NHS ELECTRONIC STAFF RECORD

ESR-NHS0265 GENDER PAY GAP REPORTING IN ESR

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Approvals:

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1. DOCUMENT CONTROL

1.1. CHANGE RECORD

Date	Author	Version	Change Reference
17/11/2017	James Haddon	0.1	Initial Draft
24/11/2017	James Haddon	0.2	Updated following review from Payroll Team
08/12/2017	James Haddon	1.0	Changes made following review.
18/12/2017	James Haddon	1.1	Changes made following IBM review.
19/12/2017	James Haddon	2.0	Uplift to 2.0 following approval
02/03/2018	James Haddon	3.0	Changes to Temp Injury Allowance and other minor changes.
29/10/2019	Tumi Mafe	4.0	Removed the restricted classification. No change to content.
21/05/2020	Charlotte Hampton	5	Reviewed. No update required.
22/04/2021	Chris Holroyd	6	Annual Review
01/04/2022	Matt Madya	7	Annual Review
01/02/2024	Matt Madya	8	Updated following change of dashboard name
02/01/2025	James Haddon	9	Annual Review – updated reviewers. No other changes

1.2. REVIEWERS

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1.3. DISTRIBUTION

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1	Library Master	Project Library
2		

2. CONTENTS

3. INTRODUCTION

This document has been created to summarise the gender pay gap requirements for NHS organisations using ESR. Some of the contents of this document have been sourced from the acas guidance for employers available at the following address:
http://www.acas.org.uk/index.aspx?articleid=5768

Organisations are strongly advised to read the above guidance in conjunction with this document to ensure they fully understand the requirement.

3.1. WHAT IS THE GENDER PAY GAP?

The gender pay gap shows the difference between the average (mean or median) earnings of men and women. This is expressed as a percentage of men's earnings e.g. women earn 15% less than men. Used to its full potential, gender pay gap reporting is a valuable tool for assessing levels of equality in the workplace, female and male participation, and how effectively talent is being maximised.
The gender pay gap differs from equal pay.

Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman. The gender pay gap shows the differences in the average pay between men and women. If a workplace has a particularly high gender pay gap, this can indicate there may a number of issues to deal with, and the individual calculations may help to identify what those issues are.

3.2. WHAT DO I AS AN EMPLOYER NEED TO DO?

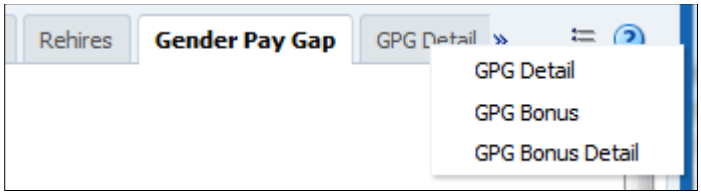
Employers must follow the rules in the regulations to calculate the following information:

1. Their mean gender pay gap
2. Their median gender pay gap
3. Their mean bonus gender pay gap
4. Their median bonus gender pay gap
5. Their proportion of males receiving a bonus payment
6. Their proportion of females receiving a bonus payment
7. Their proportion of males and females in each quartile pay band
8. A written statement, authorised by an appropriate senior person, which confirms the accuracy of their calculations. However, this requirement only applies to employers subject to the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The information must be published on both the employer's website and on a designated government website. An employer should then use that information to help understand any underlying causes for their gender pay gap and take suitable steps to minimise it. Benefits will differ between employers but can include developing a reputation for being a fair and progressive employer, attracting a wider pool of potential recruits for vacancies and the enhanced productivity that can come from a workforce that feels valued and engaged in a culture committed to tackling inequality.

3.3. WHAT DOES ESR PROVIDE?

Standard reports have been provided within the NHS National Returns dashboard in ESR BI.



Gender	Avg. Hourly Rate	Median Hourly Rate
Male	10.0453	9.5712
Female	11.2399	10.1884
Difference	-1.1946	-0.6172
Pay Gap %	-11.8924	-6.4480

Quartile	Female	Male	Female %	Male %
1	3.00		100.00	
2	1.00	2.00	33.33	66.67
3	1.00	2.00	33.33	66.67
4	3.00		100.00	

The National Returns dashboard is available to the following URPs:

- Business Intelligence Administration
- HR Administration
- HR Management
- Payroll Administration
- Payroll Super Administration

To access the dashboard, users should follow the navigation path below:

1. Access the relevant URP from the list above
2. Select the 'Business Intelligence' link from the navigator
3. Click the 'Dashboards' link at the top of the screen
4. Select the 'NHS National Returns Dashboard' from the list of dashboards in the NHS Standard Dashboards section

The standard reports are designed to provide the results of the all of the calculations detailed in the gender pay gap reporting requirement based on the data used and created in ESR. However since working practices and pay processes can differ between organisations, the dashboard has been made as flexible as possible to allow for local variation. For example – prompts have been provided at the top of the dashboard to allow users to include or exclude elements or allowance types. These have been set with a national default, however users may want to include or exclude local elements or usages of them. **Note:** due to the complexity of the calculations involved, the Gender Pay Gap analyses may take longer to complete than other ESR BI dashboards.

