

## Gender Pay Gap

### COSLA

#### Background

To inform its inquiry in 2017, the Scottish Parliament's Economy, Jobs and Fair Work Committee is seeking views on the gender pay gap in Scotland.

The inquiry will focus on three key areas:

- Defining the gender pay gap and looking at how it is measured
- The gender profiles of Scotland's public and private sectors, looking and good and bad practice in these areas and the benefits to businesses of closing the pay gap
- What action the Scottish Government is taking and could take, to reduce the gender pay gap.

To assist the committee, CoSLA/SPDS have been asked to submit a response to a number of questions.

#### Approach

The returns have been received and as common themes have emerged, the returns have been captured in one complete response for the committee.

The common themes include:

- There are strengths and weaknesses in the various definitions of the gender pay gap
- There are wider social and cultural issues that contribute to the gender pay gap and these matters need to be considered when developing policy
- Median hourly pay is a reasonable measure, but other characteristics could provide further explanation of the gender pay gap
- There are many reasons for the gender pay gap, including those outlined above, occupational segregation, workforce participation, caring responsibilities, access to training and so on
- Following implementation of single status, good practice in local government in Scotland
- Economic and social benefits of reducing the gender pay gap
- The impact of procurement practices on reducing the gender pay gap

## **From academics and interests groups in particular**

### **What are the strengths and limitation of the different definitions of the gender pay gap?**

All of the definitions of the gender pay gap have both strengths and weaknesses. A simple comparison of basic hourly rates gives a clear and easily understood figure which can be produced by most employers. It does not however highlight differences in overall earnings, which may encompass a range of pay elements. Using a more complex comparison would highlight more clearly where a gender pay gap exists, however calculations are more likely to be subject to misinterpretation of any guidance, leading to figures which are not directly comparable.

For the definition of the gender pay gap to be accurate it needs to control for many male female characteristics such as hours worked, higher wage distortions (median wage), probability of overtime work, age, and occupation sector etc. All of these can to various degrees be taken into account. It is commonly reported that women are under-represented in upper management or senior positions and are more likely to work in low paid occupations (vertical and horizontal segregation). Understanding and addressing these reasons includes understanding the preferences towards male and females engaging in the labour market in addition to employer practices and perceptions.

Focus may also be given to non-monetary compensations, such as: flexible working hours, holiday allowance, commuting durations. So while achieving improvements in the gender pay gap are welcomed, there needs to be an appreciation beyond pay towards the non-monetary benefits of work.

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

It is advisable that gender pay gaps are not used in isolation to base policy and scrutiny of improvements. An understanding of the structural differences in the labour market is needed to understand why gender pay gaps can persist. Differences in social norms for caring responsibilities between male and females are a factor and there is evidence of this persisting, despite trends that show more women entering the labour market over time. Attitudes towards flexible working practices, allowing equal access to training, and progressing more gender equality towards paternity/maternity leave would address some of the other contributions to the gender pay gap.

The statistics are adequate for reminding everybody that gender pay gap remains a challenge; however, it is felt that information is not readily available when determining goals and objectives, or showing progress on closing the gender pay gap.

### **Is the Scottish Government's National Performance Framework indicator based on the most appropriate measurement of gender pay?**

The measure for the gender pay gap is the median hourly earnings (excluding overtime) between men and women working full-time. This is appropriate for controlling some of the differences from low/high wage distortions, choice of full-time and part-time work, and the differences in gender probabilities of working overtime. It does not however, address the obvious occupation differences between male and female, and length of service (e.g. age), which could be controlled for and give a richer understanding of the hidden gender characteristics. As a single measure it is reasonable but will still mask some other measurable characteristics that can further explain part of the gender pay gap.

However, there needs to be some consistency across councils in using the same measure. In some areas the gender pay gap calculation being used is that defined by the EHRC and more recently Close the Gap. The definition and calculation that they specify is different from the calculation on the SPI documentation relating to this specific indicator. This can cause issues with councils if the calculation defined by national Equalities groups/organisations differ from those defined by SOLACE.

### **What reasons are there for the existence of the gender pay gap?**

There are many factors influencing the gender pay gap, such as Gender stereotypes in the home and society; and lack of information and options open early enough to influence further education and career choices. But its also important is understanding decision to participate in the labour market and the value of the non-monetary work benefits also affect both vertical and horizontal segregation.

Access to good quality and affordable childcare for the required number of working hours. Traditional gender roles within families - i.e. the male in full time employment with the female being the main carer and more likely to be in lower paid part time employment or not employed. Gender stereotyping at school - i.e. girls studying caring and admin and boys studying engineering and science. Traditional low value of female dominated sectors and professions.

Many senior jobs are not compatible with childcare and a balanced family life e.g. travel; social events; long hours; lack of flexibility. Unless roles in the home and society are evenly split between men and women, it will continue to be challenging for many women to pursue senior positions.

### **From businesses and organisations, particularly SMEs**

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

Single Status made a significant impact on the gender pay gap in Scottish Councils and addressed historical pay inequality relating to bonus schemes.

