

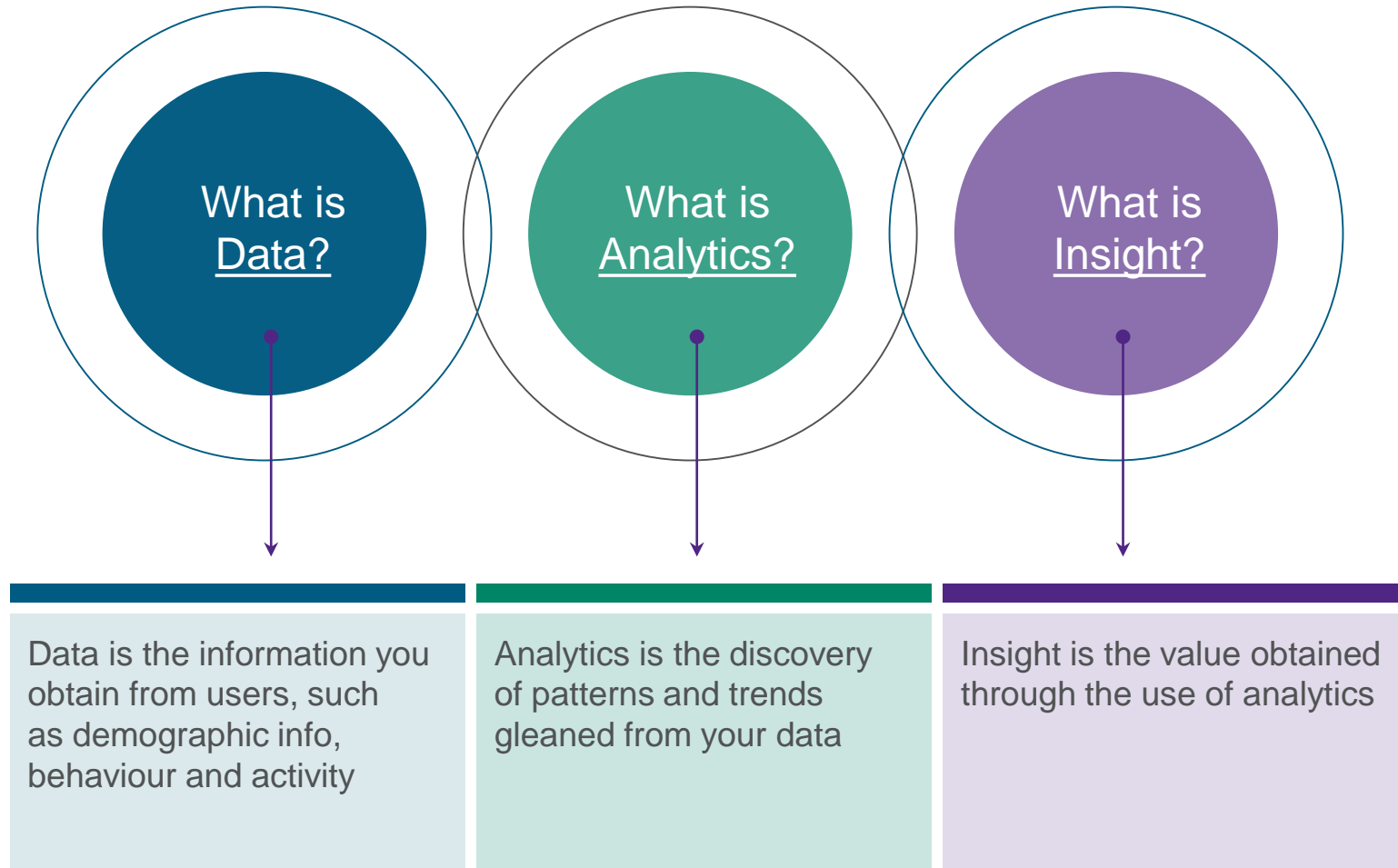
## Analytics is clever, but without humans it's just numbers

