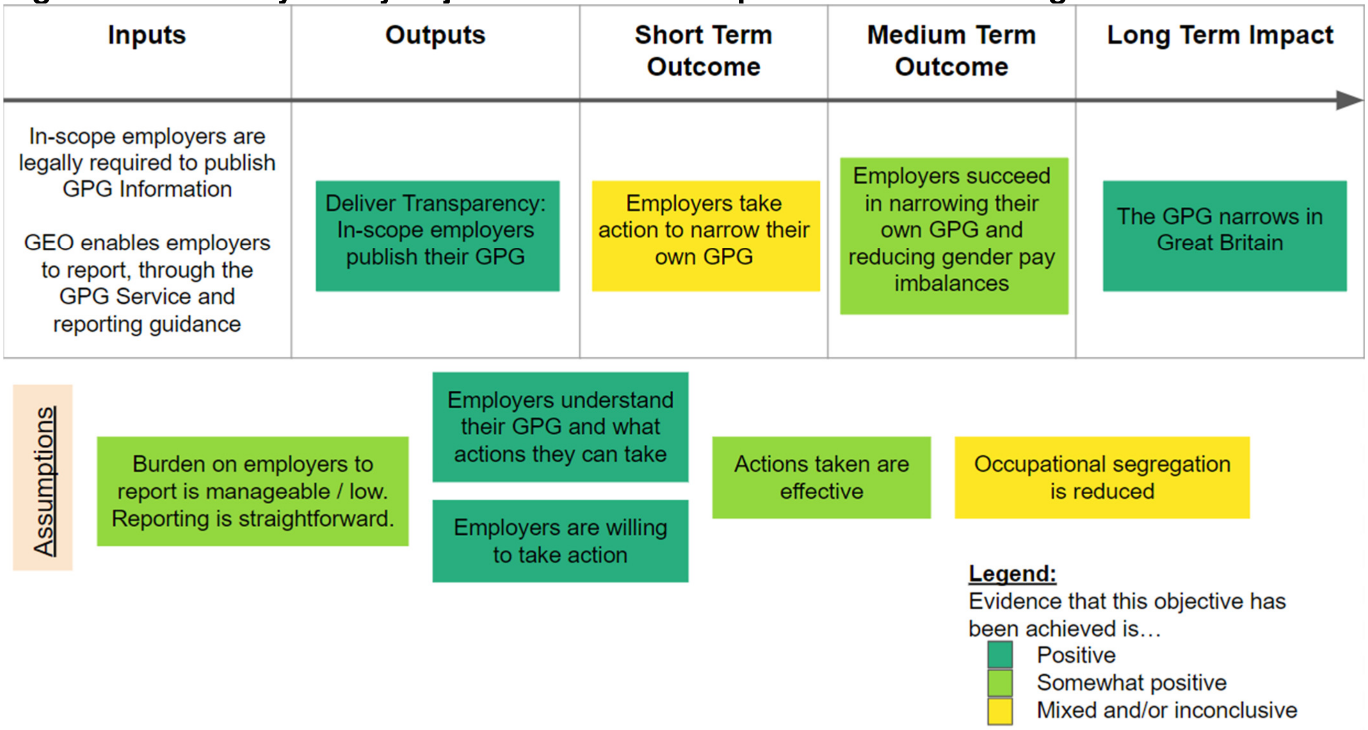
The final ambition was that, in the long term, the cumulative impact of actions taken by employers would result in a narrowing of the national GPG. It was understood at the time that mandatory reporting was just one part of a wider programme of government work which would accelerate the closure of the GPG, but that this ambition would still take significant time to achieve.

When the regulations were introduced they included a requirement for them to be reviewed after five years, this has been completed and this document summarises the findings.

Has the policy achieved its objectives?

To assess whether the policy has met its objectives, a theory-based evaluation was conducted. The logic of the policy was tested, alongside its key assumptions. Figure 1 presents a visual summary of the regulations' objectives/assumptions.

Figure 1: Summary of key objectives and assumptions of the GPG regulations



Looking back across the evidence considered, **the review concludes that, 5 years into the regulations, most of its objectives have been achieved to some extent.**

In particular, **the policy has contributed to some reduction in the overall GPG.** Separate analyses find that the regulations have led to a narrowing of the GPG in organisations just above the 250-employee threshold. One estimates the regulations have narrowed the GPG for employees in these organisations by 14 percent (Duchini et al., 2021), the other by 19 percent (Blundell, 2021). This is a significant impact in only the first two years of implementation.

The regulations have also succeeded in their short term objective of delivering transparency through employers reporting their GPG information. Indeed, in all reporting periods other than 2019-20, when enforcement of reporting was suspended, 'on-time' compliance remained above 89% and overall compliance above 97%. However, this does not necessarily equate to an improvement in public understanding of the GPG.

There is also some marginally positive evidence that a majority of employers have succeeded in narrowing their GPG. When comparing the information self-reported by employers in 2020-21 and that reported by the same employer in 2017-18, this review finds that just over half of organisations (51%, and 54% respectively) reported separate improvements in their median GPG, or in their gender balance in highest-paid roles. However, it is unclear how much of these improvements can be directly attributed to the policy or external factors in the period between 2017-18 and 2020-21.

