

Policy and Sustainability Committee

10:00am, Tuesday, 01 November 2022

Pay gap update 2022

Item Number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

- 1.1 The Policy and Sustainability Committee is recommended to review and note the content of the 2022 update on organisation gender, ethnicity and disability pay gaps.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Katy Miller, Head of Human Resources

E-mail: katy.miller@edinburgh.gov.uk | Tel: 0131 469 5522

Policy and Sustainability Committee

Pay gap update 2022

2. Executive Summary

- 2.1 The Council is currently bound by duties arising from the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 to publish gender pay gap information. Our next statutory report is due in 2023.
- 2.2 Reporting was expanded last year to include pay gaps for ethnicity and disability (and long-term health conditions). This paper provides an update on gender, ethnicity, and disability pay gaps.
- 2.3 Key points to note from the 2022 update are (mean average pay gaps):
 - The gender pay gap reduced to 3.2% (from 3.8%)
 - The disability pay gap reduced to 5.0% (from 7.0%)
 - The ethnicity pay gap increased to 15.2% (from 14.1%)
- 2.4 Critical to enable the analysis of this data is the improvement of the quantity and quality of employee data held for protected characteristics, which we continue to improve.

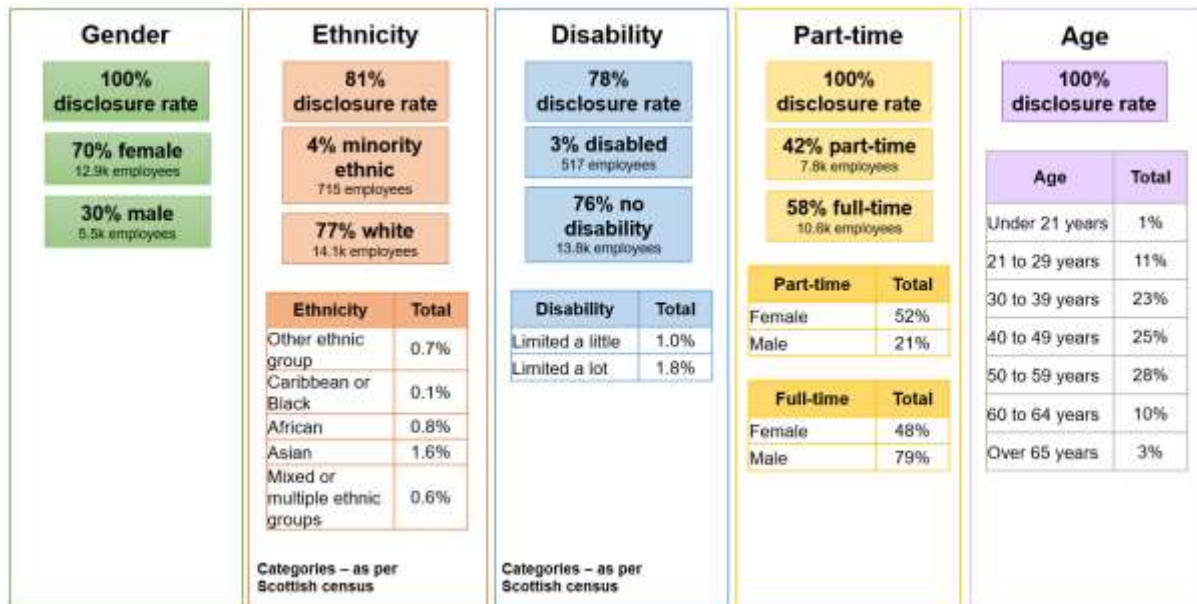
3. Background

- 3.1 Closing our workforce pay gaps requires a clear understanding of the issues that drive the differences in pay and pay gap data informs steps required to improve our pay gap position. Some determining factors influencing pay gaps are driven by our internal practices, some by external dynamics and it must be recognised that whilst some can be addressed in the shorter to mid-term others are challenging in their nature.
- 3.2 A range of positive activities have taken place in this space since we reported last year with further actions planned to further support increased diversity, equality, and inclusion within the organisation.

4. Main report

4.1 A definition of pay gaps and how they're calculated, can be found in Appendix One and details of the scope of pay gap reporting in Appendix Two.