The primary factor in the current gender pay gap in local government is occupational segregation. Many lower paid jobs still tend to be predominantly occupied by females ie care, clerical, cleaning, catering etc. Although various initiatives have been introduced to counter this there is still an aging workforce profile within Scottish Councils and addressing occupational segregation must be seen as a longer term objective.

There is little consistency in pay approaches between the public and private sectors. The public sector has had to publish gender pay information, along with outcomes to address pay gaps since 2013 (under the Public Sector Equality Duty legislation). A large proportion of the workforce is female (approx 70%), occupying front line service posts, being paid the living wage or slightly above. There are challenges in terms of offering suitable, appropriate career paths to traditionally lower paid front line females which contributes to the gender pay gap. Within the public sector, there are different national conditions of service, i.e., Local Government Employees, Teachers, Craft and Chief Officers, some of which contribute to the overall gender pay gap.

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

Scottish Councils' "Single status" agenda - applied an analytical job evaluation scheme across different staff groups. This made a significant impact on the gender pay gap.

Other good examples include: implementation of the Scottish local government living wage, settling equal pay claims, developing strategies to address the attainment gap, compliance with the equality duty and culture and benchmarking pay and grading with market forces.

Equal Pay Audits have been required in local authorities for a number of years and there is data to show that the gender pay gap is decreasing. Implementation of the Living Wage - more women work below the Living Wage than men. Shared parental leave.

In the wider world limited working week ( 35 hours in France for example ) and positive discrimination ( certain % females on board for example ) are good examples.

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

As part of its equal pay audits, regular reviews of access to various pay related policies such as market supplements, temporary higher duties, accelerated increments, overtime etc. to ensure there are no discriminatory practices.

Review of terms and conditions of employment, introduction of Equal pay policies and associated equal pay audit, review of accelerated pay increments related to service / entry points to minimise pay gaps. Development of career

paths, flexible contracts and family friendly policies which support and encourage females in the work place and enable social mobility and potential to earn more.

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

Wider economic and social benefits of closing the gender pay gap are creation of a fairer society, where our population has greater opportunity reaching their full potential, utilising diverse skill sets.

Reducing the gender pay gap directly supports the Fair Work Framework and Principles. It should provide an incentive for work and consequently reduce an individual's dependency on benefits. This also provides a stimulus to the local economy.

### **From individuals, SMEs and other businesses, interest groups**

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

The SBP has a good record on ensuring that its participants pay the living wage, though this is perhaps in part due to the fact that being a living wage employer is a precondition to taking the pledge to begin with. The majority of accredited living wage employers in Scotland have still not taken the pledge. It may be beneficial to put more emphasis on the other elements of the pledge which could promote equal pay. Based on the SBP statistics from November 2016, making progress on diversity and gender balance has been the least successful element of the pledge.

Since workforce segregation, both in terms of sectors and within organisations, remains a key cause of any gender pay gap, a greater focus on this element could be beneficial. It may be useful if the Scottish Government were able to provide more active support, such as clearer guidelines in the pledge elements with more specific objectives, and engagement with organisations who might struggle to implement good practices.

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

Any potential impact of the SBP on the gender pay gap is perhaps unfortunately undermined by the low levels of participation in the programme.

As at 9 February 2017, 333 businesses have signed up to the SBP, representing less than 0.5% of employers. All of these employers pay the living wage, which disproportionately benefits women as the majority of workers in the lowest paid jobs are female. However, based on their own statistics from November 2016, only around a third of participating businesses are making progress on diversity and gender balance. Furthermore, to the extent that participants in the SBP are adopting good practices as regards the

gender pay gap, it is unclear whether this is due to the SBP itself as opposed to other incentives, and more data would presumably be needed in order to assess this.

Ultimately, it seems that the SBP has thus far not had enough reach to influence employment practices across Scotland.

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

Local Authorities have implemented job evaluation schemes to satisfy the principle of equal pay for work of equal value and to ensure arrangements are transparent. Most notably, such policies have eliminated payment of bonuses (which tend to disproportionately favour men and male-dominated positions on the whole) in favour of contribution-based pay progression systems.

Job ratings under such policies have been subject to equality impact assessments to reduce bias.

**What role can procurement policy play in promoting equal pay?**

In areas of the private sector which rely heavily on public contracts, a procurement policy which gives preference to good practice with respect to gender pay, e.g. [private] companies with lower levels of vertical segregation or those with good flexible working and maternity arrangements, could have an influence on industry practice as businesses compete for public contracts.

Implementing this could involve requiring pay gap data to be included in tender documents.

Similar affirmative action arrangements have been introduced in local authorities concerning workforce questions, seeking details from bidders which will impact on contract award(s). For example: do they support the living wage, offer a wide range of staff training and development opportunities, offer flexible working and flexi time, offer an employee assistance scheme; have a strong commitment to Modern Apprenticeships, and have no inappropriate use of zero hours contracts.

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

Local authorities do provide examples of good practice, but this is a process of continuous improvement and there is no place for complacency. There is work to be done in terms of - work life balance, additional payments, jobs dominated by one gender.

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