Alex Tullett  
Head of Benefit Strategy  
[alex.tullett@capita.co.uk](mailto:alex.tullett@capita.co.uk)

7<sup>th</sup> April 2017

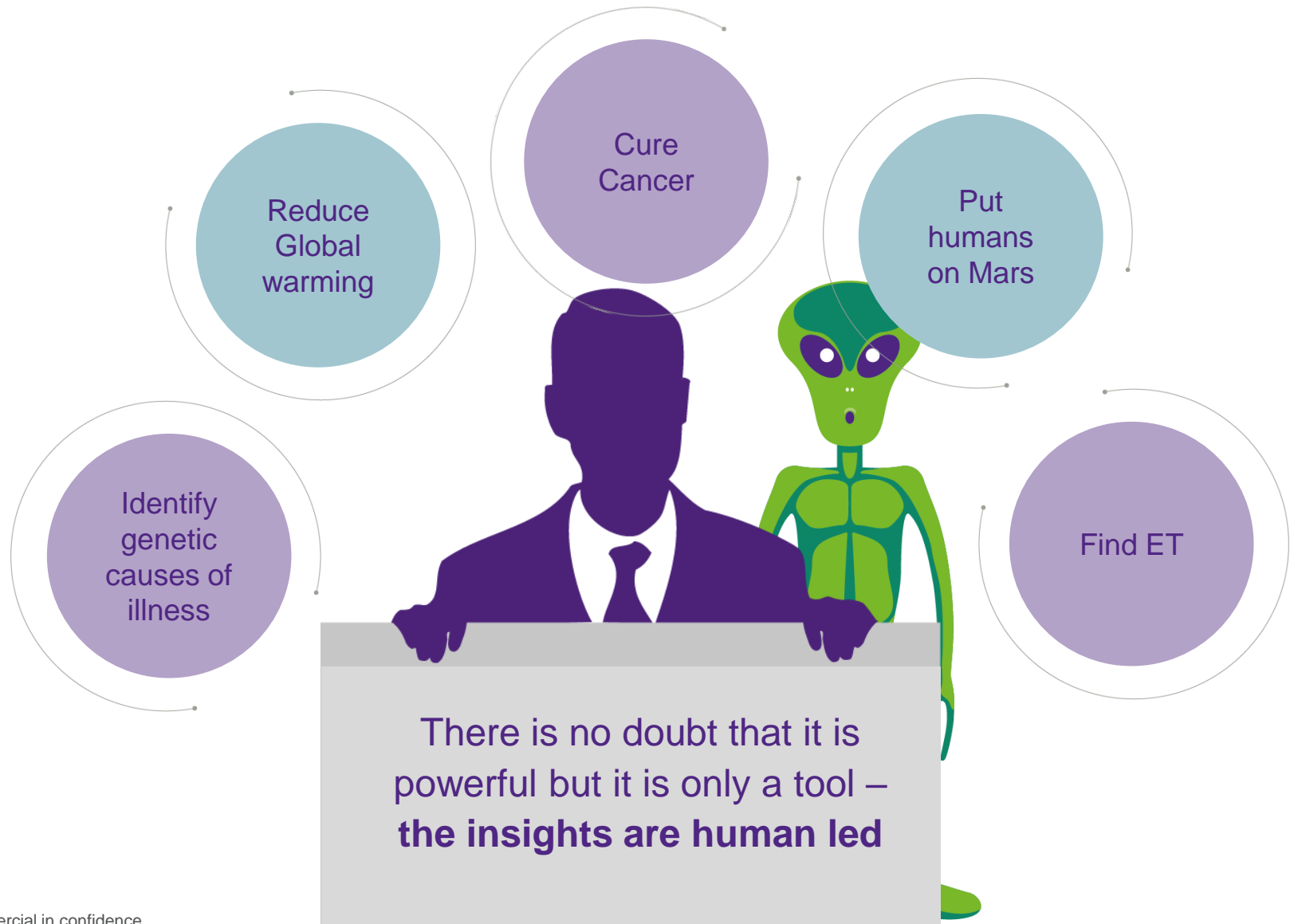
# What are we talking about?