4.2 Understanding our workforce profile:



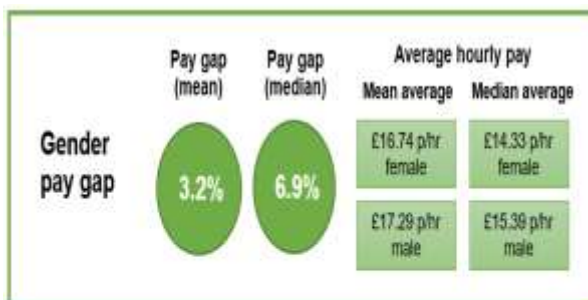
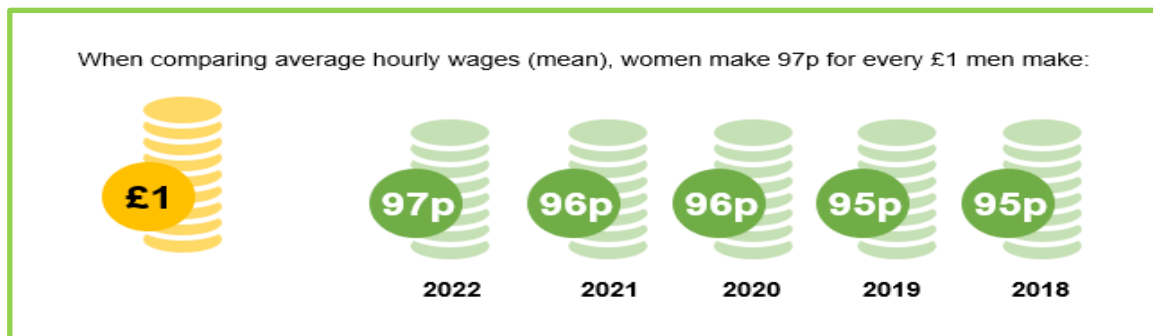
4.3 To drive up disclosure rates we have compelled external applicants for posts to provide their equalities data which has been automatically transferred to our HR system on successful appointment. We also ran a comprehensive campaign for existing colleagues to complete their equalities data. This has resulted in disclosure rates improving by up to 20.5% since November 2020. By increasing our understanding of the workforce profile, we're better able to see the equalities profile of colleagues in relation to posts and grades.

4.4 Benchmarking our pay gaps in relation to wider national statistics shows:

- Our gender pay gap of 3.2% is lower than the UK average of 11.5%, and lower than the Scottish national average of 10.1% (Close the Gap). Our part-time gender pay gap of 16.1% is lower than the Scottish national average of 26.9% (Close the Gap)
- Our race/ethnicity pay gap (15.2% mean, 15.9% median) is higher than the Scottish national average of 10.3% (Office of National Statistics)
- Our disabled/long term health condition pay gap (5.0% mean, 5.0% median) is lower than the Scottish national average of 18.5% (Trades Union Congress).

Gender pay gap 2022 – Further analysis

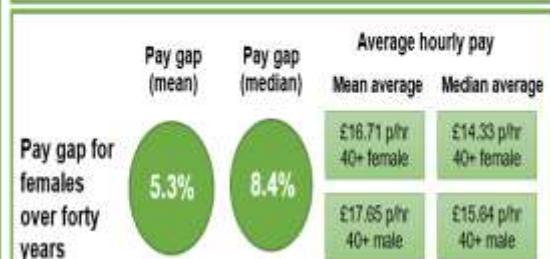
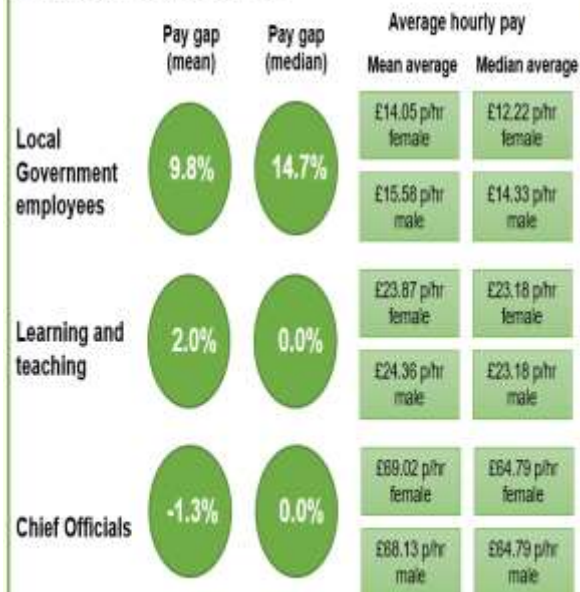
- 4.5 Gender pay gap analysis compares the pay of females to that of males. (Current requirements for gender pay gap reporting mean that gender must be reported in a binary way, recognising only men and women, and we are therefore unable to report non-binary or other identities in this report.)
- 4.6 The mean gender pay gap reduced to 3.2% (from 3.8% in 2021). This means for every £1 earned by a male colleague, a female colleague earns 97p (up from 96p last year). The median gender pay gap increased marginally to 6.9% (from 6.7% in 2021).



