

The Crown Estate 2020 UK Gender Pay Gap Reporting Methodology

This document provides details about The Crown Estate's commitment and response to the UK statutory Gender Pay Gap reporting. It includes a summary of the relevant legislation, metrics, methodology, scope, eligibility and other relevant descriptors.

1. Legislation

The Crown Estate prepares the Gender Pay Gap in line with the requirements of the Gender Pay Gap Regulations, otherwise known as the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 which came into force in April 2017, that require all private and voluntary-sector employers with 250 or more employees to publish their gender pay gap data.

2. Metrics

In accordance with the legislation, The Crown Estate publishes the following metrics:

- Mean gender pay gap (%) – includes all elements of pay identified as relevant pay according to government legislation. This is based on payroll data as at the snapshot date of 5 April 2020
- Median gender pay gap (%) - includes all elements of pay identified as relevant pay according to government legislation. This is based on payroll data as at the snapshot date of 5 April 2020
- Mean gender bonus gap (%) – includes any bonus payments received between April 2019 and March 2020. Employees who do not receive a bonus are excluded, and this is based on actual figures.
- Median gender bonus gap (%) - includes any bonus payments received between April 2019 and March 2020. Employees who do not receive a bonus are excluded, and this is based on actual figures.
- Proportion of men and women receiving a bonus payment (%) – proportion of males and females receiving a bonus in the eligibility period (for example between April 2019 and March 2020)
- Proportion of men and women in each pay quartile of the organisation (%) – Quartiles are the proportion of males and females in each quartile, ranked by hourly pay (lowest to highest). Where our employees cannot be divided equally into 4 quartiles, we apportion employees into the lowest quartile first.

3. Methodology

Our Gender Pay Gap disclosed metrics are calculated in accordance with above legislation as well as the ACAS guidance on the following subjects:

- a) Managing gender pay reporting
- b) Gender pay gap reporting: obligations for employers

The end-to-end process is as follows:

Firstly, demographic and pay-related data are extracted from our HR information system and our Payroll reports.

For our Gender Pay Gap reporting, we use the April payroll report (April 2020) (to calculate the employee's ordinary pay and we use the March payroll (year-end – April 2019 to March 2020) report to calculate bonuses paid. For ordinary pay, it includes all active employees on the payroll

who were employed as at snapshot date 5 April 2020 and all payroll elements. For the bonus calculation we only include those employees in employment as at the snapshot date. As such we don't include all active employees in the March payroll, as they may have left before the snapshot date.

For reporting purposes, we use the information about gender as self-reported in our HRIS from our people. People have the option to declare any of the following: Male, Female, Intersex, Non-binary, Transgender, Prefer not to disclose. This would mean that, only for Gender Pay Gap purposes, we would exclude people who have not declared 'Male' or 'Female' from the calculations. For the current reporting year, we did not have any such cases.

Then, the information is pulled together and reconciled in accordance with employee eligibility criteria and employment circumstances based on the guidance. This will lead to a set of data relevant to the gender pay gap calculations for the following considerations:

- a) Relevant employee
- b) Full pay relevant employee
- c) Relevant pay period/bonus pay period
- d) Ordinary pay/bonus pay

In order to determine the ordinary pay/bonus pay, we have set formulas which automatically calculate these outcomes based on specific payroll codes. These payroll codes have been reviewed independently for their inclusion/exclusion. Each year, we review the codes to capture any updates which then need to be considered in the formulas.

In order to determine the relevant/full pay relevant employee, we have set our reports in a way which these are easily identifiable. However, we may run additional reports, if needed, for a secondary layer of security.

The population with their relevant remuneration is then uploaded into an independent system which runs the statutory calculations and produces dashboards and reports. We have been running the calculations 'offline' and, each year, we arrive to the same results.

The information is prepared and reviewed by members of the People team and communication as well as reporting is then reviewed by the internal communication team which then is reviewed and signed off by senior leadership.

In case The Crown Estate has to make changes to the criteria and/or methodology, the commitment is to re-calculate previous years' disclosures and restate these if necessary in the annual report and accounts. We use the threshold of a 5% variance from the disclosed numbers to determine the need for restatement. We note that to date, there has not been a need to restate the prior year disclosures.

4. Scope, eligibility and key definitions.

We publish our gender pay gap results in the government's website as well as our external website by the 4th April as required. See Appendix 1 for our key definitions.

The Crown Estate does not have operating offices outside the UK, so all relevant employees are included.

The Gender Pay Gap results will be published on The Crown Estate's external website.

Notes:

Leavers before 5th April 2020 and new joiners after the 5th April 2020 are excluded from the calculation. Employees leaving after 5th April but before 30th April, or joining before 5th April but after 1st April are included, with pay calculated based on their actual pay for the period (i.e. in these instances we do not calculate up to the full month equivalent).

Employees not receiving full pay in April (such as those on maternity/paternity leave, or sick leave) are deemed to be “relevant employees” and have been included in the bonus calculation, however are not considered “full pay relevant employees” so are not included in snapshot pay data.

We calculate our pay period based on month, and therefore as per the regulations, a month is treated as having 30.44 days. As such, the hourly rate is calculated as: 7 days over 30.44 = 0.23. (Total monthly salary * 0.23)/weekly working hours.

Bonus payments associated with referral bonuses, i.e. where an employee is paid a one off payment for referring an employee to The Crown Estate are not included within the bonus calculation.

Board Members and non-executives are included in our payroll, however do not fall under the definition of an “employee” so are excluded from the analysis. We note that the CEO and CFO are members of the board, but meet the definition of “employee” and are therefore included in our calculation.

Appendix 1

Key Definitions

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| Bonus | Bonuses include annual bonus payments (performance related), long term incentives plan payment, sign-on or completion bonuses or any other special bonuses paid using the bonus payments or special bonus paycodes. |
| Bonus period | This covers any bonus payments received between 1 April 2019 and 31 March 2020 |
| Full-pay relevant employee | A full-pay relevant employee is one who is employed by The Crown Estate on the snapshot date of 5 April, and is paid their usual full basic during the pay period in which the snapshot date falls (the relevant pay period). This excludes employees who receiving pay at a reduced rate in the April 2020 payroll, as a result of being on any type of leave (maternity, paternity, shared parental, sick or any unpaid leave) |
| Hourly Pay | Hourly pay is the ordinary pay that was paid in the pay period in which the snapshot date falls (April 2020) |
| Leave | Employees not at work as a result of maternity, paternity, shared parental, sick leave, unpaid or any other leave |
| Ordinary Pay | Ordinary pay includes basic pay, allowances such as flexible benefit, pension allowances, all hours and game allowances, annual leave pay and cash in lieu payments such as Bupa cash in lieu |
| Pay period | The monthly schedule on which employees are paid on a re-occurring basis |
| Relevant Bonus Period | The bonus period in which the snapshot date falls which is 1 April 2019 to 31 March 2020 |
| Relevant Employee | Those employees who are in active employment at the snapshot date. This includes full-pay relevant employees and other employees employed on the snapshot date but on less than full pay because of leave. Relevant employees are included in overall headcount and bonus gap calculations. |
| Relevant pay period | The month in which the snapshot date falls which is April 2020 |
| Snapshot Date | The specific date each year on which gender pay gap calculations will be based which is 5 April 2020 |
| Weekly working hours | The weekly working schedule of a person in employment over a selected period |