The Office for National Statistics released the Annual Survey of Hours and Earnings (ASHE) 2016 provisional results on 26 October 2016. This briefing provides an overview of the gender pay gap in Scotland.
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EXECUTIVE SUMMARY

This briefing looks at data on pay by gender from this year’s Annual Survey of Hours and Earnings (ASHE) (ONS 2016a) produced by the Office for National Statistics (ONS). It provides information on the gender pay gap for a number of different demographics and labour market conditions. More information about ASHE can be found in the annex.

Key points from the latest data:

- When comparing median or typical pay for all employees men make more money than women. The pay gap for all employees in Scotland is 15.6% compared to 18.1% in the UK.
- The gender pay gap in Scotland for full time employees is 6.2%, lower than the UK overall at 9.4%.
- Since 1997 the gender pay gap in Scotland for full-time employees has fallen from 18.4% to 6.2%.
- Women are paid more than men for part-time work when comparing the median or typical pay.
- When looking at median pay, women across most age groups are paid less than men. The pay gap increases for women over the age of 40. Between the ages of 30 and 39 women are paid more than men.
- When looking at occupations, the largest pay gaps are found in skilled trades and management.

COMPARING PAY BY GENDER

Overall, women can expect to earn significantly less than men over their entire careers (Fawcett Society 2017). This section looks at the key issues when comparing women’s pay with men’s. The gender pay gap is made up of a complex set of factors. The main issues to consider when comparing pay by gender are set out below.

Lack of flexible working: Women tend to take on caring responsibilities and due to a lack of flexible working, will end up seeking part-time work. 42% of women work part-time compared to 11% of men (nomis 2017). As full-time wages tend to be higher, the average income for women is likely to be lower.

Figure 1: Proportion of employees working full-time and part time by gender in Scotland - Jul 2015-Jun 2016

Source: Annual Population Survey, nomis

Occupational segregation: Women are more likely to work in low paid clerical work and “elementary” occupations such as cleaning and catering. They are also less likely to be found in senior positions. The European Commission highlights that even in those sectors dominated by women they are under-represented in senior positions, (EC 2014)
Discrimination: Despite the Equal Pay Act 1970 there is still discrimination in some pay systems where women are paid less for work that is similar, or the same value as male colleagues’ work.

Men are more likely to work overtime: Women are less likely to work overtime due to caring responsibilities.

HOW IS THE GENDER PAY GAP CALCULATED?

Men’s and women’s earnings are compared by looking at the difference between their earnings as a percentage of men’s earnings, as set out in figure 4 below. This is known as the gender pay gap. To calculate the pay gap, the ONS uses median hourly pay excluding overtime, as it controls for men being more likely to work overtime.

Figure 4: How to calculate the pay gap

Find the difference between men’s and women’s pay

£13.22

£11.16

Divide the difference by men’s pay

£2.06

£13.22

This gives the difference between men’s and women’s pay as a proportion of men’s pay.

In this instance it is 15.6%

This means women’s pay is 84.4% of men’s.
WHY IS THE MEDIAN USED?

ASHE provides both the mean and median values for earnings. As discussed above, the median is generally used to calculate the gender pay gap. The mean, or average, is calculated by adding together all the values within a data set and dividing the total by the number of values. This means that the mean result is susceptible to influence from outliers.

The median is the middle value of a set of data and is therefore more representative of the “typical value” within a data set. Figure 5 compares the median and mean for a data set with a small number of outliers.

Unless otherwise stated the median estimates have been used rather than mean.

**Figure 5: Comparing mean and median**

HOW DOES WOMEN’S PAY COMPARE TO MEN’S?

Comparing pay for men and women is complex as there is no single measure which adequately represents the complex issues underlying differences between men’s and women’s pay. (Scottish Government 2016)

This section looks at the pay gap for:

- Full-Time employees.
- All Employees.
- Part-time employees.
- Women working part-time and Men working full-time.

WHAT IS THE FULL-TIME PAY GAP?

The main indicator for the gender pay gap, used by the Scottish Government, is comparing hourly pay excluding overtime for full-time workers. Using full-time pay controls for the fact women are more likely to work part-time.