Quartile analysis

Workforce profile	Quartile	Female	Male	Total contracts	Min £	Max £
70% female 12.9k employees	Lower quartile	78%	22%	4,648	£9.91	£11.55
	Lower middle quartile	68%	32%	4,522	£11.56	£14.41
	Upper middle quartile	62%	38%	4,688	£14.47	£21.96
30% male 5.5k employees	Upper quartile	73%	27%	4,472	£21.97	£35.91

Pay gap by workforce group

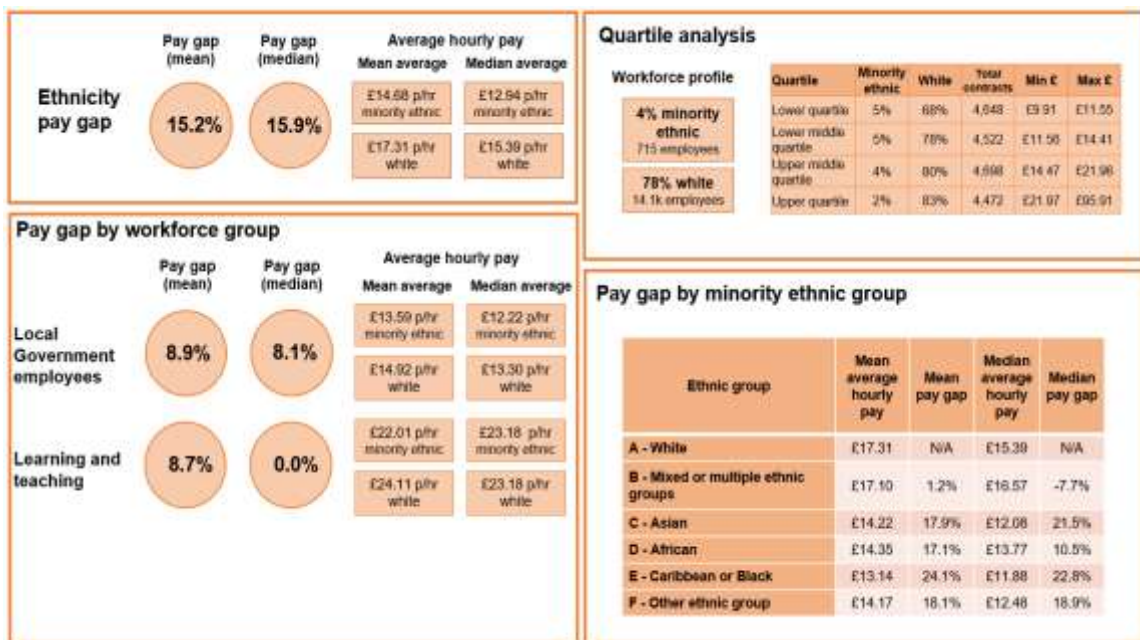
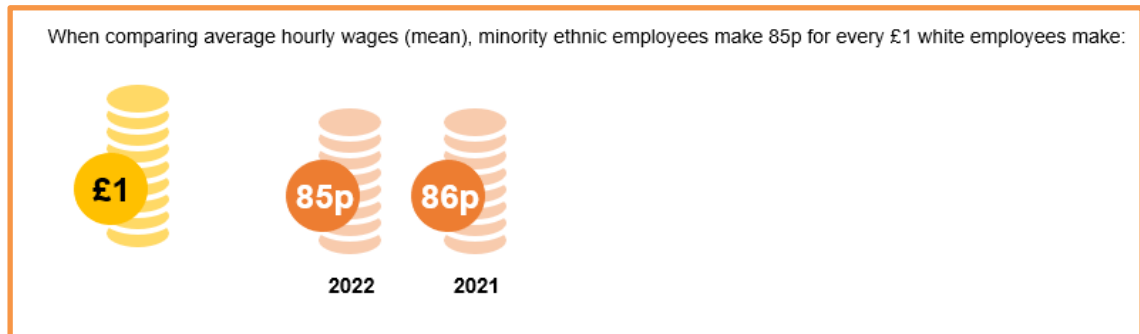