As well as providing summary reports such as in the above images, detailed reports are also available. These provide the breakdown of pay and hours by person and by individual element to enable organisations to verify the data being presented in the summary reports.

The data used by the calculations is also available within the "Human Resources – Payroll" subject area within ESR BI should organisations wish to create their own reports.

3.3.1. Assumptions

A number of assumptions have been made when performing the summary calculations. They are defined below:

1) Where average pay and hours calculations are required for bank staff, these are calculated per element and assignment.
2) To define where bank staff have been paid in previous periods in order to obtain an average, their pay is evaluated based on a nationally set list of elements being excluded. Where bank staff have been paid any element not in the nationally defined list, that month will be taken as a month to include in the average pay and hours.
3) Where an full pay employee starts a pay period on full pay, changes to a period of 'suspend no pay' within the same pay period, but is then reinstated to full pay at the end of the period, this employee will still be classed as a full pay relevant employee.
4) Where an employee is on paternity leave, it will be assumed to be full pay and they will be counted as a full pay relevant employee.

3.4. EMPLOYEES TO BE INCLUDED

For ordinary pay, only 'Full Pay Relevant Employees' are to be included. A 'Full Pay Relevant Employee' is any employee who is employed on the snapshot date and who is paid their usual full

basic pay (or pay for piecework) during the relevant pay period. If employees are being paid less than their usual basic pay or piecework rate, or nil, during the relevant pay period as a result of being on leave, then they are not a 'full pay relevant employee'. It does not matter whether the leave is taken during the relevant pay period – what matters is whether the pay is reduced during that relevant pay period due to the leave.

If an employee is paid less than their usual basic pay or piecework rate during the relevant pay period for reasons other than leave (for example because they have been on strike), they still count as a full-pay relevant employee. If an employee is paid any of the following elements during the period, they will be excluded in the ordinary pay analysis as they are then deemed to be Non-Full Pay Relevant employees (and these elements are therefore not selectable in the list of values of elements to include):

Injury Allowance NP NHS
Injury Allowance NP PAY NHS
Injury Allowance NP PAY NHS ARS
Injury Allowance Override NR NP NHS
Temp Injury Allowance NP NHS
Temp Injury Allowance NP NHS ARS
Temp Injury Allowance NR NP NHS
Widening Access NP NT NNI PAY NHS
Widening Access NP NT NNI PAY NHS ARS
Widening Access NP NT PAY NHS
Widening Access NP NT PAY NHS ARS
Widening Access NT NNI PAY NHS
Widening Access NT NNI PAY NHS ARS
Widening Access NT PAY NHS
Widening Access NT PAY NHS ARS

For Bonus Pay, all employees should be included.

4. DATA TO OBTAIN

4.1. ORDINARY PAY

In order to calculate the required items we need to all obtain a list of all staff employed as at the snapshot date and their hourly rates of pay. Only 'Full Pay Relevant' employees should be included in this; anyone who has reduced pay because of absence for example, should be excluded. This is automatically done for you in the BI dashboard.
The period for which the calculations should be based on differs between bank and non-bank staff:

- Non-bank staff: Period in which the snapshot date falls (normally e.g. 12 2017 Calendar Month or 52 2017 Week)
- Bank staff: Their 'weekly working hours' will be the average number of hours worked (excluding any hours worked as overtime). This will usually be found by dividing the total number of hours worked over the twelve weeks that end with the last complete week of the relevant pay period.
    - Weeks where no work has been done must be substituted for an earlier week.
    - Weeks where work has been done must be included.
    - ESR BI will go back as far back as the end of the last financial year to find 12 weeks (or 3 months for monthly staff) in which a bank employee may have worked. If the bank employee has worked less than 12 weeks / 3 months in the financial year, the average will be calculated on the number of weeks / months worked e.g. 8 weeks / 2 months.

Where an employee has more than one assignment, their pay and hours will be totalled from all assignments and divided together. For example an employee works 100 hours on assignment 1 earning £700 and 50 hours on assignment 2 earning £400. Their hourly rate would be calculated as:

Hours: 100 + 50 = 150

Pay = 700 + 400 = 1100
Hourly Rate = 1100/150 = 7.3333

4.1.1. Elements to Include

Prompts are available in the dashboard to allow you to include or exclude any elements paid to your employees. By default, national elements that are considered to be included are set, however this can easily updated. Additionally prompts for which elements to feed 'Units Worked' from is included, as not all elements (and allowance/deduction types) should feed units worked into the calculation (for example enhance elements are duplicates of basic pay units worked).