Finally, there are some areas for improvement. In particular, **half (50%) of employers surveyed in 2019 self-reported that they were planning to take / already taking action to narrow their GPG.** Although this represented a significant improvement on 2017 (when the same metric was 21%), it suggests that half of employers are not taking any action to reduce their GPG.

Not only are most objectives being met to an extent, **the evidence also shows that burden related to complying with the regulations has significantly reduced over time.** In 2019, 56%

of employers found the reporting process straightforward, up from 35% the previous year. Similarly, the proportion of employers finding the process difficult halved from 30% to 15% in the same period. As employers are now familiar with the process, and have included it within their 'business as usual' activities, the burden has likely decreased significantly over time. Furthermore, **the annual cost of the policy is less than £500 per company with at least 250 employees.**

It should be noted that, due in part to the COVID-19 pandemic and its effects on businesses, much of the evidence used to inform this review covers only the first two years of the regulations, up to 2019. At their onset, the GPG regulations intended to bring about long-term change. As a result, although initial signs are positive, it would be premature to properly judge the impact of this intervention.

Conclusion

Based on the evidence collated, our review concludes that the policy objectives have been achieved to a certain extent, which is why the review team propose keeping this measure with no changes. There are indications that the regulations have gone some way to achieve their aims, particularly in relation to contributing to a reduction in the GPG and increasing transparency overall. However, we recognise the limitations of the evidence, and, more broadly, that reducing the GPG is not something that employers are able to fix on their own. The root causes of the gap, for example differences in labour market history, require broader action, which is why the Government is currently focussed on creating the conditions where parents are better able to balance work and care.

There have been associated consequences of the regulations which were not anticipated, but which could be considered to be positive. For example, more focus brought to the wider issue of pay fairness, and what this concept means, have been seen.

Given the scale of change suggested by these early findings, the review team considers the GPG regulations still represent value for money; and that its benefits in driving long term societal change outweigh its costs. However, we are mindful of the burden and costs that reporting places on businesses. This is why the Equality Hub will continue to try and make the reporting process as easy for employers as possible.

The review team has concluded that the existing regulations are still the most appropriate way of achieving the intended objectives. Mandatory government intervention was required in order for more employers to know and understand the GPG within their organisation. This was further illustrated by the reduced number who published their figures on the reporting service in 2020, when enforcement of the regulations was suspended. It therefore seems that, in order for the majority of employers to continue calculating and engaging with this data, the existing regulation does need to stay in place.

While the overall objectives are still valid, it has become apparent that they require refinement. It is for this reason that the review team has recommended an exercise to review the objectives and the criteria to judge them against. This will be vital to ensure the impact of the regulations going forward can be properly evaluated.

While the measure was introduced with the intention of increasing the pace of closing the GPG, it was understood that it would still take time to see the impact of the regulations. The Equality Hub therefore believes any judgement on the impact would be premature, especially given that this would be based on a time period with limited data and significant disruption due to the pandemic.

The combination of the original intention to bring long term change, and positive signs in the evidence that is available at this time led this review to recommend the intervention should remain in place in its original formulation.

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed:

Kemi Badenoch

Rt Hon Kemi Badenoch MP
Minister for Women and Equalities,
Secretary of State for Business and Trade
and President of the Board of Trade

3/4/2023

Scott Dennison

Scott Dennison
Cabinet Office Head of Analysis and Insights
and Chief Economist

6/4/2023

Annex A: Evidence informing the PIR

Research question 1: To what extent have the GPG regulations contributed to a narrowing of the GPG in Great Britain?

Two separate analyses consulted (Duchini, Simion and Turrell, 2021 and Blundell, 2021) sought to robustly measure the impact of the regulations on the overall GPG by 2019. Using data from the Annual Survey of Hours and Earnings (ASHE)[1] from 2012/2013 to 2019, both papers compare the effect of the GPG regulations on men and women's wages in organisations just under and just over the 250-employee threshold.

Although these papers differ in key respects,[2] **both studies find that the regulations have led to a narrowing of the GPG in organisations just above the 250-employee threshold in the UK by 2019.** One estimates the regulations have narrowed the GPG for employees in these organisations by 14 percent (Duchini, Simion and Turrell, 2021), the other by 19 percent (Blundell, 2021).

This comparative narrowing of the overall GPG in organisations just above the 250-employee threshold is due to a 2.6 percent reduction in men's real hourly pay, itself caused by a relative slowdown in men's opportunities for promotion compared to women's (Duchini et al., 2021). In contrast, there has been no visible effect of the regulations on women's real hourly pay (Blundell, 2021; Duchini et al., 2021)

Caution should be taken when interpreting these findings, as both studies consider:

- data up to 2019 - it is unclear whether effects found in 2019 have remained since;
- employees' wages in organisations just above or just under the 250-employee threshold - results may not be generalisable to organisations with more than 300-350 employees; and
- employees across the United Kingdom - the inclusion of data from Northern Ireland may skew their findings. However, this is likely to only have a marginal effect, given the relatively small size of the workforce of Northern Ireland compared to that of Great Britain.