- 4.7 The mean gender pay gap for part-time females and full-time males reduced to 16.1% (from 20.5% in 2021).
- 4.8 The mean gender pay gap for females over forty years of age continued to narrow to 5.3% (from 6.7% in 2021).
- 4.9 There's a positive mean average pay gap for females under forty years of age. The pay gap for this group is -1.6% (-2.6% in 2021).
- 4.10 The mean gender pay gap for Local Government Employees (LGEs) continued to narrow to 9.8% (from 10.6% in 2021). This is partly attributable to consolidation of the Scottish Local Government Living Wage in April 2021 and is also linked to the 2021/22 national pay agreement.
- 4.11 The gap for LGE grade one reduced to 1.7% (from 3.8% in 2021). Gaps in LGE grades ten to twelve increased marginally, which is linked to recent female recruitment senior roles; we expect to see the gaps further close through annual pay progression.
- 4.12 Gaps continue to persist in LGE grades three and five, driven by working time payments (WTP), where part time (female) working patterns tend to attract lower WTP earnings compared with full time (male) working patterns. Overall, we have a significantly higher part-time female workforce than part-time male workforce. The density of part-time (female) employees is higher at the lower end of the pay structure.
- 4.13 The mean gender pay gap for the Teaching workforce continued to reduce this year to 2.0% (from 2.3% in 2021).
- 4.14 The mean gender pay gap for Chief Officials improved this year and there's now a pay gap bias in favour of females at -1.3% (from 4.0% in 2021). This means for every £1 earned by a *female* colleague, a *male* colleague earns 99p. This change reflects a greater female density in this group following recruitment to the new structure, which was reviewed in 2021. It should be noted there was one vacancy at the Executive Director level at the time of pay gap analysis.
- 4.15 The proportion of men and women across the pay quartiles is less consistent across the lower and upper middle quartiles. In this year's data we see no change in the proportion of females in the lowest quartile. The higher concentration of female workforce in the lowest paid quartile and a low male representation in this quartile is a contributor to the organisation gender pay gap.
- 4.16 Analysis of horizontal segregation shows higher concentrations of females in the care, school support and business support occupational groups which tend to be lower paid and part-time roles. (See appendix Three).

4.17 Analysis of vertical segregation shows higher concentrations of females in the less than £20K and £40K to £49,999 salary brackets, with fewer females in the upper salary brackets. (See appendix Four).

Ethnicity pay gap 2022

4.18 Ethnicity pay gap analysis compares the pay of white colleagues and that of colleagues from other ethnic backgrounds.



