North Ayrshire Council welcome this inquiry into the Gender Pay Gap in Scotland. North Ayrshire Council believes that increasing female participation will have a positive impact on the productivity of the local and national economy and contribute to realising the goal of inclusive growth.

This inquiry is particularly timely due to the expansion of early years and childcare provision in 2020. A successful uptake of the expansion of childcare places has the potential to unleash an untapped labour potential into the economy, widening the talent and skills available to businesses across the Scottish economy.

**Consultation Questions**

1. **What are the strengths and limitations of the different definitions of the gender pay gap?**

The mean is calculated by adding up the hourly pay of all men or women and dividing it by the number of men or women included in the data. This is the measure used by the Equality and Human Rights Commission, the Trades Union Congress and organisations such as Close the Gap and the Fawcett Society.

However, UK government and the Office for National Statistics use a different measure – the median. This takes the data on all men and all women, places it in order from lowest to highest, and uses the hourly pay of the person in the middle as the median average.

The median is less affected by having a small number of people at the extremes with very high hourly rates of pay. Those who use the mean average argue that this better reflects the fact that women are less likely to be in the highest paid and most senior positions.

Figures in recent reports for the gender pay gap for all employees in Scotland and the UK were calculated using mean (Scotland) and median (UK) averages.

Whilst both have merits as ways to compare pay, the use of different methods leads to inconsistency and confusion.

2. **Are current Scottish Government and Office for National Statistics (ONS) statistics adequate for policy making and scrutiny in this area?**

No response.

3. **Is the Scottish Government’s National Performance Framework indicator based on the most appropriate measurement of gender pay?**

No response.
4. What reasons are there for the existence of the gender pay gap?

A recent PwC report\(^1\) highlights that existing evidence shows two key factors which lie behind the gender pay gap in the UK:

Differences in work life patterns:

- Women tend to spend more time out of the workforce than men in order to care for children or family members, meaning that they lose out on pay progression over the long term. Studies suggest that the pay gap widens with the arrival of children. This is exacerbated by the cost of childcare. Increasing availability of affordable childcare could reduce the need for women to make the trade-off between work and childcare, thus enabling greater participation in the workforce.

Incidence of occupational segregation:

- Women are more likely to work in sectors and occupations that are lower paying, partly because these offer greater job flexibility.
- Increasing the quality of part time or flexible roles can help address the gap. This would help to mitigate the risk of occupational downgrading while helping widen the pool of talent businesses can access.
- A survey conducted by Timewise in 2015 showed that only 6% of advertised roles with a salary of £20,000 are available on a flexible basis, which shrinks to 2% for roles with a salary over £100,000.

Looking at the evidence in the North Ayrshire economy of pay disparity in the private sector and, at a lower level, in the public sector, the challenges are clearly significant. The two above factors are evident when examining female participation in North Ayrshire:

- North Ayrshire’s female employment rate is 59.3% compared to 69.1% in Scotland\(^2\).
- Women continue to lag men in terms of full time employment opportunities in North Ayrshire.
- Women are four times more likely to be in part-time work compared to men in North Ayrshire.
- Gender pay gap in North Ayrshire for female FT as % of male FT (median measure) in 2013 was 76% and increased in 2016 was 80%.
- Women in North Ayrshire are above the Scottish average for citing looking after home as a reason for economic inactivity: 34% of economically inactive women in North Ayrshire compared to 30% of Scottish women. Latest data show this reason has increased in North Ayrshire by 6% between 2013 and 2016 whereas the Scottish figure has increased only 1%.
- 32% of working women in North Ayrshire work in the public sector compared to the Scottish average of 35%. The figures for men are 18% and 19%, respectively.


\(^2\) Annual population survey, Oct 2015-Sep 2016, ONS from Nomis on 7 March 2017
• 42% of males working in North Ayrshire are employed in the Energy, Manufacturing, Construction and Banking sectors compared to 23% of women – sectors where salaries tend to be higher.

5. **Are there specific issues with gender pay within the Scottish public and private sectors?**

As highlighted above, occupational segregation is a major factor in producing the gender pay gap.