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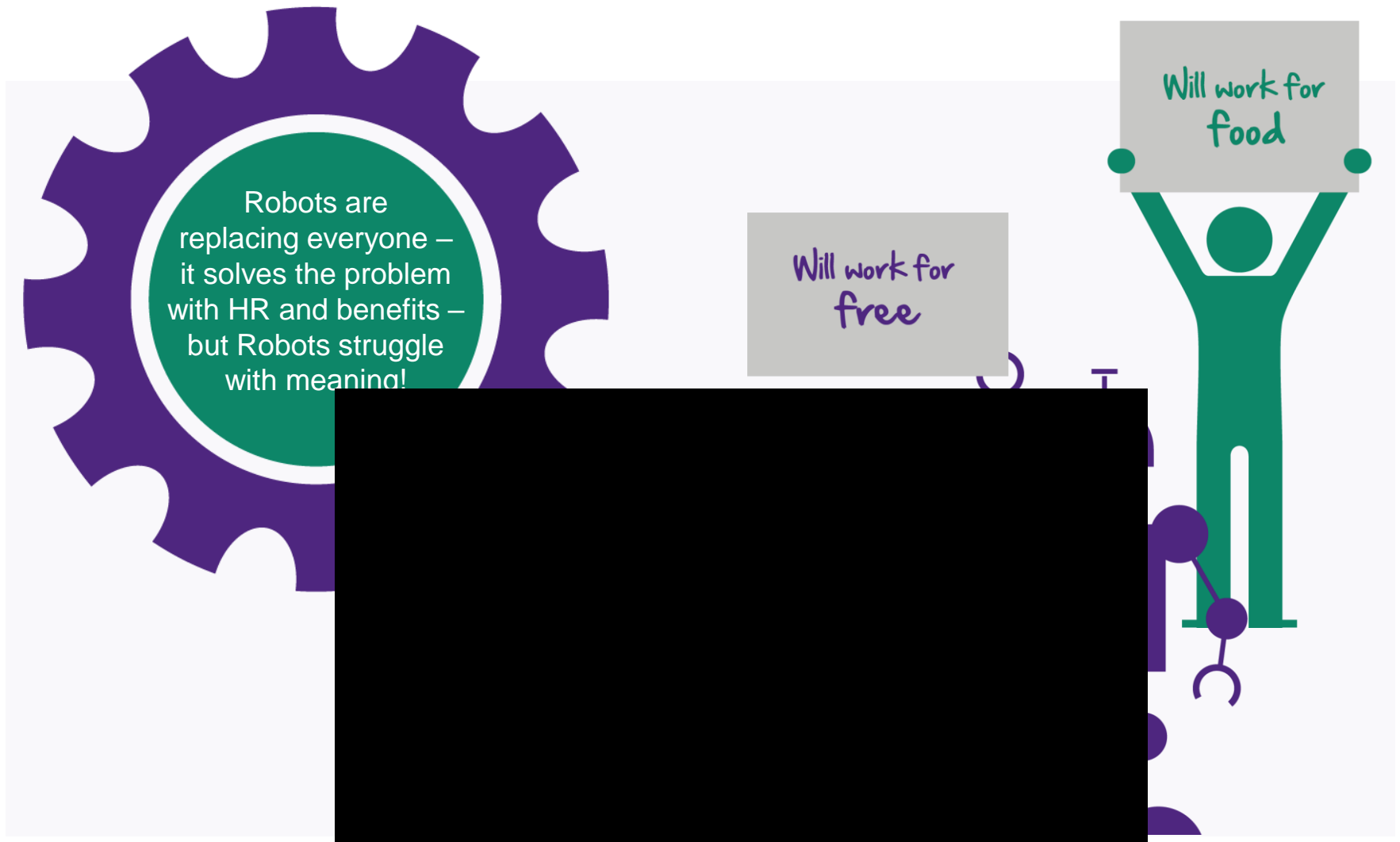
# Analytics – it solves EVERYTHING