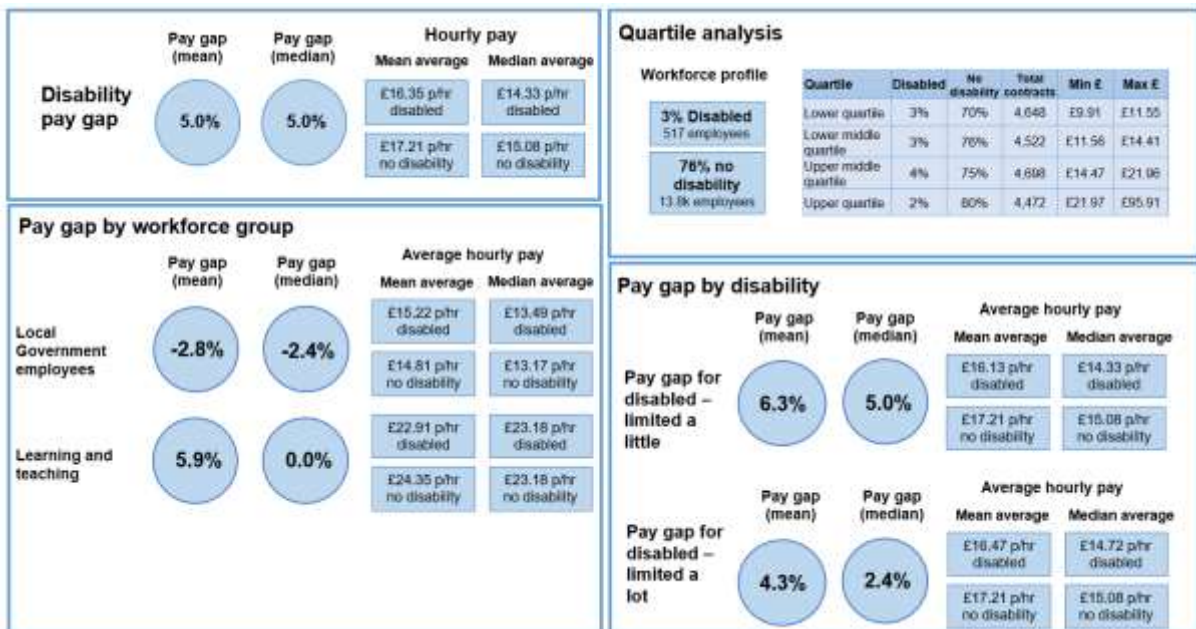
4.19 Ethnicity pay gap analysis should be considered in the context that we hold data for 81% of our total workforce population for this protected characteristic. Whilst this level of data capture gives confidence that the observed pay gap outputs are meaningful, we'll achieve greater validity of our outputs as our level of data capture increases.

4.20 Positively we saw an increase in the number of colleagues who identify as minority ethnic across our workforce since our last pay gap report. Observed changes should be considered in the context that the percentage of colleagues identifying as minority ethnic increased from 3% in 2021 to 4% in 2022.

- 4.21 A deeper dive of new start data shows the majority of new Local Government Employee appointments were at the grade one to four level, and there was limited recruitment of minority ethnic colleagues into more senior grades. Over the previous 12 months we've taken a number of steps to attract applications from a broader and more diverse population and have worked with local organisations including AMINA (Muslim Women's Resource Centre), CRER (Coalition for Racial Equality and Rights), and ELREC (Edinburgh & Lothians Regional Equality Council) in order to reach a more diverse population, particularly in respect of the minority ethnic population.
- 4.22 The mean ethnicity pay gap increased to 15.2% (from 14.1% in 2021). This means that for every £1 a white colleague earns, a minority ethnic colleague earns 85p. The median average pay gap for this group increased to 15.9% (from 14.6% in 2021).
- 4.23 The mean ethnicity pay gap sits at 8.9% for LGEs and 2.0% for learning and teaching. Pay gap analysis for the Chief Official population is not possible due to limited numbers.
- 4.24 A breakdown of pay gap by minority ethnic group shows that this varies between groups, with the widest gap observed for those identifying as Caribbean or Black (mean gap of 24.1%) and a much smaller gap existing for mixed or multiple ethnic groups (mean gap of 1.2%).
- 4.25 Analysis of vertical segregation shows higher concentrations of minority ethnic colleagues in the less than £20K and £20K to £29,999 salary brackets, with less colleagues in the upper salary brackets, and no colleagues in the greater than £80K bracket.
- 4.26 Analysis of horizontal segregation shows higher concentrations of minority ethnic colleagues in the care, school support, business support, and catering, cleaning, and facilities management occupational groups, which tend to be lower paid and part-time roles.
- 4.27 The proportion of minority ethnic colleagues across the pay quartiles is less consistent across the lower and upper quartiles. The higher proportion of minority ethnic workforce in the lowest paid quartile, and a low representation in the upper quartile, contribute to the ethnicity pay gap.
- 4.28 There's clearly more to be done in this area and in response to the change observed in our ethnicity pay gap in 2022, we'll continue to closely monitor and analyse recruitment trends with a particular focus on increasing the diversity at the more senior levels of our organisation.