Assumption check: Based on existing literature, it is difficult to say with certainty whether the regulations have helped reduce 'occupational segregation' - the fact that women are more likely to work in lower-paid occupations than men.

Assumption check: Evidence reflected is that available at the time the evaluation took place. Longer term effects will be reviewed in future evaluation required by The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 at intervals not exceeding five years.

[1] ASHE is recognised as the data source for official statistics on the GPG and employee earnings in the UK. Its definitions of hourly pay excluding overtime relate directly to the aims of the analysis, and to the definitions that are used for the production of official statistics. However, some groups of employees are not covered in ASHE. These include those whose job is not registered on PAYE, the self-employed and seasonal workers who do not work in the reference period in April. This means that any analysis based on ASHE doesn't include these groups.

[2] Papers differ in their allocation of firms to the control/treatment groups; the bandwidth of companies sampled around the 250-employee threshold; the population of interest; and specific model formulations.

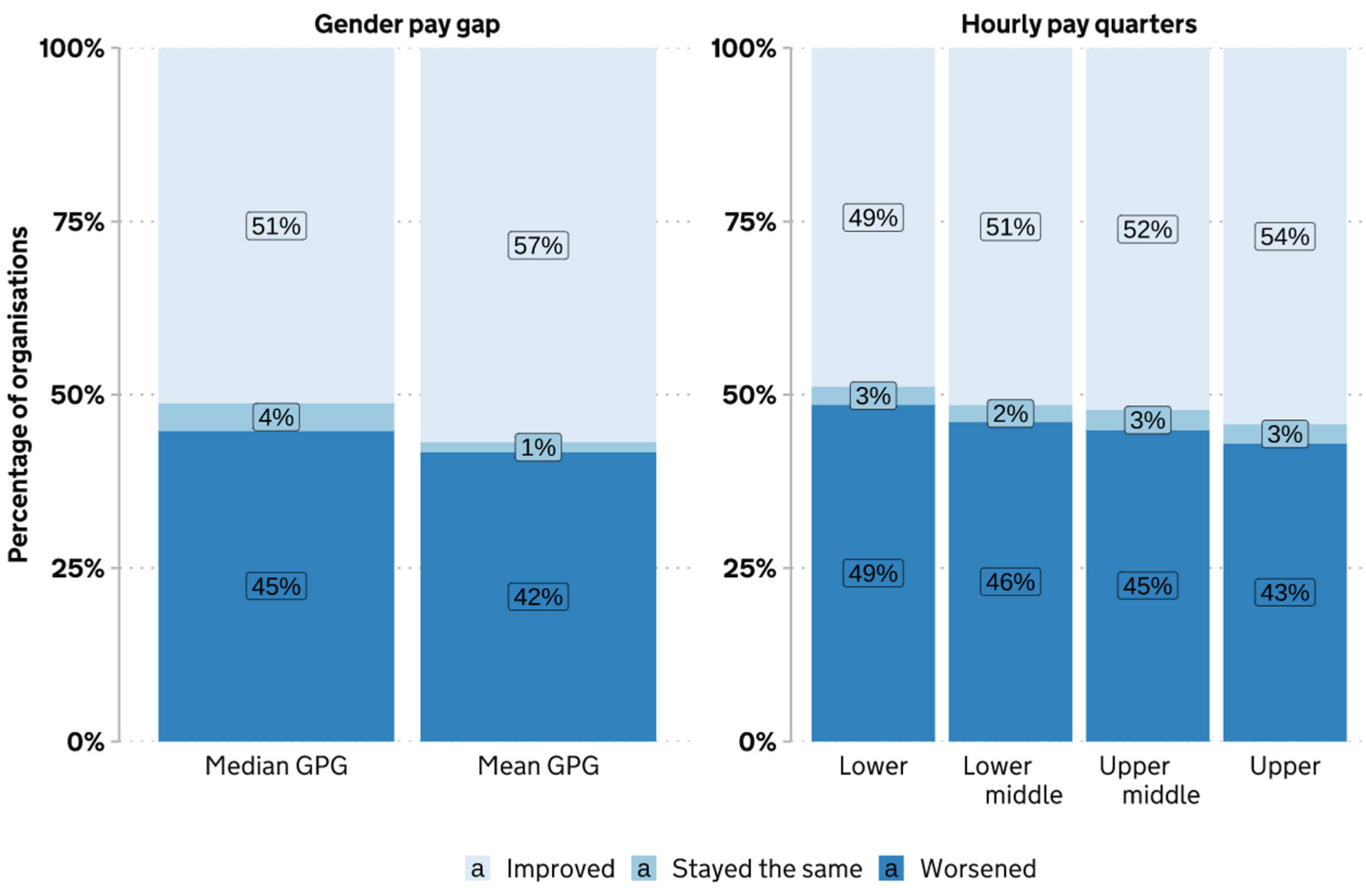
Research question 2: To what extent have the GPG regulations contributed to improvements in the GPG and gender pay balance in complying organisations?

