

Gender Pay Gap Reporting

Glossary of Terms

Equal pay

A concept introduced in the Equal Pay Act 1970 (now largely replicated in the Equality Act) which requires no less favourable contractual terms and conditions of employment for men and women in the same employment, when employed on like work, work of equal value, or work rated as equivalent under a job evaluation scheme.

Equal pay audit

A detailed analysis of an organisation's pay structure divided by gender. An audit should identify the differences in pay between men and women at various levels but also the reasons for any difference. If equal pay issues are identified then the audit should include steps to tackle this. This is a more rigorous process than analysing the gender pay gap which is based on average hourly earnings of all employees.

Gender pay gap

The average difference between men and women's average hourly earnings. In the UK this currently sits at 19.2%.

Horizontal occupational segregation

Refers to situations where women are clustered in certain occupations such as catering, cleaning and caring and are less represented in occupations like IT and STEM subjects.

Quartile information

An employer will look at the overall range of hourly rates paid to employees and create four equal pay bands, with each band consisting of one quarter of the difference between the lowest and highest hourly rates. The Regulations state that employers should list the pay rates by referring to Band A through to D, and explaining how many women and how many men are in each band.

Job evaluation scheme

Before an employee can bring a claim using the "work rated as equivalent" provision in the Equality Act, the employer must have carried out and implemented an analytical job evaluation study or job evaluation scheme. According to ACAS, job evaluation is "a method of determining on a systematic basis the relative importance of a number of different jobs." Job evaluation schemes are used as the basis for fair pay systems.

Mean

Mean is another term for average. It takes all of the numbers in the dataset, adds them together, and divides them by the total number of entries. This is more commonly used where there is an even distribution of data.

Median

Median is the 50% point in the data, regardless of the rest of the data. This is more commonly used where there are significant variations at either end of a spectrum which may distort figures.

Narrative

The explanation for the pay gap figure. Under the Draft Regulations there is no obligation to produce a narrative, although the Government recommends that employers should do so.

Vertical occupational segregation

Refers to situations where women are clustered at the lower levels of the organisation and are less represented at senior levels.