Disability Pay Gap

4.29 The disability pay gap compares the pay gap between employees who identify as having a disability or long-term health condition, and those employees who do not.



4.30 The disability pay gap analysis should be considered in the context that we hold data for 78% of our total workforce population for this protected characteristic. Whilst this level of data capture gives some level of confidence that the observed pay gap outputs are meaningful, we'll achieve greater validity of our outputs as our level of data capture increases.

4.31 Using the Government Statistical Service (GSS) harmonised definition of disability, 19% of people of working age were disabled in 2020. Women were more likely to be disabled than men, at 24% and 19%, respectively (Family Resources Survey). Three percent of our workforce identify as having a disability or long-term health condition. It should be recognised that some colleagues may not identify as being disabled, even if they fall within the legal definition of this.

- 4.32 The mean average pay gap for employees with a disability or long-term health condition reduced to 5.0% (from 7.0% in 2021). This means that for every £1 earned by a non-disabled employee, a disabled employee earns 95p. The median average pay gap for this group is the same as the mean average, at 5.0%.
- 4.33 The mean disability pay gap sits at -2.8% for LGEs and 5.9% for learning and teaching. This means there's a positive pay gap bias in favour of disabled colleagues for the LGE workforce. Pay gap analysis for the Chief Official population is not possible due to limited numbers.
- 4.34 A breakdown of pay gap by nature of disability shows that this varies between groups, with the widest gap observed for those identifying as disabled and limited a little (mean gap of 6.2%) and a smaller gap existing for disabled and limited a lot (mean gap of 4.3%).
- 4.35 Analysis of vertical segregation shows higher concentrations of disabled colleagues in the £30K to £39,999 and £20K to £29,999 salary brackets, with less colleagues in the upper salary brackets, and no colleagues in the greater than £70K bracket.
- 4.36 Analysis of horizontal segregation shows higher concentrations of disabled colleagues in the business support and professional/technical occupational groups.
- 4.37 The proportion of disabled colleagues across the pay quartiles is less consistent across the upper middle and upper quartiles. Low representation of the disabled workforce in the upper paid quartile contributes to the disability pay gap.

What are we doing to close the pay gaps?

- 4.38 A range of positive activities have continued to happen in support of increased diversity, equality, and inclusion, a flavour of which is provided below.
- ✓ We've compelled external applicants for posts to provide their equalities data which has been automatically transferred to our HR system on successful appointment and we ran a comprehensive campaign for existing colleagues to complete their equalities data. This has resulted in disclosure rates improving by up to 20.5% since November 2020. By increasing our understanding of the workforce profile, we're better able to see the equalities profile of colleagues in relation to posts and grades.
 - ✓ We've completed a third round of external benchmarking using the Employers Network for Equalities and Inclusion TIDE benchmarking tool and evidenced steady progress. This provides focused prioritisation of actions in the short, medium and longer term.

- ✓ We consolidated the Scottish Local Government Living Wage into our pay structure in April 2021. At this time, grades one to four of the pay structure were redesigned to improve base pay for 4.5K of our lowest paid colleagues (predominantly female and part-time), which also improved pay differentials to encourage attraction, retention, and career progression. Further work needs to be undertaken to address aspects of our pay structure which continue to create pay gaps.
- ✓ There's regular engagement with colleague networks and external partners and specialist organisations to help us identify and address potential barriers to attraction, recruitment, and retention with a view to ultimately reducing occupational segregation, both vertical and horizontal.
- ✓ We've focused strongly on learning and development as a means of raising awareness about equalities issues for all colleagues, including recruiting managers, to increase understanding of issues such as unconscious bias in the workplace. We'll continue to look at completion and evaluation and will ensure we continue to develop the content on our learning platform.
- ✓ We've launched an 18-month reverse mentoring programme for our Corporate Leadership Team (CLT) to help raise their awareness of issues experienced in the workplace by ethnic minority colleagues and colleagues with a disability or long-term health condition. We'll evaluate this programme and consider extension beyond the current participants.
- ✓ We've collaborated with other local authorities via SPDS in pursuit of a more consistent approach to gender, ethnicity and disability pay gap reporting.
- ✓ Specifically we look as to how we can further extend our recruitment approach and process, ensuring we are maximising our reach to diverse candidates and are drilling down on best practices in recruitment; particular in relation to ethnicity.
- ✓ A review of the organisation's structure and roles at the Chief Official level took place in the summer of 2021. Recruitment to vacancies in the structure resulted in further female appointments at this level, supporting a reduction in the gender pay gap for this group.