The full-time pay gap in Scotland is 6.2% which is lower than the UK figure of 9.4%. Women in Scotland have higher median full-time pay than in the UK as a whole.
Table 1: Gender pay gap for full-time employees - 2016

<table>
<thead>
<tr>
<th></th>
<th>Men’s hourly pay (£)</th>
<th>Women’s hourly pay (£)</th>
<th>Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>13.85</td>
<td>13.00</td>
<td>6.2%</td>
</tr>
<tr>
<td>UK</td>
<td>14.16</td>
<td>12.82</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

How do the latest figures affect the National Indicator on the Gender pay gap?

Scotland Performs is the Scottish Government’s tool for reporting on how the country is performing. It does this by measuring performance against a number of Performance Targets and National Indicators. One of the Indicators in Scotland Performs is:

“Reduce the pay gap”

The Government specifies that

- a decrease of 1.5 percentage points or more suggests that the position is improving
- an increase of 1.5 percentage points or more suggests the position is worsening.

The decrease of 1.48 percentage points (when rounded to 2 decimal places) over the year means that the indicator is maintaining its performance.

Figure 6: The Pay Gap National Performance Indicator – current performance

Any change greater than -1.5 percentage points suggests that the position is improving
Any change in between -1.5 percentage points and +1.5 percentage points suggests that the indicator is maintaining its performance
Any change greater than +1.5 percentage points suggests that the position is worsening

Source: Scottish Government 2016c

How does the pay gap compare by level of pay?

At all levels of pay for full-time employees men earn more money. The largest gap in earnings is in the top 10% of earners. This can be explained as

- Men are currently more likely to work in senior positions than women.
- Men dominate the higher paid sectors such as engineering, finance and banking.
ASHE provides data on pay by different levels of income. It does this by splitting earners into ten groups with equal numbers within specific income bands. These are called deciles.

The pay gap by income decile in Scotland tends to be lower than the UK as a whole, especially for higher earners. This can in part be explained by the structural differences in the Scottish labour market to the rest of the UK. For example Scotland has one of the lowest proportions across the UK of people employed as managers, directors and senior officials but one of the highest proportions of people working in professional occupations, such as engineering and health.

Figure 7: Pay gap by income decile in Scotland and the UK – 2016

THE GENDER PAY GAP FOR ALL WORKERS

The overall pay gap includes full and part-time workers. The larger pay gap for all employees shows the effect of the higher proportion of women who work part-time.

The pay gap for all employees in Scotland is lower than in the UK; 15.6% compared to 18.1%. This is because women in Scotland have a higher median part-time pay than women in the UK as a whole. (ONS 2016a)

Table 2: Pay gap for all employees – 2016

<table>
<thead>
<tr>
<th></th>
<th>Men’s hourly pay (£)</th>
<th>Women’s hourly pay (£)</th>
<th>Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>13.22</td>
<td>11.16</td>
<td>15.6%</td>
</tr>
<tr>
<td>UK</td>
<td>13.35</td>
<td>10.94</td>
<td>18.1%</td>
</tr>
</tbody>
</table>
Figure 8: Gender pay gap for all employees in Scotland and the UK – 2016

For every £1 a man earns a woman earns

PART-TIME PAY BY GENDER

Women are more likely to be in part time employment than men, with 41% of women working part-time compared with 11% of men. Women account for 78% of Scottish part-time employment. The median pay for part-time work for women is higher for women than for men in Scotland and the UK. The pay gap is wider in Scotland than in the UK, -9.6% in Scotland and -6.0% in the UK.

Table 3: Pay gap for part-time employees – 2016

<table>
<thead>
<tr>
<th></th>
<th>Men’s hourly pay (£)</th>
<th>Women’s hourly pay (£)</th>
<th>Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>8.45</td>
<td>9.26</td>
<td>-9.6%</td>
</tr>
<tr>
<td>UK</td>
<td>8.48</td>
<td>8.99</td>
<td>-6.0%</td>
</tr>
</tbody>
</table>

ARE THERE OTHER WAYS OF COMPARING MEN’S AND WOMEN’S PAY?