4.1.2. Monthly Staff Hours Calculation

ESR calculates a year as 52.1428 weeks, or 365 days.

To calculate an assignment's hours worked in the period where the assignment is in on a monthly payroll, the following calculation is used:

(Weekly Contracted Hours * 52.1428) / 12

For example, with an assignment working 37.5 hours per week:

(37.5 * 52.1428) / 12 = 162.9463

Where an assignment's contracted hours are stated in sessions, the value is multiplied by the session multiplier before being subject to the same calculation. By default the session multiplier is set to a value of '4' but this can be updated within the dashboard prompts.

For example with an assignment working 10 sessions per week:

(10 * 4 * 52.1428) / 12 = 173.8093

4.2. BONUS PAY

For bonus pay we need to obtain a list of staff employed as at the snapshot date, and their bonus pay over the 12 month period that ends on the snapshot date. In ESR BI a parameter is provided for the time period (which will default to the last financial year). The snapshot date is the same as the 'to' date in the period. Bonus pay analysis should include all staff whether full pay relevant or not, and so this is done for you in the BI dashboard.

5. THE CALCULATIONS

5.1. ORDINARY PAY

For ordinary pay we need to calculate:

- Mean Pay Gap %
- Median Pay Gap %
- Quartile grouping of hourly mean hourly rates by gender

5.1.1. Mean Pay Gap %

To obtain the mean pay gap %, the following steps must be taken:

1) Calculate the hourly rate for each employee
2) Calculate the mean hourly rate by gender
3) Calculate the difference between the mean hourly rate for Males and Females

The calculation can be shown as:

$$\frac{(A - B)}{A} \; x \; 100$$

A is the mean hourly rate of pay of all male full-pay relevant employees.

B is the mean hourly rate of pay of all female full-pay relevant employees.

The result is expressed as a percentage.

For example, consider the data below

Employee	Gender	Hourly Rate
12345	Male	13.45
25446	Female	7.45
43534	Male	7.67
74675	Female	8.79
56345	Female	10.45
35456	Female	9.89
75755	Male	11.12
23475	Male	8.77
73536	Female	12.76

The mean hourly rates are:

	Mean Hourly Rate
Male	10.2525
Female	9.868

The difference is calculated as 10.2525 – 9.868 = 0.3845
Therefore the mean pay gap % is calculated as (0.3845 / 10.2525) * 100 = 3.7503%

5.1.2. Median Pay Gap %

To obtain the median pay gap %, the following steps must be taken:

1) Calculate the hourly rate for each employee
2) Sort the hourly rates by gender and hourly rate
3) Calculate the middle value in the list for each gender
4) Calculate the difference between the median values and divide the difference by the male median value.

The calculation can be shown as:

$$\frac{(A - B)}{A} \; x \; 100$$

A is the median hourly rate of pay of all male full-pay relevant employees; and

B is the median hourly rate of pay of all female full-pay relevant employees.

The result is expressed as a percentage

Consider the example:

Employee	Gender	Hourly Rate
12345	Male	13.45
25446	Female	7.45
43534	Male	7.67
74675	Female	8.79
56345	Female	10.45
35456	Female	9.89
75755	Male	11.12
23475	Male	8.77
73536	Female	12.76

Sorting the values by hourly rate and gender gives the below, with the middle values highlighted.

Employee	Gender	Hourly Rate
25446	Female	7.45
74675	Female	8.79
35456	Female	9.89
56345	Female	10.45
73536	Female	12.76
43534	Male	7.67
23475	Male	8.77
75755	Male	11.12
12345	Male	13.45

For male employees there is an even number, therefore the mean of the two middle values is used instead. Therefore the median values are:

	Median Hourly Rate
Female	9.89
Male	9.945

The difference is calculated as 9.945 – 9.89 = 0.055
The median pay gap % is calculated as (0.055 / 9.945) * 100 = 0.5529%

5.1.3. Quartiles - The proportion of males and females in each quartile pay band

This calculation requires an employer to show the proportions of male and female full-pay relevant employees in four quartile pay bands, which is done by dividing the workforce into four parts.