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# Analytics in HR and Benefits

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# Identifying the problem

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*“You may well have data, Smithers,  
but I have strong opinions,  
and I pay your wages”*

Within the field of HR Analytics I'd put:

1

Pay and Reward  
Analytics

2

Benefit Analytics

3

Expense  
Analytics

4

Travel  
Analytics

5

Attrition  
Analytics

6

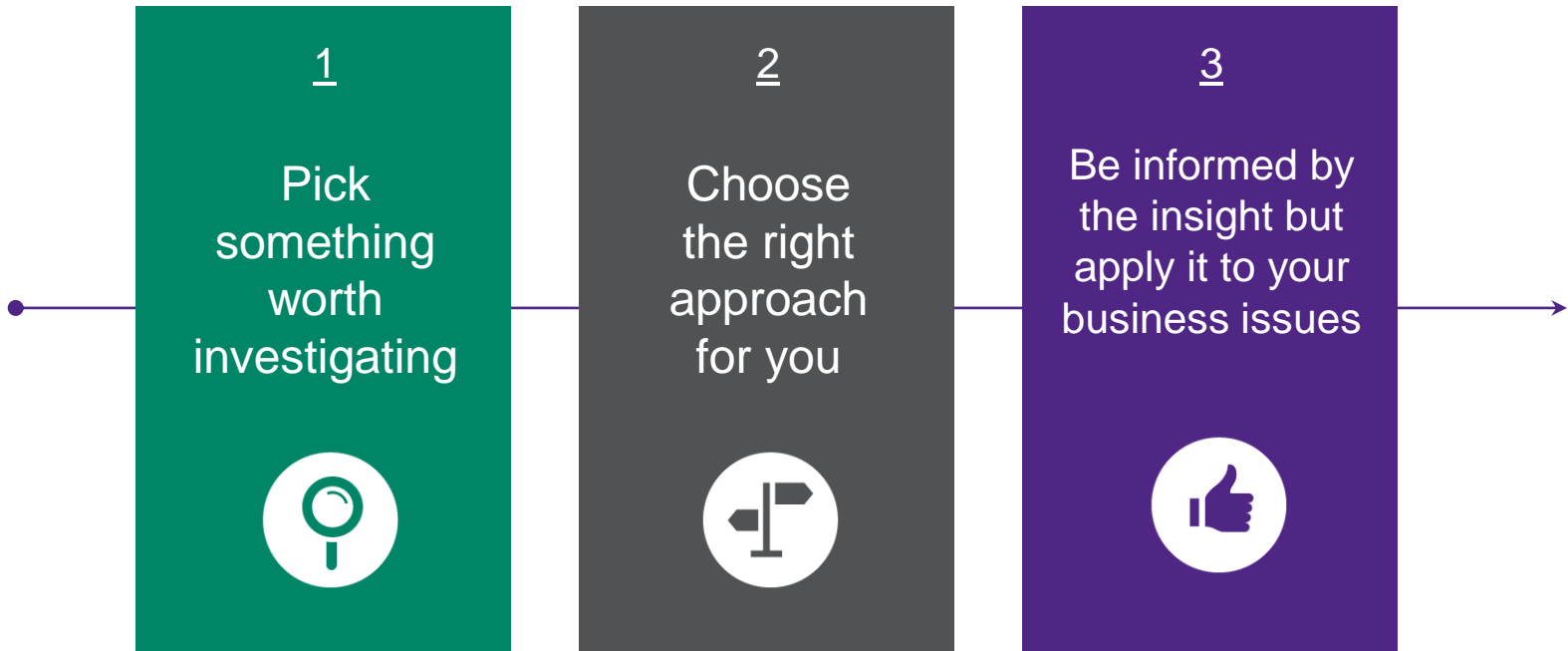
Recruitment  
Analytics

7

Anything else you can think of!