When comparing the GPG information reported to the GPG Service between 2017-18 and 2020-21, **this review finds some, though modest, improvements in companies narrowing their GPG and in reducing pay imbalances, particularly in higher-paid roles.** Unlike the results under Research Question 1, however, we cannot be certain that these improvements were caused by the regulations or by other factors (such as effects of the COVID-19 pandemic). It is also important to note that new guidance was developed as a result of the COVID-19 pandemic to clarify how employers should treat furloughed employees as part of their GPG calculations. Comparisons between 2017-18 and 2020-21 should therefore be taken with caution, as data from these years may not be entirely comparable.

We find that:

- Just over half of organisations (51%) reported improvements in their median GPG between 2017-18 and 2020-21 (Figure 2, left panel).
- Just over half of organisations (54%) reported an improvement in their gender balance in their highest-paid roles. However, no noticeable change has been made in the balance of men and women in the lowest-paid roles (Figure 2, right panel).

Figure 2: In 2020-21, just over half of organisations report separate improvements in their median GPG, and their gender balance in highest-paid roles.
Change in the GPGs and in each hourly pay quarter reported by organisations between 2017-18 and 2020-21.



Source: Government Equalities Office, GPG Service Data, 2017-18 and 2020-21
Notes: (1) An improvement in the gender pay gap refers to a situation where the GPG has narrowed towards zero. Calculations ensure that a GPG in favour of men (positive GPG) is

considered as problematic as a GPG in favour of women (negative GPG). If GPG is positive (median pay for men is greater than for women) we calculate a score of $\left|\frac{}{GPG}\right|$, if GPG is negative (median pay for women is greater than for men) we calculate a score of $\left|\frac{}{GPG}\right|$, the smaller the gap between men and women's pay, the higher the score. An improvement refers to an increase in this score, and worsening refers to a decrease. An improvement in hourly pay quarters refers to a situation where the balance of men and women has moved closer to parity (50%). Organisations which reported late in either reporting period not included in the analysis. Percentages may not add up to 100% due to rounding. (2) Median data is used, rather than a mean, as it tends to give a more accurate average on data that has a small number of extreme outliers. Mean data is shown in the chart above for completeness only.

Research question 3: To what extent have employers taken action to narrow their GPG?

When reviewing responses given to the Employer Insights Survey, we find that **approximately half (50%) of organisations either planned, or were already taking action to reduce their GPG in 2019.** This represents a significant increase from only 21% in 2017; but implies that a large proportion of employers were not planning or taking action to tackle their GPG in 2019.

Unlike the results under Research Question 1, however, we cannot be certain that these improvements were caused by the regulations or by other factors.

Assumption checks:[3]

- Of those employers which were taking action, the most common actions included offering flexible working arrangements and reviewing existing policies; actions seen as 'Promising' and 'Effective' under GEO guidance published in 2017.
- Evidence suggests that organisations' understanding of the GPG had improved since reporting began in 2017. In 2019, an estimated 91% of those at the leadership/board level and approximately 89% of those at the level in the organisation responsible for publishing the data had a good understanding of the GPG.
- The majority (61%) of organisations were willing to reduce their GPG, stating that reducing their GPG was a high or medium priority. Of the 35% of organisations that see reducing their GPG as a low or not a priority, many employers stated that it was because there was little/nothing they could do to affect their GPG. It is worth noting that employers choosing to place little/no priority on reducing their GPG does not reduce the appropriateness of the GPG regulations' objectives.

Research question 4: To what extent did in-scope employers comply with the GPG regulations?

Between 2017-18 and 2020-21, over 12,600 unique organisations have made their GPG information transparent through the GPG Service. **Compliance with the GPG regulations has been high in all reporting periods other than 2019-20, when enforcement of the regulations was suspended.** 'On-time' compliance remained above 89% (Table 1) and overall compliance above 97% (Table 2).

[3] Additional context around these statistics can be found in Murray, Rieger and Gorry (2020).

Table 1: Although it remains high at nearly 90%, 'on-time' compliance with the regulations was lower in 2020-21 than it had been in the years prior to 2019-20.
Percentage 'on-time' compliance with the GPG regulations, by reporting year and sector

Sector	2017-18	2018-19	2019-20	2020-21
Private and Voluntary	93.5%	96.4%	n/a	89.2%
Public	97.1%	93.1%	n/a	91.5%
Total	**94.1%**	**95.8%**	**n/a**	**89.6%**

Source: GPG Service, 2017-18 to 2020-21. Data accurate as at 1 March 2022.
Notes: As a result of COVID-19 and its effects on businesses the EHRC took the decision to not take enforcement action in relation to the reporting regulations in the 2019-20 reporting year. Numbers reported here may not completely align with previous reports. This is because organisations assumed in-scope may later turn out to be out of scope of the regulations.

