Gender Pay Gap

Equality and Human Rights Commission

You asked me three questions for follow up. These were

1. With the growth in City Deal investments, what additional levers are there that could support greater equality of economic participation and of paid roles through this funding?

2. Reference has been made to the “business case” for reducing the gender pay gap. Is there specific and detailed research (particularly relating to Scotland) to which you could refer the committee on this issue?

3. In evidence, you indicated that there was a gender pay gap in your organisation. Could you clarify this and what steps you are taking on the issue of equality of opportunity within your own organisation and in respect of your employees?

Taking each of these questions in turn.

1. As the Committee will be aware significant investment is being provided to cities and regions through the new City Deals. The EHRC believes that this investment has the potential to open up new areas of Scotland’s economy to women, ethnic minorities and disabled people particularly in areas where their representation has to date been poor. For example the most recent data suggests that 17% of employees in Scottish construction industry are women, and only 2% of Apprenticeships; 18% of engineers in Scotland are women; 19% of employees in ICT are women; 18% of employees in the energy industry are women. Recent surveys of the Creative Industry released by Creative Scotland suggest significant absences of women in animation and coding.

The EHRC is currently working to develop guidance and support for the City Deal partners to enable them to maximise the equality gains in the areas of –

- Planning and diversity
- Procurement, and
- Monitoring & evidencing.

In particular, we believe that City Deal Partnerships need to focus on their responsibilities under the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, in particular those which require them to conduct equality Impact Assessments of their plans, and those relating to specifications and award criteria in procurement. We believe that City Deal Partnerships should establish targets for the employment of women, ethnic minorities and disabled people within the programmes they are responsible for, and work with suppliers to ensure that such social returns are viewed as being central to contract delivery.

2. There are a number of resources which focus on the business case for closing gender pay gaps – for example Business in the Community and McKinsey. Closer to home Close the Gap, the Scottish Women’s Budget Group and Engender have all written extensively on the issue.
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3. The EHRC has recently published an external analysis of our own pay gap which calculates the gap to be 0% across all staff groups. The analysis does however confirm that pay equality varies at different levels within the organisation. I have attached a copy of the analysis for your information.

Chris Oswald
Head of Policy
Equality and Human Rights Commission
Some more detail on our gender pay figures:

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Female</th>
<th>Male</th>
<th>% Difference Female vs Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>L1</td>
<td>£17,385</td>
<td>£21,018</td>
<td>-17%</td>
</tr>
<tr>
<td>L2</td>
<td>£25,477</td>
<td>£22,397</td>
<td>14%</td>
</tr>
<tr>
<td>L3</td>
<td>£33,548</td>
<td>£33,030</td>
<td>2%</td>
</tr>
<tr>
<td>L4</td>
<td>£36,051</td>
<td>£36,051</td>
<td>0%</td>
</tr>
<tr>
<td>L5</td>
<td>£45,500</td>
<td>£51,440</td>
<td>-12%</td>
</tr>
<tr>
<td>L6</td>
<td>£50,820</td>
<td>£58,820</td>
<td>0%</td>
</tr>
<tr>
<td>Senior Level - D</td>
<td>£67,001</td>
<td>£79,856</td>
<td>-13%</td>
</tr>
<tr>
<td>Senior Level - ED</td>
<td>£91,800</td>
<td>£99,012</td>
<td>-5%</td>
</tr>
<tr>
<td>Overall</td>
<td>£36,051</td>
<td>£36,051</td>
<td>0%</td>
</tr>
</tbody>
</table>

Above is an extract from our equal pay audit which shows the gender pay gaps at each of our pay levels. You'll see that the ones that are of concern are Level 1, Level 5, and the Director/ED group. The report itself does go into a greater level of detail on the issues in each of these levels, however because of the small numbers involved does need to be heavily redacted if we are to share it externally.

To give you a flavour of the issues:

- At Level 1 there are a small number of female staff at the starting point and a small number of males at the top of the scale. These male staff transferred in from one of the legacy commissions and have over 25 years’ service, which explains the gap.

- At Level 5, there had been some recent examples where males had been appointed on higher salaries than the starting point, and a number of senior females who had been at the top of Level 4 and Level 5 had been promoted to Level 5 and Level 6. This meant that there was a drop in the number of higher paid women at Level 5 and an increase in the number of women on the starting point salaries. This was particularly relevant in two directorates and accounts for the reasons for the gap.

- For Director and Executive Director levels, the differences were attributed to a small number of male Directors/EDs who were transferred in from other parts of the Civil Service with salaries honoured. The size of this population is small enough that individual circumstances had a significant impact.

As we also said, we were keen for the report to be undertaken externally to ensure independence and an unbiased view. We commissioned Hay Group through an open procurement process and are confident of their experience and expertise in this area.