# Bang for your buck!

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If it doesn't fix an issue or identify an opportunity for  
YOUR business, it's interesting but **not useful**

# An example of Analytics going deeper



## Gender Pay Gap Reporting

<	Motivation & Requirements	Options	Options (cont.)	Key Definitions	Population Overview	Minimum Gender Pay Gap Report	Segn >
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### Motivation

The Government regulation on gender pay gap reporting has been introduced in an effort to:

- Discover whether/where a gender pay gap exists.
- Enforce that employers recognise the importance of evaluating their contribution to the problem.
- Encourage employers to prioritise and take action on reducing the gap.

### Statutory Requirements

- Each legal entity with over 250 employees must provide reporting on gender pay gap.
- Results should be published via website and be accessible to both employees and public for at least 3 years from date of publication.

Minimum requirements:

- Difference in gender pay using both median and mean
- Difference in gender bonus using both median and mean
- Gender representation of those who receive bonus
- Gender representation for each pay quartile

Employers may also want to produce and/or publish a contextual narrative to support the statutory reporting:

- to manage the perception of the gender pay gap to both employees and public.
- to demonstrate an attempt to understand the gender pay gap.
- as part the process of taking actions to reduce the gap.

### Aim of POC

A breadth approach has been taken when preparing the POC in order to demonstrate at a high level:

- CEB capability of delivering compliant reporting
- exploratory analysis of some areas of interest for context narrative
- the use of employee benefits costs as remuneration for employees

*Please note:*

We currently do not have employee bonus data and therefore have simulated bonus data.  
Details regarding which benefits should be included in analysis are tbc - this is for demonstration only.

# The minimum



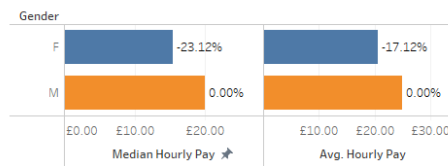
## Gender Pay Gap Reporting

<	Minimum Gender Pay Gap Report	Segments - Largest Gap	Largest Segments	Job Title & Grade	Job Grade	Job Title & Grade: Largest Pay Gap	>
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% of Total  
Employees in UK

0.02%

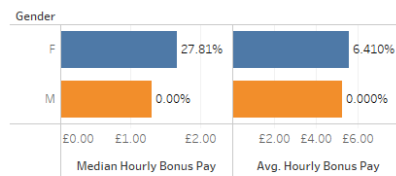
### Hourly Pay



### Gender Pay Quartiles

Quartile	Gender F	M
Upper (75-100%)	25.00%	75.00%
Upper Middle (50-75%)	27.24%	72.76%
Lower Middle (25-50%)	31.49%	68.51%
Lower (0-25%)	51.30%	48.70%

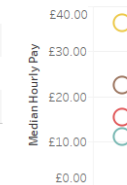
### Hourly Bonus Pay



### Gender Bony's Quartiles

Bonus Quartile	Gender F	M
Lower (0-25%)	24.11%	75.89%
Lower Middle (25-50%)	21.50%	78.50%
Upper Middle (50-75%)	25.00%	75.00%
Upper Quartile (75-100%)	28.04%	71.96%