Table 2: Overall compliance dipped sharply in 2019-20 but recovered almost completely in 2020-21.
Percentage overall compliance with the GPG regulations, by reporting year and sector

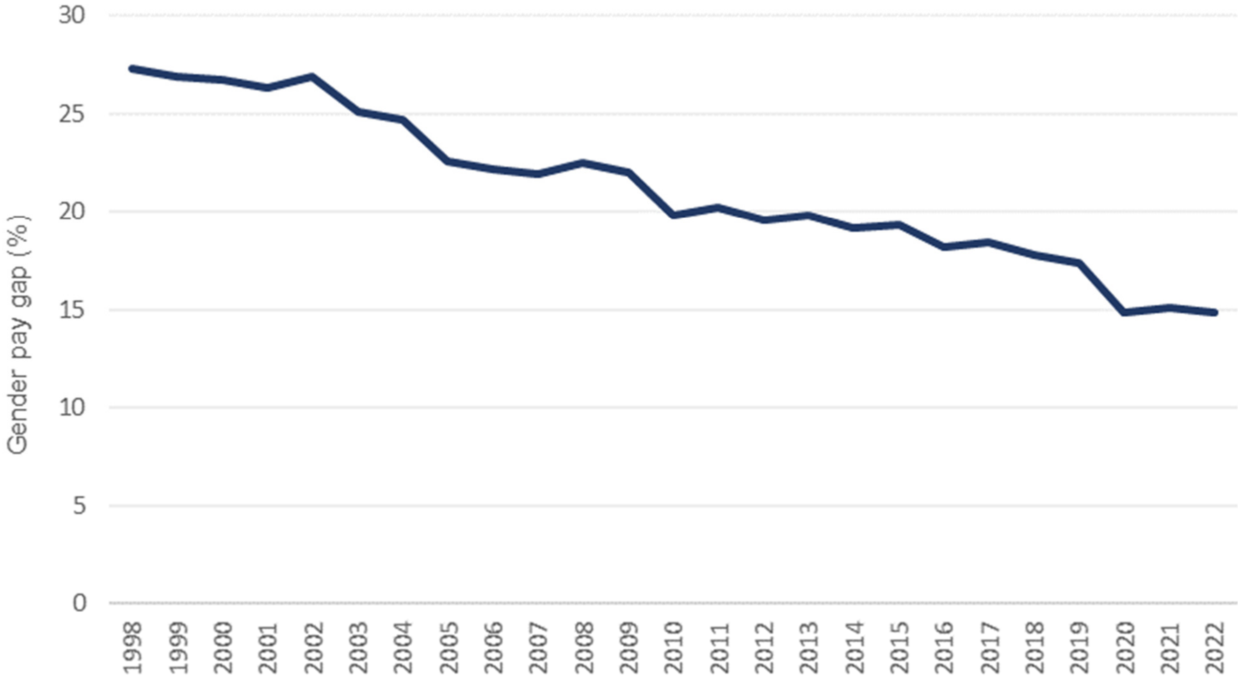
Sector	2017-18	2018-19	2019-20	2020-21
Private and Voluntary	99.2%	99.8%	61.1%	97.3%
Public	99.9%	99.8%	79.3%	98.8%
Total	**99.3%**	**99.8%**	**64.1%**	**97.5%**

Source: GPG Service, 2017-18 to 2020-21. Data accurate as at 1 March 2022.
Notes: As a result of COVID-19 and its effects on businesses the EHRC took the decision to not take enforcement action in relation to the reporting regulations in the 2019-20 reporting year. Additionally, they decided to delay enforcement for the 2020-21 reporting period by 6 months. Numbers reported here may not completely align with previous reports. This is because organisations assumed in-scope may later turn out to be out of scope of the regulations. Overall compliance can also continue to increase as employers provide late reports.

Consideration of gender pay gap reporting

The Office for National Statistics (ONS) publishes a report on the Gender Pay Gap using data from the Annual Survey of Hours and Earnings (ASHE). The latest report, 2022, states that the gender pay gap has been declining slowly over time and that over the last decade it has fallen by approximately a quarter among full time employees and all employees. Since 2020 the GPG has remained largely static, most likely as a result of COVID-19.

Figure 3: GPG (as a percentage) for all companies regardless of scale



Source: Office for National Statistics – Annual Survey of Hours and Earnings (ASHE)

