GENDER PAY GAP INQUIRY - STATISTICS

In response to evidence provided at the Economy Jobs and Fair Work Committee on the gender pay gap I thought it might be helpful to provide factual briefing which clarifies the statistical information published on the Scottish Government website on the gender pay gap.

We have noted some confusion on behalf of witnesses in evidence sessions when referring to information published on the Scottish Government website, and also when attributing particular statistics to their definition. This is a complex area and we hope that this note is helpful in summarising the information.

The Office for National Statistics (ONS) have published a position paper which summarises different measures of the pay gap, and the Scottish Government follows the practice outlined in this summary note in our own statistical reporting. We have sent a copy of this position paper alongside this note and it is also available here.

The Annex to this letter documents the information that is published on the Scottish Government website on the gender pay gap. I hope the Committee find this information helpful in their deliberations.

SCOTTISH GOVERNMENT
ANNEX
OVERVIEW OF SUMMARY STATISTICS – GENDER PAY GAP

Purpose

This note provides information in relation to the gender pay gap clarifying what information is published in Scotland and how the gender pay gap is measured.

Data Source

Official data on the gender pay gap is taken from the Annual Survey of Hours and Earnings (ASHE), which is a 1% sample taken from HMRC PAYE records. This ASHE data source is produced by the Office for National Statistics, and the National Statistics kite mark indicates it has been assessed by the UK Statistics Authority to be of high quality.

Published Statistics

There are a number of different measures of the pay gap that can be calculated using ASHE data. Scotland Performs chooses one of these measures as a National Indicator, but along with ONS, Scottish Government acknowledge that there is no one measure that is capable of covering such a complex issue. Because of this complexity a wide range of official data on the gender pay gap is made available from ASHE data and published by both the Office for National Statistics and the Scottish Government.

ONS publish the gender pay gap from the ASHE for UK and constituent countries on their website annually at the link shown below. The latest data is for 2016: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2016provisionalresults


Summary Headline Measures

The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings (excluding overtime) of men’s earnings.

Table 1 below provides a summary of some of the headline measures that are used to report the gender pay gap, and provides the UK comparable figure.

<table>
<thead>
<tr>
<th>2016</th>
<th>Scotland</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median hourly earnings excluding overtime for full-time workers</td>
<td>6.2%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Median hourly earnings for all workers excluding overtime</td>
<td>15.6%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Mean hourly earnings excluding overtime for full-time workers</td>
<td>10.7%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Mean hourly earnings for all workers excluding overtime</td>
<td>14.9%</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

Source: ASHE, ONS
There are two key areas of debate: whether the median or the mean is preferred and whether to use full time employees or all employees.

**Median compared with mean**

Following ONS guidance, Scottish Government concentrate on median hourly pay, excluding overtime, as the most appropriate measure of typical pay. The median is less affected by a relatively small number of very high earners and therefore gives a better indication of typical pay.

However, the distribution of pay differentials is important and instead of the mean, the Scottish Government publishes the distribution of the pay gap by percentile as shown in Table 2. This helps us show the uneven distribution of the pay gap, which is also highlighted when comparing the median to the mean.

**Table 2: Gender Pay Gap by percentile – Full-time Hourly Earnings (excluding overtime)**

<table>
<thead>
<tr>
<th>Percentile</th>
<th>10</th>
<th>20</th>
<th>25</th>
<th>30</th>
<th>40</th>
<th>60</th>
<th>70</th>
<th>75</th>
<th>80</th>
<th>90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>5.9</td>
<td>7.3</td>
<td>7.5</td>
<td>7.1</td>
<td>7.2</td>
<td>6.4</td>
<td>4.8</td>
<td>6.0</td>
<td>7.9</td>
<td>13.8</td>
</tr>
</tbody>
</table>

**Source: ASHE, ONS**

Note: Percentiles mark the values below which a certain proportion of jobs fall. For example the 20th percentile is the value below which 20% of jobs fall.

**Full-time employees compared with all employees**

Most SG and ONS data is presented for full-time employees compared with all (i.e. full-time and part-time employees). The table below shows the difference in the composition of the workforce in Scotland 2016 by working pattern and gender and the median hourly earnings excluding over time by working pattern and gender. This table shows that a higher proportion of females in employment work part time (43% of female employees compared with only 14% of males). The table also shows that part time workers earn less than full-time workers.

The difference in working patterns by gender contributes to the variation in the size of the gender pay gap depending on whether it is calculated based on full-time employees only or both full-time and part-time employees. Table 3 shows that the gender pay gap is larger when based on all employees (15.6%) compared with full-time (6.2%) employees only.

**Table 3: Median hourly earnings excluding overtime and working pattern by gender, Scotland 2016**

<table>
<thead>
<tr>
<th></th>
<th>% of employees</th>
<th>Median hourly earnings excluding overtime</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-time</td>
<td>Part-Time</td>
<td>All (£)</td>
</tr>
<tr>
<td>Female</td>
<td>57</td>
<td>13.00</td>
<td>11.16</td>
</tr>
<tr>
<td></td>
<td>43</td>
<td>9.26</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>86</td>
<td>13.85</td>
<td>13.22</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>8.45</td>
<td></td>
</tr>
</tbody>
</table>

**Source: Labour Force Survey (Apr-Jun 2016), Based on all in employment, ASHE 2016**
International Comparisons

International pay gap statistics are available from international databases:

OECD estimates are for **median** gross weekly earnings for full-time employees. 2014 is the most recent data published for most countries. In 2014, based on median gross weekly earnings (for full-time employees) the gender pay gap for Scotland was 17.5%, lower than the EU 28 average 19.1%.

Eurostat gender pay gap statistics are based on **mean** gross hourly earnings for all employees

Further Information

Alongside the wide range of statistics published on the Scottish Government website, the Scottish Government also publishes analysis of trends and drivers of the pay gap. Two recent publications are available on the Scottish Government website:

- **The Gender Pay Gap in Scotland – Update and Analysis of Time Series Data (March 2017)**
- **New Perspectives on the Gender Pay Gap – Trends and Drivers (June 2016)**