### Median Hourly Pay by Quartile





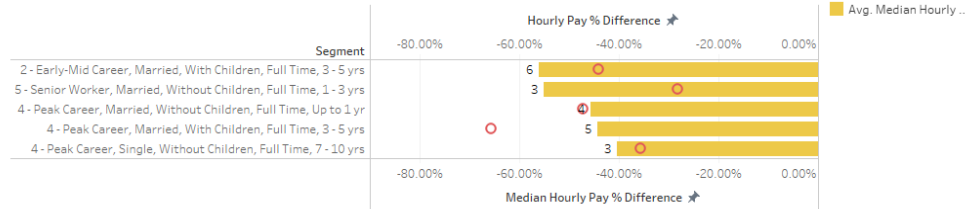
# Going deeper



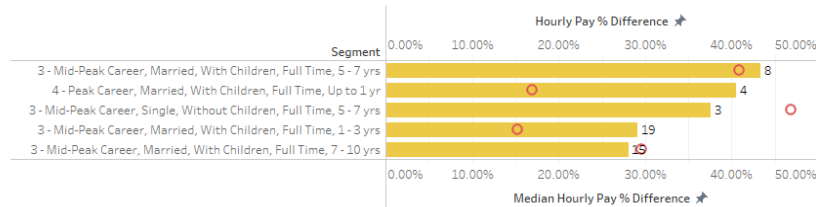
## Gender Pay Gap Reporting

<	Minimum Gender Pay Gap Report	Segments - Largest Gap	Largest Segments	Job Title & Grade	Job Grade	Job Title & Grade: Largest Pay Gap	>
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### Largest Gap (Negative)



### Largest Gap (Positive)





## Gender Pay Gap Reporting

Job Title & Grade	Job Grade	Job Title & Grade: Largest Pay Gap	Job Title & Grade: Largest Segment	Business Function	Benefits - Cost per Employee	Benen per Err
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### Avg. Cost per Employee

Gender	Avg. Monthly ER Cost per Employee	Avg. Hourly ER Cost per Employee	Avg. Monthly EE Cost per Employee	Avg. Hourly EE Cost per Employee	Total Employees
F	£873.10	£0.27	£1,225.81	£0.39	757
M	£1,008.20	£0.31	£1,280.79	£0.39	1,501

- Women pay the same amount for their benefits per hour, than men, however employers spend 4p per hour more on men than women.  
- Benefits to include in calculated can be filtered

### Difference in Hourly ER/EE Cost of Benefits by Gender & Job Grade

% difference from the 'M' along Gender

Job Grade	Gender	Avg. Hourly ER Cost	Avg. Hourly EE Cost
1	F	-20.11%	-2.69%
	M	0.00%	0.00%
2	F	-10.04%	14.30%
	M	0.00%	0.00%
3	F	4.93%	14.95%
	M	0.00%	0.00%
4	F	4.97%	10.37%
	M	0.00%	0.00%
5	F	-18.78%	-93.10%
	M	0.00%	0.00%
6	M	0.00%	0.00%

### Why offer benefits?

Benefits may be offered by employers for reasons including:

- Attract and retain talent by differentiating from other employers
- Encourage employee engagement
- Drive productivity through incentive
- Employer's sense of paternal responsibility

### Benefits as Remuneration:

- Benefits come at a cost to employers so could therefore be considered remuneration, or "pay".
- If we accept this premise and employer is not spending equally on benefits for males/females, the gender pay gap may be amplified.
- We might want to investigate the extent of the gender pay gap as a result of benefits cost.

### Benefit Name

- ☒ (All)
- ☒ Annual Leave Tra...
- ☒ Cancer Checks
- ☒ Cash
- ☒ Charitable Donati...
- ☒ Childcare Vouchers
- ☒ Critical Illness Ins...
- ☒ Cycle to Work
- ☒ Dental Insurance
- ☒ Dining Card
- ☒ Gadget Insurance
- ☒ Group Income Pro...
- ☒ Group Life Assura...
- ☒ GymFlex
- ☒ Home Emergency ...
- ☒ Partner Critical Ill...
- ☒ Private Medical I...
- ☒ Spouse/Partner Li...
- ☒ Tech Products
- ☒ Travel Insurance
- ☒ Vehicle Breakdown...
- ☒ Wine Club