Men are more likely to be found in higher paid professional jobs, including in Science, Technology, Engineering and Maths (STEM) occupations, whereas women are likely to be in lower paid roles³.

This is evident at a North Ayrshire level as illustrated above.

6. **What are some examples of good or bad practice within Scotland or internationally?**

Despite improvements in recent years, Scotland is behind the UK gender pay gap average, The UK falls behind on the number of women workers in full time employment and ranks 30 out of 33 on this indicator, far below the OECD average⁴.

7. **What are some examples of gender pay policies leading to more effective and successful businesses?**

No response.

8. **What are the wider economic and social benefits of closing the gender pay gap?**

Enhancing North Ayrshire’s female participation rate and reducing the gender pay gap will allow us to enhance our productivity and contribution to the Scottish economy.

In Scotland, the pay gap is 15% between male and female workers. PwC estimate that if gap was closed, female earnings would increase by 18% - an extra £5,300 per year. In total, this figure would be £6.5 billion for Scotland (total increase across all women based on current employment)⁵.

Research by the University of Strathclyde and Women’s Enterprise Scotland estimates that Scotland would have an additional 108,480 businesses if women’s business ownership rates equalled those of men. This would equate to a 32% increase in Scotland’s business base. Estimates suggest that women-led businesses contribute (at a minimum) £5 billion GVA. If rates of women-led businesses equalled those of men, the contribution to Scotland’s GVA would increase by £7.6 billion to

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³ SPICe Briefing – Gender Pay Gap – January 2017
nearly £13 billion. This equates to a 5.3% growth in the size of the Scottish economy\(^6\).

Improving female participation is crucial to achieving our aim of inclusive growth. By enhancing female participation, it is hoped we will improve the prosperity of lone parents and help tackle child poverty. Currently in North Ayrshire:

- 30% of our children are in poverty (after housing costs, data relate to 2015)
- 1210 lone parents are on out-of-work benefits (Aug 2016)

Implementing measures to improve North Ayrshire’s female employment rate of 59.3% could have a positive impact on the above.

9. To what extent has the Scottish Business Pledge changed employment practices as regards gender pay?

No response.

10. Can more be done to promote equal pay through the Scottish Business Pledge and the Fair Work Convention?

No response.

11. What are the enterprise agencies and local authorities doing to support gender pay equality and can more be done?

Working in partnership with the Scottish Government, North Ayrshire Council is piloting an Inclusive Growth Diagnostic which will seek to identify the key factors that prevent many individuals within the local authority area from benefitting from economic growth.

As part of this Pilot, the Council has recognised the role and opportunity for women within the local population to support the economic growth agenda. Female participation has emerged as a key opportunity for North Ayrshire to promote inclusive growth. The next stage of the Pilot will help to prioritise constraints identified and will explore which constraints are best tackled at a local, regional or national level.

Linked to the planned expansion of Early Years provision across Scotland, and to better understand the impact and opportunity this potential growth in the local female labour force will provide, the Council have worked with GenAnalytics to undertake a three-stage research and analysis process:

1. Detailed desk based analysis and profiling of existing gender economic information and data, supplied by North Ayrshire Council Economic Growth Service
2. Online Business Survey of account managed companies within the North Ayrshire area
3. Self-Completion childcare provision awareness survey of parents and carers, undertaken via nurseries selected by North Ayrshire Council

\(^6\) http://strathprints.strath.ac.uk/47878/1/WES_Action_Framework.pdf
GenAnalytics are scheduled to finalise this report in Spring 2017. North Ayrshire Council will be happy to engage further with the Committee on lessons learned and actions which arise from local partners’ consideration of the findings of the report and on the Inclusive Growth Pilot.

Findings from the GenAnalytics report will inform ongoing work on the Inclusive Growth Diagnostic Pilot (including a pan-Ayrshire roll out of the Diagnostic), the Ayrshire Growth Deal and the Regional Partnership Pilot (in partnership with East and South Ayrshire Councils).