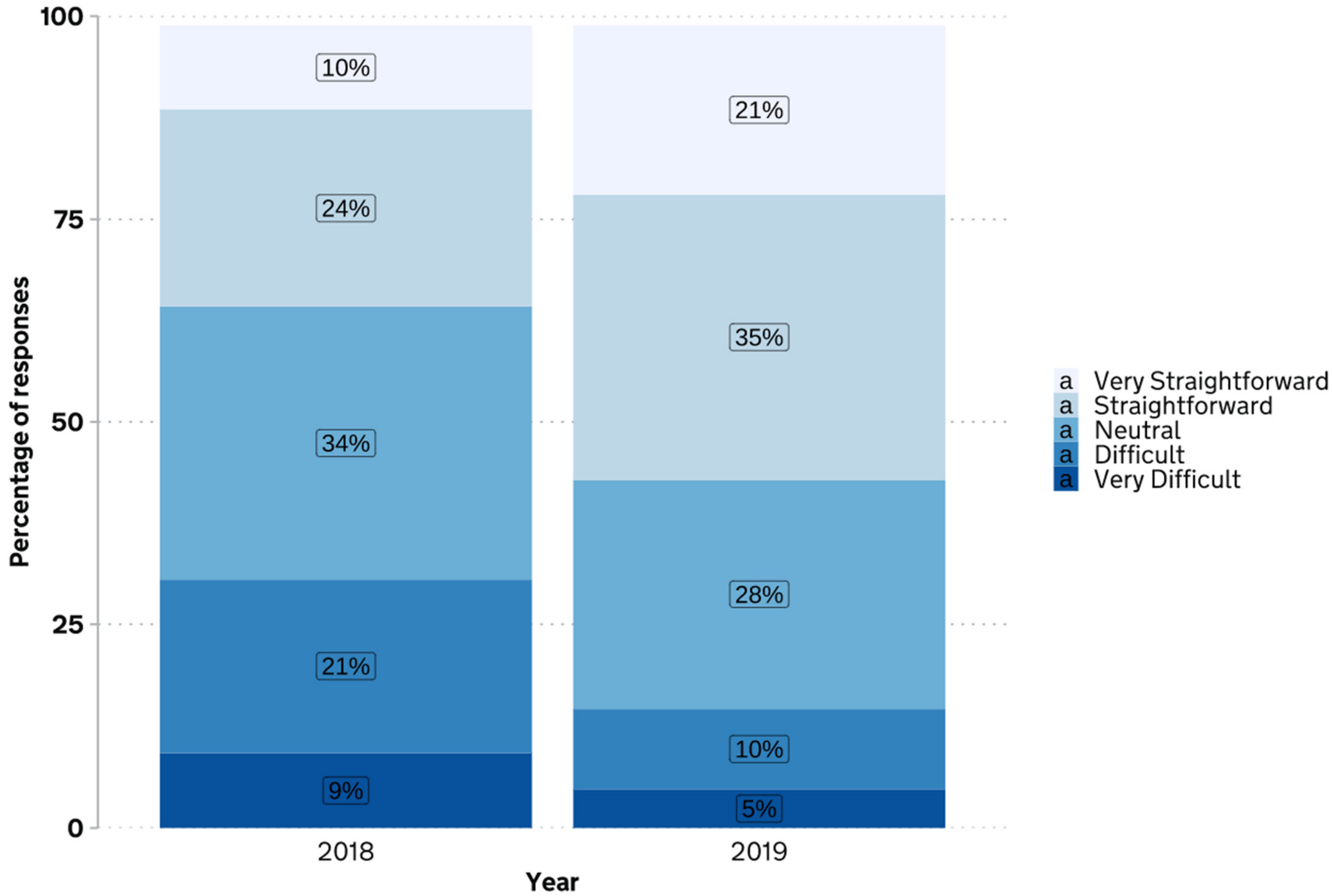
While this indicates some evidence of a general longer term trend in the gender pay gap no conclusion can be reached from this data alone whether companies with more than 250 employees are closing the GPG faster or slower than smaller organisations. As ONS does not report GPGs by the size of the organisation submitting data and the regulations do not require companies with fewer than 250 employees to submit data to the Equality Hub. Research such as that listed in Research Question 1 therefore calculates pay gaps from AHSE data to calculate whether the regulations are supporting a reduction in the GPG for larger companies.

Consideration of the burden on employers

Through analysis of responses to the Employer Insights Survey, we find that **the majority of organisations find the process of complying with the regulations straightforward.** In 2019, an estimated 56% of organisations found the reporting process straightforward, a significant increase from approximately 35% in 2018. In contrast, only 15% of organisations found the reporting process difficult in 2019. Figure 4 shows the comparison of the distribution of answers across 2018 and 2019.

Just under a third of respondents to the survey in 2019 offered specific suggestions for how GEO could make the reporting process easier or quicker in the future. These are explored in further detail in Murray, Rieger and Gorry (2020). We have since reviewed and implemented some of these suggestions.

Figure 4: The proportion of employers which find the GPG reporting process straightforward greatly increased from 35% in 2018 to 56% in 2019
'Overall, how did you find the process of complying with the GPG reporting regulations?' Comparison of responses received in 2018 and 2019.



Source: Government Equalities Office, Employer Insights Survey, 2018 to 2019
Notes: 'Don't know' responses not shown. They represented 2% of the responses in 2018 and 1% of the responses in 2019. Percentages may not add up to 100% due to rounding.

Consideration of unintended consequences

When undertaking an analysis of whether the objectives of the regulations have been achieved, it is important to also consider whether there have been unintended consequences of the policy. This section draws on all sources of evidence consulted for this review. The following unintended consequences were identified.

Out-of-scope employers choosing to report: The regulations clearly set out which employers are considered in-scope and have a mandatory responsibility to report their GPG information. Unexpectedly, **some organisations which do not have to report their GPG information choose to report** this information anyway. According to data from the GPG Service, the number of employers voluntarily reporting is small and stands at just over 900 unique organisations voluntarily reporting across all years of the regulations.[4] Some evidence suggests that organisations with low GPGs are less likely to voluntarily report. This 'countersignalling' is suggested for a small number of reasons. First, organisations with a low GPG may already have an accepted reputation as a good employer of women. Second, they may choose not to report as a result of having little ability to improve from an already good position (Huang and Lu, 2021)

Public interest in the regulations: The GPG regulations have received some public and media attention since they came into force in 2017. This attention was particularly strong around reporting deadlines in the first two years of implementation, in April 2018 and April 2019 (Google Trends search for 'gender pay gap' in the UK, accessed December 2021). A significant number of evidence sources noted the media pressure that followed reporting including from the BBC

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[4] Data accurate as at 4 March 2022.