### Total Employees

9 564

# What does that all mean?



One of the combinations of data here is pay with benefits – what we can see is that, for this population, an unintentional bias has been created as benefits have been equalised but, as pay has not, a female is spending more per hour than a male or the same benefit...not an acceptable situation.... but something we can address



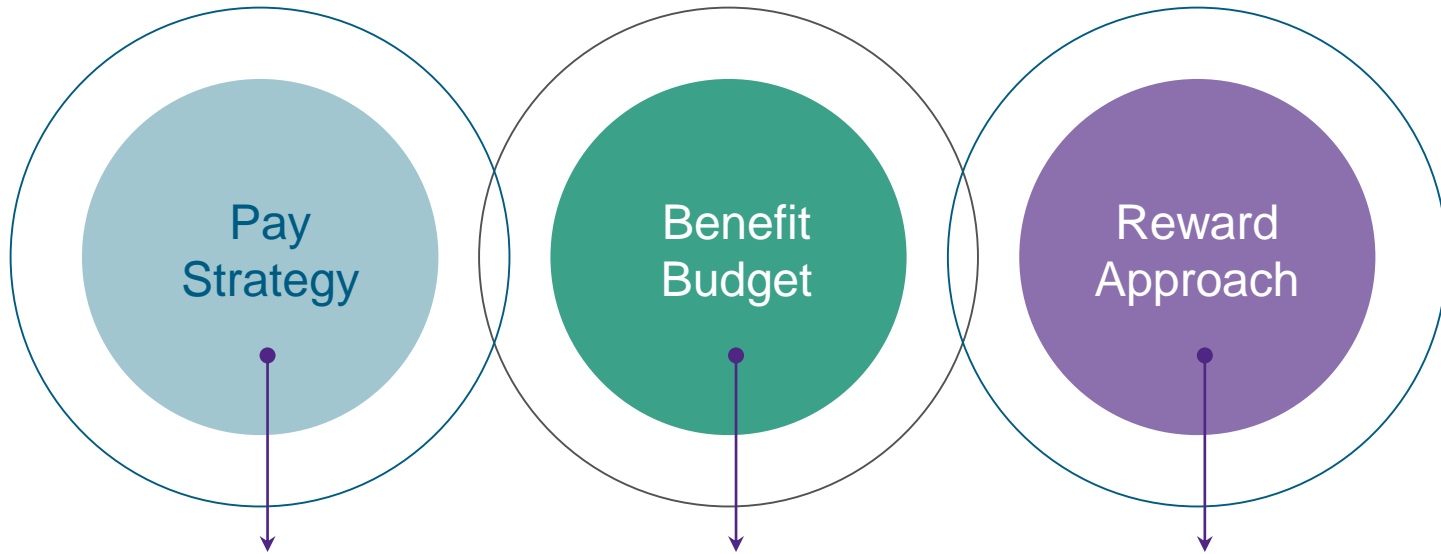
This is where analytics comes into its own – shedding hard empirical light on areas that you wouldn't otherwise know were driving forces

This data also shows that the problem starts at recruitment, even now, and isn't just a historic issue....

It's 'just' pay and benefits data....adding new data sources will increase our insight