**Fair for All**

North Ayrshire CPP is committed to working together to ensure that North Ayrshire is Fair for All. This means that we will undertake a shared commitment to reduce the impact of inequalities for all through building on our Summary of Key Activities and through delivering the pledges under the themes of children, health, economy, environment and food set out for the next 15 years.

The Fair for All Advisory Panel includes experts in poverty and inequality from across Scotland and will make sure that the work that needs to be done is carried out in the best way possible to have the biggest impact on the areas that need it most. The Panel will provide governance and direction to the Partnership, driving the changes needed to achieve the pledges and providing expert guidance on innovative practice.

Economic Growth pledges within Fair for All include a pledges to enhance North Ayrshire’s relative employment rate for females aged 16-64 and to enhance North Ayrshire’s relative performance on women’s median gross weekly pay. These pledges and the associated measures will be reviewed in partnership with the Fair for All Advisory Panel.

**STEM**

Investment in training on Science, Technology, Engineering and Mathematics has been identified nationally as a key means to delivering strong economic growth. Scottish Government’s recent consultation on a new approach to delivering STEM education and training will hopefully contribute to the establishment of a strong, effective framework for enhancing Scotland’s role in these subjects. Properly applied, this has the potential to deliver high dividends when it comes to gender pay equality, through the development of a highly skilled, highly paid workforce.

STEM is an important consideration for partners when developing proposals for the Ayrshire Growth Deal and the establishment of a Regional Partnership to deliver inclusive regional economic growth.

Many have a role to play in delivering on the STEM agenda including employers, universities, colleges, science engagement providers. In North Ayrshire’s STEM consultation response, we argued for the establishment of a central development team to offer support to local authorities and schools to help to ensure a more coherent approach, maximise impact, and to make sure that there is equity in all areas at all levels.
Councils should consider how they can enhance levels of engagement with parents, schools and employers to work to encourage STEM careers and information for local employment opportunities. In North Ayrshire this would build on an already broad range of interventions, including:

- Specialised STEM days for secondary pupils with a focus on careers
- STEM ambassadors networking events with schools
- Gender balance work with Institute of Physics and University of the West of Scotland
- A wide range of options for young people within the STEM subjects including vocational pathways
- STEM transition days & projects between P7 & S1
- School-College partnerships within STEM subjects including Foundation Apprenticeships
- STEM days and weeks at primary schools
- STEM & coding clubs in schools, including SCDI Young Engineers and Science Clubs (YESC)
- Senior pupils becoming STEM ambassadors
- Employer partnerships with a STEM focus developed
- Partnership work with Industrial Biotechnology Innovation Centre for National 5 pupils
- Partnership work with Ayrshire Chamber of Commerce and their DYW team

12. What role can procurement policy play in promoting equal pay?

No response.

13. Are the devolved public sector bodies (including the Scottish Government, National Health Service, and local authorities) examples of good practice?

The ‘#ThisAyrshireGirlCan’ campaign was created by the Ayrshire College Student Association to encourage more women to think about careers in sport and STEM areas where female participation is traditionally low.

The First Minister visited the College’s Kilwinning campus on International Women’s Day in 2016 for the premiere of a specially created film to mark the campaign’s one year anniversary. The DVD celebrates 22 women studying STEM courses at Ayrshire College, including Modern Apprentices working in companies like GSK, Hyspec Engineering and Spirit Aerosystems.

Ayrshire College organises events throughout the year to encourage young women to consider a career in traditionally male-dominated sectors, these include:

- Ayrshire Connects – a mentoring network for female STEM (science, technology, engineering and maths) and construction students across the college to connect to each other, to students in other colleges and universities, to employers and women in the industry sectors they aspire to enter, and to senior pupils in secondary schools across Ayrshire.
• CoderDojo – clubs hosted by Ayrshire College and is run by dedicated staff from the Business and IT department. The club promotes computer science and technology in a fun, thought-provoking and inspiring way, and encourages seven to seventeen year olds to consider studying computing at school, college or university. The clubs raise awareness of the rewarding opportunities available in the rapidly expanding ICT and digital technologies sector.