5. Next Steps

- 5.1 Continue to progress the identified activities and provide the next statutory report to Committee in October 2023.
- 5.2 Continue to focus on delivering the commitments and outcomes in the Council's Diversity & Inclusion Strategy and Plan.

6. Financial impact

- 6.1 None

7. Stakeholder/Community Impact

- 7.1 In developing the Diversity and Inclusion strategy and plan we have engaged with a number of stakeholders including elected members, Trade Unions and external organisations.

8. Background reading/external references

- 8.1 Diversity and Inclusion Strategy Update to Policy and Sustainability Committee, November 2022
- 8.2 [Close the Gap | Statistics](#)
- 8.3 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours>
- 8.4 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/ethnicitypaygapsingreatbritain/2019>
- 8.5 [Disability pay gaps in the UK - Office for National Statistics \(ons.gov.uk\)](#)
- 8.6 <https://democracy.edinburgh.gov.uk/documents/s8995/Item%207.13%20-%20Diversity%20and%20Inclusion%20Strategy.pdf>
- 8.7 [Family Resources Survey: financial year 2019 to 2020 - GOV.UK \(www.gov.uk\)](#)

9. Appendices

Appendix 1: What are pay gaps and how are they calculated?

Appendix 2: Groups in scope for pay gap reporting

Appendix 3: Workforce profile – horizontal segregation

Appendix 4: Workforce profile – vertical segregation

Appendix One: What are pay gaps and how are they calculated?

A “pay gap” is not the same as “equal pay”. Equal pay is the equal payment of men and women for undertaking the same work. Men and women are paid equally for doing equivalent jobs across the organisation.

Pay gap analysis shows the difference in average hourly rate between one group and another, e.g. women and men (the gender pay gap).

Pay gap analysis is expressed as a percentage. A pay gap is calculated by working out the difference between the average hourly rate between one group and another. Pay gap analysis captures the mean average and median average hourly rates and resulting pay gaps:

Terminology	Description
Mean average	The mean of a group of values is the sum of all values added together and divided by the number of values in the set.
Mean pay gap	The mean pay gap is a measure of the difference between one group’s mean hourly wage and another group’s mean hourly wage.
Median average	The median of a group of values is calculated by ranking all values in order, from the highest to the lowest, and taking the value in the middle.
Median pay gap	The median pay gap is the difference between one group’s median hourly wage and another group’s median hourly wage.

Quartile analysis

A pay quartile represents a quarter, or 25%, of the workforce, ranked by pay. The pay quartiles are then broken down by gender. This is then compared in relation to the organisational gender profile which is 70% female and 30% male.

Vertical segregation

Vertical segregation denotes the situation whereby opportunities for career progression for a particular protected characteristic are limited. Our data for vertical segregation looks at populations in the salary bandings of:

Less than £20K, £20K to £29,999, 30K to £39,999, £40K to £49,999, £50K to £59,999, £60K to £69,999, £70K to £79,999, more than £80K.

Horizontal segregation

Horizontal (occupational) segregation occurs when one demographic group is over-represented or under-represented among different kinds of work or different types of jobs. Our data for horizontal segregation looks at populations in the following way:

Group	Example roles in group
Business Support	Business Support Administrator; Transactions Administrator
Care	Social Care Worker; Social Care Assistant; Residential Care Officer
Catering, cleaning, and (FM)	Cleaning Operative; Cook; Facilities Technician
Frontline Public Services	Waste and Cleansing Operative
Leadership	Service Director, Head of Service; Service Manager Head Teacher
Manager	Business Manager; Team Leader
Professional/ Technical	Engineer; Housing Officer; Policy Adviser
School Support	Pupil Support Assistant; Early Years Practitioner; Early Years Officer
Teacher	School Teachers

Appendix Two : Groups in scope for pay gap reporting

The Council has three separate pay and grading structures:

Group	Pay and grading structure
Local Government Employees	Grades one to twelve, using national SJC pay structure, underpinned by Capital job evaluation scheme.
Teachers	Scottish Negotiating Committee for Teachers (SNCT) national grades/salaries, jobs sized in accordance with SNCT approach.
Chief Officials	Nationally agreed grading structure underpinned by Korn Ferry job evaluation scheme.