As women are more likely to work part-time and make up the majority of people in part-time employment, Close the Gap suggests that it is relevant to compare women’s part-time earnings to men’s full-time earnings. The pay gap for women working part-time and men who work full-time is higher in the UK than in Scotland, 36.5% in the UK compared with 33.1% in Scotland.

Table 4: Women’s part-time earning compared to men’s full-time earnings – 2015

<table>
<thead>
<tr>
<th></th>
<th>Men’s hourly pay (£)</th>
<th>Women’s hourly pay (£)</th>
<th>Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>13.85</td>
<td>9.26</td>
<td>33.1%</td>
</tr>
<tr>
<td>UK</td>
<td>14.16</td>
<td>8.99</td>
<td>36.5%</td>
</tr>
</tbody>
</table>

WHAT DOES THE MEAN PAY GAP LOOK LIKE?

The pay gap based on median pay represents the pay difference for the “typical worker’s” income. As those at the higher end of the pay distribution tend to be men, using mean pay for the pay gap shows the effect of this on the difference of men’s and woman’s pay. Close the Gap state: “The mean takes into account the outliers and reflects the structural inequality between men and women and the issues relating to vertical occupational segregation”.

8
Close the Gap also calculate the gap between men’s full-time hourly earnings with women’s part-time hourly earnings, using the mean. They suggest that combining all earnings to measure the pay gap can “hide a number of systemic structural problems which cause the pay gap”.

**Table 5: Pay gap based on mean pay - 2016**

<table>
<thead>
<tr>
<th></th>
<th>All Employees</th>
<th>Full-time</th>
<th>Part-time</th>
<th>Men’s full-time and women’s part-time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK</strong></td>
<td>17.3%</td>
<td>13.9%</td>
<td>5.8%</td>
<td>32.7%</td>
</tr>
<tr>
<td><strong>Scotland</strong></td>
<td>14.9%</td>
<td>10.7%</td>
<td>-0.1%</td>
<td>32.2%</td>
</tr>
</tbody>
</table>

Figure 8 shows that when comparing the mean and median pay gaps there is little difference between the figures for all employees and the comparison of full-time men to part-time women. Differences can be seen in the comparison of the full-time and part-time mean and median pay gaps:

- The larger gap for mean full-time pay can be explained by the larger number of men who work full-time and in higher paid roles.
- The mean pay gap for part-time pay is negligible despite the median pay gap showing women having higher pay by 9.6%. One potential reason for this is although women make up the majority of part-time workers, men are more likely to work in more senior, higher paid roles. Therefore a small number of high earning men who work part-time can have a large impact on the mean pay.

**Figure 9: Comparison of mean and median pay gaps - 2016**

**HOW DOES THE PAY GAP IN SCOTLAND COMPARE TO THE REST OF THE UK?**

There are a number of factors that should be considered when comparing median pay in Scotland to the rest of the UK:

- The top 10% of earners in Scotland earn below the UK average for top earners – This will contribute to the overall pay gap being lower as the highest earners tend to be men. For example London and the South East have the highest income for the top 10% of earners and have the second and third highest pay gaps respectively.
- Scotland has the second highest proportion of people who work in the public sector in the UK – The pay gap in the private sector is higher than in the public sector. Therefore the higher proportion of people working in the public sector will contribute to having a smaller pay gap.
Regional variations in the labour market by industry and occupation – For example the pay gap for “professional occupations”, such as engineering and health professionals, in Scotland is lower than the UK (5.3% compared to 11.9%). (nomis)

Scotland has the second smallest gender pay gap of all nations and regions of the UK. Only Northern Ireland has a smaller pay gap. The gender pay gap in Northern Ireland is negative; one potential factor could be because Northern Ireland having the highest proportion of public sector employees. (ONS 2016b)

Figure 10: Gender pay gap across the UK - 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Midlands</td>
<td>13.5%</td>
</tr>
<tr>
<td>London</td>
<td>12.9%</td>
</tr>
<tr>
<td>South East</td>
<td>12.6%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>12.5%</td>
</tr>
<tr>
<td>South West</td>
<td>11.6%</td>
</tr>
<tr>
<td>East</td>
<td>11.6%</td>
</tr>
<tr>
<td>Yorkshire and The Humber</td>
<td>11.1%</td>
</tr>
<tr>
<td>North East</td>
<td>9.9%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>9.4%</td>
</tr>
<tr>
<td>North West</td>
<td>8.3%</td>
</tr>
<tr>
<td>Wales</td>
<td>7.5%</td>
</tr>
<tr>
<td>Scotland</td>
<td>6.2%</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>-3.2%</td>
</tr>
</tbody>
</table>

HOW HAS THE PAY GAP CHANGED OVER TIME?