(Tomšej, 2020), Guardian, The Times and Financial Times (Raghunandan and Rajgopal, 2021, Duchini et al., 2021), The Independent (Blundell, 2021) and The Sun (Treleaven and Fuller, 2021). Treleaven and Fuller (2021) suggest that the discourse in the media has also changed on pay gaps. They conclude that discourse before the reporting of GPGs was on individual responsibility. However, in more recent years, this shifted to a narrative across the press on discrimination and organisational dynamics.

Firm labour productivity, labour costs and profits: In their paper evaluating the impact of the GPG regulations, Duchini et al. (2021) further test whether the regulations have had an impact on individual firms' labour productivity, labour costs and profits. When comparing organisations with just over and just under 250 employees, they find suggestive evidence that the GPG regulations may have had a negative effect on productivity in companies with 250-300 employees. However, this effect is balanced out by a significant decrease in firms' labour costs. As a result, **the GPG regulations have had no apparent effect on organisations' profits** (Duchini et al., 2021).

Employee reaction to reporting: According to data from the 2019 wave of the Employer Insights Survey, the large majority (81%) of employers surveyed judged that there had been 'little or no reaction' from staff in response to their latest GPG results. In 2019, only 2% of employers judged there had been 'widespread reaction' to their latest GPG results. The remaining 16% of respondents judged there had been 'some attention' paid to their latest GPG results, but not widespread. Interestingly, 'employers with a GPG were more likely to report that their staff paid at least some attention to the results (21% vs. 9% of those with no GPG). This rose to 26% among those with a large GPG of over 20%' (Murray, Rieger and Gorry, 2020). This evidences that **employers are generally not aware of widespread employee reaction to publishing their GPG.** However, as the next section shows, it may be that employees react to their organisation's GPG figures in ways that would not be communicated to their employer.

Employer reputation amongst women: By combining organisations' published GPG information with their YouGov Women's Rankings, Duchini et al. (2021) demonstrate that **women typically have lower impressions of firms with a high GPG**. Similarly, Blundell (2021) find that, when given the hypothetical choice between two jobs in separate organisations, over half of female respondents would choose a job with a 2.5% lower salary to avoid an employer with a large GPG. The effect of this unintended consequence on the policy's objectives is unclear. On the one hand, it could make it more difficult for employers with high GPGs to attract female workers in higher roles and narrow their GPG. On the other, it may spark more rapid action from employers to narrow their GPG to widen their talent pool.

Stock market reaction: Duchini et al. (2020) explore the potential link between organisations reporting their GPGs and potential effects on the stock market. When looking at publicly listed firms at the first reporting deadline (April 5th, 2018), they find that **a firms' 3-day cumulative abnormal returns[5] decrease by around 35 basis points following the publication of gender equality data. However, the authors find that this effect is short-lived and fades within 4 days of reporting.** It is also unclear whether this same effect exists in later years of reporting.

Client reaction: One study consulted, Morgan (2020), noted that some companies, including a large British legal company, experienced pressures from some of its clients to increase female representation.

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[5] The difference between a stock's actual return and its expected return

Consideration of costs and benefits of the regulations

Monetised costs

The total monetised costs associated with the regulations is summarised below. This has been updated since the initial Impact Assessment with more accurate evidence and data. Due to limited published data on average wages by occupation and the number of large organisations in Great Britain only, this analysis uses data for the UK (including Northern Ireland). As a result, total costs to employers are likely to be subject to some upward bias.

Table 3: A summary of the costs

	2017	2018	2019	2020
Costs to employers				
Transitional	£2.7m			
Annual	£4.6m	£4.8m	£4.8m	£5.0m
Total	£7.3m	£4.8m	£4.8m	£5.0m
Costs to the public sector				
Total	£1.5m	£1.3m	£0.6m	£0.5m
Overall Costs				
Total	£8.7m	£6.1m	£5.4m	£5.5m

The total cost across the 4 year appraisal period is £25.7m (£6.4m per annum).

One-off transitional costs for employers
To calculate the one-off transitional costs the analysis conducted in the initial Impact Assessment was updated with the actual hourly pay and number of businesses in the appraisal period. This was done using ONS ASHE data and BEIS business population estimates published throughout the course of the policy. The same assumptions about time taken are used as in the initial Impact Assessment.

Following original assumptions, the cost of familiarisation per employer in 2017 is calculated as £116.06, using 2017 ASHE hourly wages (excluding overtime) for 'human resource managers and directors' and a 18% non-wage cost uplift. Similarly, the cost of training per employer in 2017 is calculated as £160.17, using 2017 ASHE hourly wages (excluding overtime) for 'human resource managers and directors' and a 18% non-wage cost uplift.

Annually recurring costs for employers
Similarly to the one off transitional costs, the annual recurring costs are calculated by updating the analysis conducted in the initial Impact Assessment with the actual hourly pay and number of businesses in the UK. This was done using the ONS ASHE data and the BEIS business population estimates published throughout the course of the policy.