The scope of the organisation's pay gap analysis is:

Data Scope	Groups and payments
Employees Groups in Scope	LGE, Chief Official, Teaching
Employee Groups Excluded	Agency
Contracts in Scope	Permanent, Fixed Term, temporary, apprentice, trainee
Contracts Excluded	Casual, supply
Payments in Scope	Basic Pay, Working Time Payments, Contractual Overtime
Payments Excluded	Allowances, Salary Sacrifice, Overtime (claims)

This year's reporting reflects a total of 18,340 contracts in place at 31 March 2022, with a headcount of 17,628.

Appendix 3: Workforce profile – Horizontal segregation

Horizontal (occupational) segregation occurs when one demographic group is over-represented or under-represented among different kinds of work or different types of jobs. The below tables show occupational segregation for the protected characteristics of gender, ethnicity and disability.

Occupation	Gender				Ethnicity				Disability			
	% female	% male	Total female	Total male	% minority ethnic	% white	Total minority ethnic	Total white	% disabled	% no disability	Total disabled	Total no disability
Business Support	77.3%	22.7%	942	276	5.2%	78.7%	63	958	5.8%	74.1%	71	903
Care	77.9%	22.1%	1,259	357	6.9%	73.3%	111	1,185	2.5%	75.1%	41	1,214
Catering, cleaning & FM	69.8%	30.2%	1,203	521	5.0%	72.2%	87	1,245	2.0%	74.2%	34	1,279
Frontline Public Services	22.9%	77.1%	408	1,370	2.0%	73.9%	36	1,314	2.8%	71.0%	49	1,263
Leadership	66.3%	33.7%	379	193	1.0%	87.9%	6	503	1.6%	83.4%	9	477
Manager	63.1%	36.9%	1,130	660	2.9%	86.7%	52	1,552	3.3%	83.5%	59	1,495
Professional /Technical	58.2%	41.8%	1,361	976	3.9%	78.7%	91	1,839	4.7%	76.6%	110	1,790
School Support	91.9%	8.1%	3,134	275	5.4%	70.6%	185	2,408	2.2%	72.7%	74	2,479
Teacher	78.0%	22.0%	3,040	855	2.2%	79.9%	84	3,113	1.8%	75.6%	70	2,946

Appendix 4: Workforce profile – Vertical segregation

Vertical segregation denotes the situation whereby opportunities for career progression for a particular protected characteristic are limited. The below tables show vertical segregation for the protected characteristics of gender, ethnicity and disability.

Salary	Gender				Ethnicity				Disability			
	% female	% male	Total female	Total male	% minority ethnic	% white	Total minority ethnic	Total white	% disabled	% no disability	Total disabled	Total no disability
Less than £20k	78.6%	21.4%	3,644	992	5.1%	69.3%	237	3,215	2.3%	70.6%	107	3,275
£20k - £29,999	64.7%	35.3%	3,681	2,008	5.0%	75.6%	284	4,300	3.1%	73.3%	176	4,170
£30k - £39,999	63.0%	37.0%	2,031	1,191	3.2%	81.5%	104	2,627	4.2%	78.9%	134	2,543
£40k - £49,999	75.4%	24.6%	2,701	880	2.1%	81.8%	74	2,928	2.1%	79.8%	75	2,857
£50k - £59,999	68.1%	31.9%	547	256	1.2%	87.5%	10	703	2.5%	82.4%	20	662
£60k - £69,999	68.5%	31.5%	189	87	1.8%	83.7%	5	231	1.8%	83.0%	5	229
£70k - £79,999	56.5%	43.5%	39	30	1.4%	88.4%	1	61	0.0%	85.5%	0	59
More than £80k	38.1%	61.9%	24	39	0.0%	82.5%	0	52	0.0%	81.0%	0	51