The Scottish Government advises that it is best to look at the change in the gender pay gap over time because of uncertainties with the statistical significance of annual changes (Scottish Government 2016).

With that in mind, the gap for full-time pay in 2016 in Scotland is at an all-time low, at 6.2%. It has fallen significantly since ASHE began in 1997, when it was 18.4% (Scotland Performs). Between 2002 and 2016 the mean pay gap has fallen from 18.9% to 10.7% in Scotland.

Figure 11: Gender pay gap since 1997

Source: Scottish Government 2016c
HOW DOES PAY COMPARE BY AGE?

When looking at the gender pay gap by age the main point to consider is the ‘motherhood pay penalty’ (TUC 2016). This refers to the period where women tend to either take time out of work or switch to part-time employment due to care commitments, for children and/or elderly relatives. This results in a fall in women’s full-time earnings. A report from the TUC suggest that, in the UK, “by the age of 42, mothers who are in full-time work are earning 11 per cent less than full-time women without children” (TUC 2016).

The pay gaps for the younger age groups (18-21 and 22-29) in Scotland are larger than the UK. The 30-39 age group is the only age group in Scotland where women have a higher median income than men. After this age group the pay gap in Scotland is lower than the UK. One suggested reason for this is that there has been a rise of older workers particularly women shifting from economic inactivity, for example looking after the home and family, into employment. (Scottish Government 2016a)

Figure 11 shows the difference between men’s and women’s pay at different age groups in Scotland and the UK.

**Figure 12: Pay gap for full-time earnings by age group in Scotland and the UK – 2016**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Scotland</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-21</td>
<td>4.0%</td>
<td>3.1%</td>
</tr>
<tr>
<td>22-29</td>
<td>6.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td>30-39</td>
<td>-0.4%</td>
<td>1.6%</td>
</tr>
<tr>
<td>40-49</td>
<td>8.8%</td>
<td>13.4%</td>
</tr>
<tr>
<td>50-59</td>
<td>9.3%</td>
<td>16.2%</td>
</tr>
<tr>
<td>60+</td>
<td>12.8%</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

PUBLIC/PRIVATE SECTOR PAY

Comparing public and private sector pay is a complex issue due to the different jobs and characteristics of the people within each sector (ONS 2015). One of the key points to consider when comparing pay by gender between the public and private sectors is occupational differences. The public sector has a higher proportion of high skilled jobs than the private sector (ONS 2015). Another issue to consider is the public sector has a higher proportion of people working in large organisations, those with at least 500 employees, which tend to pay higher wages.

Workers in the public sector have a higher median income than the private sector. While men are more likely to be working in the higher paid professional jobs in the private sector, for example Science, Technology, Engineering and Maths (STEM) occupations, women are more likely to be found in the low paid jobs, such as cleaning and catering. However, there is a higher proportion of women working in higher paid professional jobs in the public sector such as nursing and teaching.
Table 6: Gender pay gap by Public and Private sector – 2015

<table>
<thead>
<tr>
<th></th>
<th>Men's hourly pay (£)</th>
<th>Women's hourly pay (£)</th>
<th>Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>15.87</td>
<td>14.36</td>
<td>9.5%</td>
</tr>
<tr>
<td>Full-Time</td>
<td>16.07</td>
<td>16.02</td>
<td>0.3%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>13.65</td>
<td>11.74</td>
<td>14.0%</td>
</tr>
<tr>
<td>Private</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>12.18</td>
<td>9.02</td>
<td>25.9%</td>
</tr>
<tr>
<td>Full-Time</td>
<td>12.96</td>
<td>10.50</td>
<td>19.0%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>7.80</td>
<td>7.85</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

PAY GAP BY OCCUPATION

Women are more likely to work in low paid occupations such as cleaning, catering and clerical work. They are also less likely to be working in senior positions.

