Scottish Water

Gender Pay Gap

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As a public corporation, Scottish Water is fully supportive of the range of reporting and action planning for equality that is required under the Public Sector Equality Duties (PSED), which apply to the Scottish public sector.

We are also very aware of the need for all businesses to understand their workforce demographics in order to best be able to provide a fair work environment that considers the needs of all employees. We believe that this is not only the right thing to do, but that it can provide a competitive advantage in seeking and securing the best talent together with helping an organisation to become an employer of choice.

Scottish Water’s gender pay gap

Through PSED reporting every two years, Scottish Water has reported on the gender pay gap in basic salary between male and female employees. Despite operating in a utilities sector that is traditionally over-representative of male employees, Scottish Water has no basic salary gender pay gap. This was the case in our last report in 2015 and remains so in our soon to be published 2017 report. The key reason is that although women make up only 27% of the workforce, they are employed on average in higher graded roles than men.

This year Scottish Water also intends to publish gender pay gap information calculated in line with the new UK private sector legislation that comes into effect from April 2017. Although we are not a private sector organisation, our performance is benchmarked against private sector water companies, while our customer service ambitions are driven by cross-sector comparisons. We also believe that expanding the information we publish displays further transparency on this subject.

Standardising the pay gap calculation

The PSED focus on basic salary allows for a clear comparison of pay gaps across different organisations and sectors. However, basic salaries are only part of take home pay for many employees. The new private sector legislation tries to address this by including other pay elements in a definition of “normal pay”. This is a useful tool as it negates any temptation for complacency and allows focussed activities to help promote closing of the gap.

Closing the gender pay gap

The causes of any “normal pay” gap are complex, with the greatest driver being occupational segregation followed by length of service and age, both of which are greater for male compared to female employees within our business. This leads to three compounding effects:

- higher paid roles in technical or engineering occupations are male dominated;
- roles in front line operations that require out of hours work and which therefore attract shift pay or standby and call out payments, are almost 100% male; and
men have had more time to move further up their pay scales than women.

We believe that tackling the gender pay gap would be aided by a national strategy on communicating and making as accessible as possible a full range of career options and opportunities to women. This includes encouraging women to train and/or re-train in STEM subjects early in their careers, but also at times of career transition or when returning to work after a break. Scottish Water has worked with Energy & Utilities Skills in developing their workforce renewal and skills strategy to 2020, much of which is focussed in these areas.

A more general review of the types of work available (full time / part time / contract types, etc.) would be useful to understand how employment opportunities could be made more attractive to a wider range of people.

**Actions already happening at Scottish Water**

We has taken steps to encourage greater female participation in our Modern Apprenticeship and Graduate programmes; our internal future leadership programmes; our establishing of a Women in Scottish Water equality group; and recently a scheme to reward employees for referring female candidates for front line operational jobs that are male dominated. We also work with schools to encourage more young people, particularly women, into STEM careers.

**Gender pay gap in the supply chain**

Larger employers have the ability to influence the terms and conditions of employment adopted by companies in their supply chain. Where there is a legal requirement, such as paying minimum wage, compliance with working time regulations, health and safety law, anti-slavery legislation, etc. then Scottish Water builds these into procurement contracts.

In 2015 we became an accredited Scottish Living Wage employer and the Scottish Government’s procurement guidelines have been helpful in reinforcing this through our procurement agreements. In 2016 we were also the winners of the Fair Work Employer of the Year, sponsored by the Scottish Government at the Scottish Business Awards. We are pleased to be able to show leadership in these areas and influence the wider water industry.

We hope that the thoughts above will prove useful and we look forward to the opportunity to discuss these matters during the Committee’s call for evidence on the gender pay gap.

**Scottish Water**