Recommendations

North Ayrshire Council believes, whilst there is good work underway, more can be done to enhance female participation and reduce the gender pay gap:

Affordable Childcare

• Government has a key role to build on the extension of free childcare by investing in our childcare infrastructure so that we have affordable, flexible and high quality care for children, enabling more families to balance work and care.
• The proposal in Scotland to extend free entitlement to 1140 hours per year for all 3 and 4 year olds, plus eligible 2 year olds, will create opportunities but will also present challenges. Government needs to ensure that all areas have plans in place, and are supported to deliver, this provision by 2020.
• Increase awareness among parents and businesses on planned increase by the Scottish Government of assisted childcare provision.

Pay

• Court cases continue to be fought on the varied ways in which different levels of pay are paid to men and women performing exactly the same role, or where work of equivalent value carried out by women is underpaid. 54,000 UK women leave jobs early every year as a result of unfair treatment during or after pregnancy.
• High employment tribunal fees, which have resulted in an 80% drop in tribunal discrimination claims, need to be reviewed as they are acting as a barrier to legitimate equal pay claims.
• Regulations requiring public sector and large private sector employers to publish their organisation’s gender pay gap come into effect shortly. Enforcement action to address any non-compliance needs to be fair and effective.
• The effectiveness of Equal Pay Audits, both as a mechanism to identify areas for improvement in an organisation and as a legislative sanction, should be the subject of continuous review.

Progression

• Encourage women to take up progression and training opportunities in growth sectors, including STEM and digital technologies. Female uptake of modern apprenticeships in these sectors is also critical.
• Build on the STEM work underway at a local, regional and national level to promote STEM opportunities, particularly those arising from City Deals and Growth Deals across Scotland.

• Requirement under the gender pay gap regulations to report on the distribution of men and women in each quartile of a workforce will help employers understand female distribution in their workforce.

• A low number of women at the top of the organisation merits further investigation. A number of steps can be put in place to address this including ‘returnships’ (designed to increase the number of women coming back into roles after career breaks or maternity leave) and mentoring schemes to increase the numbers of women in senior roles.

• Prudent organisations which are covered by regulatory requirements on reporting their performance on the issue of gender pay equality will wish to reflect on whether their pay policy, and other measures they have in place, are adequate to address any identified shortcomings.

• It is anticipated that government will wish to monitor progress to gauge the effectiveness of regulations and guidance to ascertain if further action is required.

Recruitment

• Increase the availability of mobile working, part-time or flexible arrangements.

• When possible, ensure that positions are advertised with a flexible working or mobile working option.

• Unconscious bias training is a positive tool for those involved in recruitment. Measures to increase the use of such tools should be considered.

• Government may wish to consider how best to promote the use of positive action provisions contained in the Equality Act 2010 where there is evidence of significant under-representation.

• Many apprenticeships are publically funded but those in the highest paid sectors remain dominated by men. There is a £2,000 gender pay gap at apprenticeship level. Government may wish to consult on the potential effectiveness of introducing targets for apprenticeships and for 50:50 recruitment.

Procurement

• Scottish Government should explore the opportunity to use procurement regulation, which allow for contracts to be reserved for Supported Businesses, to increase the opportunities for women-based enterprises. Regulations currently stipulate that 30% of employees need to be disadvantaged. There may be potential, in areas of low levels of female participation, to explore a protected status for businesses with a predominantly female workforce, allowing organisations to create anchor contracts for women-based enterprises. North Ayrshire Council would be interested in exploring the potential of this further. Until the UK’s exit from the European Union, any change would need to align with European Directives.
Ensuring Support for All with Caring Responsibilities

- Shared parental leave is a positive measure but at the moment too few fathers feel able to take it. Dedicated periods of leave for fathers and mothers need to be paid at levels which allow parents to share caring responsibilities.
- Caring for sick or elderly relatives leads many people, predominantly women, to give up paid work or to work part-time. Their contribution needs to be recognised, valued and supported. Effective policies on social care and on financial and other support to carers are required.

North Ayrshire Council