Figure 13 shows the distribution of men and women across the occupations in Scotland. It shows that men dominate the “Skilled Trade” and “Process, Plant and Machine Operative” occupations while women are more likely to work in “Administrative and Secretarial” and “Caring, Leisure and Other services”.

Figure 13: Gender employment split by occupation in Scotland - Jul 2015-Jun 2016

Source: Annual Population Survey, nomis

Figure 14 shows the pay gap by occupation in Scotland in 2016. The latest figures show:

- “Skilled trades” have the highest pay gap at 29.2%. The skilled trade occupations are dominated by men and the jobs within these trades where women work, such as textiles, are generally lower paid.
- “Professional” occupations have the lowest pay gap at 5.3%. 52% of those who work in “Professional” occupations are women and it accounts for 23% of all women in employment. (nomis)
The size of the pay gap varies across different industries. One of the key factors around the pay gap is the prevalence of different types of occupations. For example, the most common occupations in the “Accommodation and food service” industry are in “elementary occupations” such as waiters and cleaners, which tend to be lower paid. As a result, the pay gap in this sector is smaller than the overall pay gap for those in full-time employment in Scotland.

The financial industries have a high level of people working in professional occupations (21%). However, they have the highest proportion of people working in “Administrative and secretarial” occupations, of which the majority are women. This occupational distribution contributes to the “Finance and insurance” industry having the highest pay gap.

Figure 15 compares the gender split by occupation for three industries in Scotland. It shows that across different industries there are different gender splits. For example there are a higher proportion of women working in professional occupations in the “public admin, education and health” industry than in the “Banking, finance and insurance” industry.
Figure 15: Gender employment split by occupation and industry in Scotland - Jul 2015-Jun 2016

Source: Annual Population Survey, nomis

Figure 16 shows the pay gap by industry in Scotland in 2016. The latest figures show:

- Education is the only industry which women dominate where they have a higher median pay than men. [16% of women work in education](https://www.scottishgovernment.gov.uk/news/2016/education-is-the-only-industry-where-women-dominate/). (Scottish Government 2016b)
- “Mining and quarrying” has the largest negative pay gap however only [0.8% of women in employment work in “mining and quarrying”](https://www.scottishgovernment.gov.uk/news/2016/mining-and-quarrying/). (Scottish Government 2016b)
- The “Human health and social work” and “Wholesale and retail trade” industries account for [31% of the total number of women in employment](https://www.scottishgovernment.gov.uk/news/2016/human-health-and-social-work/). (Scottish Government 2016b) Both of these industries have pay gaps over double the Scottish figure for all full-time workers.
“Finance and insurance” has the highest pay gap at 29.9%. 51% of people who work in this sector are women, but this is only 4% of all women in employment. (Scottish Government 2016b)

Figure 16: Pay Gap by Industry for full-time hourly pay excluding overtime in Scotland – 2016

Source: Annual Population Survey, nomis and ASHE
ANNUAL SURVEY OF HOURS AND EARNINGS (ASHE) DATA

The data in this briefing are taken from the Annual Survey of Hours and Earnings (ASHE) 2015 provisional results, published by the Office of National Statistics. The survey provides a wide variety of earning statistics for employees across the UK. It does not cover the self-employed. ASHE is based on a 1% sample of employee jobs taken from the Pay As You Earn (PAYE) records of Her Majesty Revenue and Customs (HMRC) covering the pay period over the year to 13 April 2016.

Key points about the data:

- Because of the potential for sampling errors for smaller groups, including local areas and small industries, there is a wider margin of error for the data on gender than for Scotland as a whole.
- ‘Full-time’ is defined as employees working 30 paid hours per week or more (or 25 or more for the teaching professions).
- ASHE provides information on pay broken down by income deciles. Income deciles are groupings made by ranking all employees in ascending order according to income, and then dividing them into ten equal groups, each comprising one tenth of all Scottish employees. The 10th decile groups those with the lowest income and the 90th decile groups those with the highest income.
SOURCES


Nomis, Claimant count, [Online]. Available at: https://www.nomisweb.co.uk [Accessed 10 January 2017]


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