To calculate the proportion in each quartile pay band, we need to follow the steps below:

1) List all employees and sort by hourly rate of pay
2) Divide the list into four equal quarters
3) Express the proportion of male and female employees in each quartile band

Consider the example:

Employee	Gender	Hourly Rate
25446	Female	7.45
43534	Male	7.67
23475	Male	8.77
74675	Female	8.79
35456	Female	9.89
56345	Female	10.45
75755	Male	11.12
73536	Female	12.76
12345	Male	13.45

The rates of pay have been sorted lowest to highest. We then divide the list as equally as possible:

Employee	Gender	Hourly Rate	Quartile
25446	Female	7.45	1
43534	Male	7.67	1
23475	Male	8.77	2
74675	Female	8.79	2
35456	Female	9.89	3
56345	Female	10.45	3
75755	Male	11.12	3
73536	Female	12.76	4
12345	Male	13.45	4

We then count the number of males and females and divide by the total number of employees in the quartile. This gives:

Quartile	Male	Female	Male %	Female %
1	1	1	50	50
2	1	1	50	50
3	1	2	33.33	66.67
4	1	1	50	50

Comparing results between the quartiles will indicate the distribution of full-pay relevant male and female employees across the organisation.

5.2. BONUS PAY

5.2.1. Mean Bonus Pay Gap %

To calculate the mean bonus pay gap, the following steps must be taken:

1) Obtain the bonuses paid to staff (still employed as at the snapshot date) over the 12 months prior to the snapshot date.
2) Calculate the mean bonus paid to each gender
3) Calculate the difference between the mean values

The calculation can be shown as

$$\frac{(A-B)}{A} \; x \; 100$$

A is the mean bonus pay of all male relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.
B is the mean bonus pay of all female relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.
Female and male relevant employees who were not paid bonus pay during the 12 month period ending with the snapshot date are not included.
The result is then expressed as a percentage.

Consider the example

Employee	Gender	Amount
25446	Female	£1,200.00
43534	Male	£900.00
23475	Male	£132.80
74675	Female	£538.75
35456	Female	£165.85
56345	Female	£877.77
75755	Male	£1,700.00
73536	Female	£650.00
12345	Male	£1,867.48

Calculating the sum of all of the bonus pay values by gender and dividing by the number of employees gives:

Gender	Mean Values
Male	£1,150.07
Female	£686.47

The difference is calculated as 1150.07 – 686.47 = 463.6

Therefore the mean pay gap % can be calculated as:

(463.6 / 1150.07) * 100 = 40.3106%

5.2.2. Median Bonus Pay Gap %

To obtain the median bonus pay gap %, the following steps must be taken:

1) Obtain the bonus pay paid to each member of staff
2) Sort the pay values and group by gender
3) Calculate the middle value in the list for each gender
4) Calculate the difference between the median values and divide the difference by the male median value.

This can be shown as

$$\frac{(A - B)}{A} x\ 100$$

A is the median bonus pay of all male relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.
B is the median bonus pay of all female relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.
Female and male relevant employees who were not paid bonus pay during the 12 month period ending with the snapshot date are not included.
The result is expressed as a percentage.

Consider the example

Employee	Gender	Amount
35456	Female	£165.85
74675	Female	£538.75
73536	Female	£650.00
56345	Female	£877.77
25446	Female	£1,200.00
23475	Male	£132.80
43534	Male	£900.00
75755	Male	£1,700.00
12345	Male	£1,867.48

The data has been sorted and the middle values highlighted. Since there is an even number of male employees paid a bonus, we must take the mean value of the two middle values. The median bonus values are therefore:

Gender	Median Values
Male	£1,300.00
Female	£650.00

The difference is calculated as 1300 – 650 = 650

The pay gap % is therefore calculated as (650 / 1300) * 100 = 50%

5.2.3. The proportion of males and females receiving a bonus payment

To calculate these values the following steps must be taken:

1) Obtain the number of employees paid a bonus during the 12 month period who are employed as at the snapshot date
2) Obtain the number of pay relevant employees by gender
3) Divide the number of employees who received a bonus payment by the number of pay relevant employees by gender.

This calculation is done in two parts. These can be shown as:

Part 1:

$$\frac{A}{B} \, x \, 100$$

A is the number of male relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.
B is the number of male relevant employees

Part 2:

$$\frac{C}{D} \, x \, 100$$

C is the number of female relevant employees who were paid bonus pay during the 12 month period ending with the snapshot date.
D is the number of female relevant employees

Take the example:

Gender	Employees Paid Bonus	Relevant Employees
Male	4	56
Female	5	62

Part 1 of the calculation is:

(4 / 56) * 100= 7.1429

Part 2 is:

(5 / 62) * 100 = 8.0645

Comparing these two results will indicate how much more likely male relevant employees are to receive any amount of bonus payment compared to female relevant employees (and vice versa). A zero percentage figure indicates that no bonuses have been paid to relevant employees. An employer who believes that their gender bonus gaps have been skewed where a percentage bonus has been paid to full-time and part-time employees, (i.e. because the pro-rated bonuses received by the part-time employees are not adjusted for the purposes of the gender bonus gap calculations) may want to highlight that in their supporting statement.