Annual calculations: Following original assumptions, the annual calculation costs per employer are shown below, they are calculated using ASHE hourly pay for 'human resource managers and directors' in their respective years and a 18% non-wage cost uplift.

Table 4: Annual calculation costs per employer

	2017	2018	2019	2020
Annual calculations	£319.18	£319.70	£318.14	£321.38

Annual publication: Following original assumptions, the annual publication costs per employer are shown below. They are calculated using the ASHE hourly pay for 'human resource managers and directors', 'chief executives and senior officials' and 'information technology and telecoms professionals n.e.c.' in their respective years and an 18% non-wage cost uplift.

Table 5: Annual publication costs per employer

	2017	2018	2019	2020
Annual publication	£146.87	£147.88	£144.74	£142.22

Costs to the public sector

To calculate the costs to the public sector, the actual costs of developing and maintaining the GPG reporting service are used.

Reporting service: GEO built an online reporting service on a government-designated website. The Impact Assessment forecast that the build of the webpage would cost £250,000 with a further £50,000 annual cost for maintenance. This was based on limited evidence, the reporting service was the first of its kind, and was reliant on the development of other government services. The role and ambitions for the reporting service also changed dramatically subsequent to this forecast being made, and the actual costs of the build and maintenance are shown below.

Given the reporting website proved to be a driver of public interest, which aided high compliance levels in the first year, it was agreed that digital development would continue, beyond basic maintenance, to improve the viewing service and add resources for employers. The service as it stands goes far beyond what was originally forecasted for, in terms of both capability and user functionality. This has understandably come at an additional cost; but has meant that the service provided limits the burden on employers, while driving compliance by sustaining public interest.

Table 6: Building and maintenance of the GPG reporting service

	2017	2018	2019	2020
reporting service	£1.5m	£1.3m	£0.6m	£0.5m

Additional costs: Staff costs are not included in the analysis, as these would be impossible to quantify across the five years since implementation. The number of staff working on GPG reporting has fluctuated dramatically across the five years, and continues to do so within the year, with resources being drawn flexibly around reporting deadline dates. Similarly, the costs for enforcement of the regulations are not included. This is carried out by the independent EHRC and is therefore managed under their own budget.

Monetised benefits

As specified in the initial impact assessment, the benefits of the GPG regulations are primarily considered to be non-monetised benefits. As demonstrated in this post-implementation review, there is good evidence to suggest that the regulations have achieved their objectives of providing greater pay transparency, and ultimately led to a reduction in the overall GPG.

Annex B: Methodology of the analysis underpinning the PIR

Approach

This review aims to identify the extent to which intended objectives of the GPG regulations have been achieved. To do so, we employ a **theory-based evaluation** approach. A logic model for the GPG regulations was developed and used to evaluate the effect of the GPG regulations on all levels of its causal chain. Using the logic model (Figure 1), a set of key research questions and assumptions were identified. The following questions guide the review's data collection methods.

1. **To what extent have the GPG regulations contributed to a narrowing of the GPG in Great Britain?**

2. **To what extent have the GPG regulations contributed to improvements in the GPG and gender pay balance in complying organisations?**

3. **To what extent have employers taken action to narrow their GPG?**

4. **To what extent do in-scope employers publish their GPG information (and therefore comply with the regulations)?**

Methods and data sources

Evidence review:

To answer the first research question, we undertook a review of existing research on the effectiveness of the regulations on narrowing the gender pay gap. The review was carried out using Google Scholar using the following list of keywords and dates:

- **Key words**: "gender pay gap" AND "250 employees" AND "Equality Act"
- **Date range**: 2019 to present

The search was undertaken on 4 January 2022 and focused on academic papers. This yielded 91 results, which were then assessed against three criteria: (1) The research is primarily about the GPG regulations in Great Britain; (2) It evaluates the effect of the GPG reporting legislation; (3) It covers the economy as a whole, not a specific industry or area/nation in Great Britain.

Nine reports were relevant and accessible. A thematic analytical approach was taken and relevant information captured. This process enabled reviewers to identify patterns in the analysis. Where this search identified papers that were known to be the subject of review by the authors, the narrative focused on their latest findings.

Limitations will have been identified by authors through their work, which should be considered in any conclusions drawn.

Descriptive data analysis:

For all other research questions, the review team undertakes its own descriptive data analysis, using multiple datasets, each judged most suitable for the relevant research question. The datasets consulted are:

- **GPG Service data**: Data reported by in-scope employers every year in compliance with the GPG regulations. This includes data for all companies which have reported their GPG information. Information published by employers through the GPG Service is self-reported, and employers are responsible for the accuracy of data provided.
- **Employer Insights Survey:** Survey commissioned by GEO and undertaken by OMB Research to explore employer understanding of and attitudes towards the regulations. Three waves of the quantitative survey were carried out in 2017, 2018 and 2019. A complete description of the survey methodology can be found in Murray, Rieger and Gorry (2020). Responses to this survey are self-assessed by members of staff who publish their organisation's GPG (typically senior HR staff). This can potentially lead to some bias as responses may reflect the views of particular members of staff instead of representing the consensus view of the organisation they represent.

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