# Analytics – a tool, not a solution

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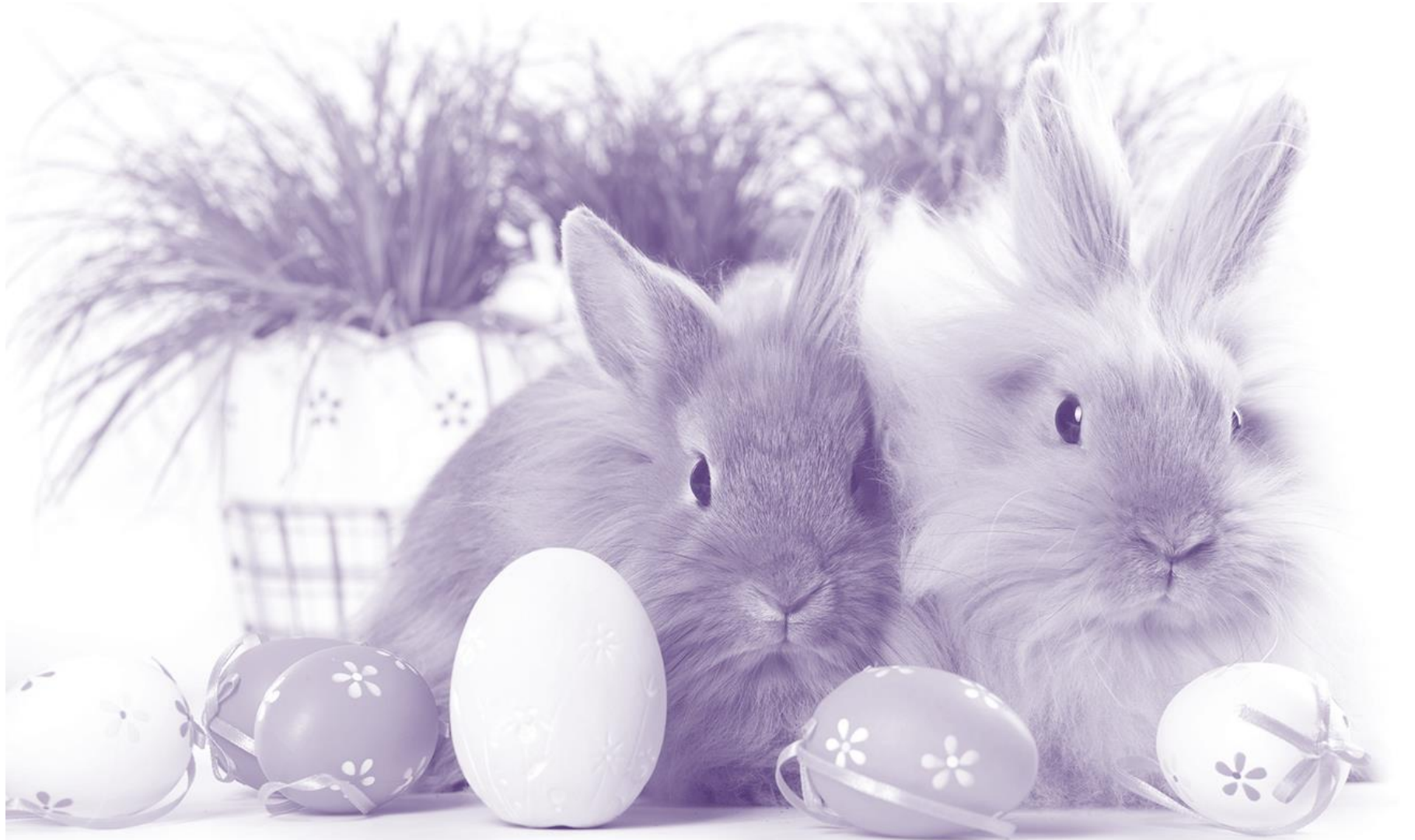
Analysing your workforce and using that data to help set pay strategy – analytics can give you insight and ideas – but the solution still needs to come from humans

Understand how to use combined data from your HR and benefits systems to make best use of your benefits budget – no data is in isolation anymore – you need to target and personalise as never before

Monitor the effectiveness of your reward approach and identify ways in which it can be improved, based on real-world data – governance of your approaches is vital

# Analytics – for life, not just for Easter

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Questions

# Regulatory Statement

- The information contained within this presentation does not constitute financial advice.
- The information provided is based on our understanding of current law as at 12 April 2017.
- HMRC policy, practice, and legislation may change in the future.

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