

Policy and Sustainability Committee

10.00am, Tuesday, 6 October 2020

Gender Pay Gap

Item Number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

- 1.1 Policy and Sustainability Committee is recommended to review and note the gender pay gap report which will be published later in October 2020.

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Report

Gender Pay Gap

2. Executive Summary

- 2.1 The Council is currently bound by duties arising from the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, which require the Council to positively eliminate discrimination and publish gender pay gap information every two years.
- 2.2 The Finance and Resources Committee reviewed our gender pay gap information in October 2018, with an update provided to the Policy and Sustainability Committee in October 2019.
- 2.3 This report provides an update on the current gender pay gap position and the long-term measures and actions previously agreed.
- 2.4 The key changes from the 2018 report are:
 - Our mean gender pay gap has reduced by 0.7% (from 4.8% in 2018 to 4.1%);
 - The pay gap within the Communities and Families Directorate has reduced, driving down the overall gap within the Council;
 - The female density at senior level roles has increased by 7.5%;
 - The pay gaps in the Place and Resources Directorates have increased;
 - There is marginal upward change to Local Government Employees (LGE) and Chief Official pay gaps; and,
 - a small reduction in pay gap for our part time workforce.

3. Background

- 3.1 It is widely acknowledged that the gender pay gap is influenced by many factors, including wider societal dynamics, some of which are transformational and longer term in their nature. However, understanding the data and trends better has enabled us to target initiatives that will continue to reduce the gap in the short to medium term.
- 3.2 Analysis has shown us that close monitoring and gender impact assessments are critical to support the maintenance/improvement of the gap.
- 3.3 A number of activities and initiatives are underway to seek to continue to close the Council's gender pay gap.

4. Main report

- 4.1 The Council is currently bound by duties arising as a result of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, which require the Council to positively eliminate discrimination and publish gender pay gap information.
- 4.2 The duty requires public authorities with 20 or more employees to publish gender pay gap information on the percentage difference between men's and women's average hourly pay, excluding non-contractual overtime.
- 4.3 The Council has 3 separate pay/grading structures: -
 - Local Government Employees (LGE) – Grades 1 to 12, underpinned by job evaluation using the Capital Job Evaluation Scheme.
 - Teachers – Jobs sized from a pay perspective in accordance with the Scottish Negotiating Committee for Teachers (SNCT).
 - Chief Officials – Nationally agreed grading structure underpinned by Hays job evaluation.

Gender Pay Gap – what is it?

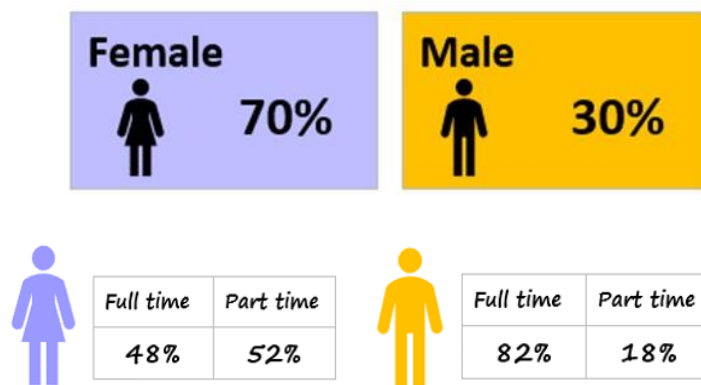
- 4.4 The gender pay gap is not the same as equal pay. Equal pay is the equal payment of men and women for undertaking the same work. Men and women are paid equally for doing equivalent jobs across the organisation.
- 4.5 The gender pay gap is the difference in the average hourly wage of all men and women across the workforce.

How we have calculated our Gender Pay Gap?

- 4.6 The gender pay gap is always expressed as a percentage. It is calculated by working out the difference between the average pay of all male employees and the average pay of all female employees.
- 4.7 A negative pay gap figure would mean that the average pay of men is lower than the average pay of women.
- 4.8 The calculations are based on the snapshot date of March 2020 and cover all relevant employees: -

Data Scope	Workforce Demographic
Employee Groups in Scope	LGE, Chief Officials, Teaching
Groups Excluded	Agency Workers, ALEO employees
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)

- 4.9 The headcount of our relevant employees is 13,083 (these employees hold a total of 17,927 contracts in the analysis dataset). The gender split of our total contracts is:



- 4.10 There has been no change to overall female density between 2018 and 2020, nor has there been any change to female full time/part time split. Male part time workforce has increased by 1% since 2018.

Mean Gender Pay Gap

- 4.11 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. The mean hourly rate is the average hourly wage across the entire organisation. The mean gender pay gap is a measure of the difference between women's mean hourly wage and men's mean hourly wage.
- 4.12 The mean average gender pay gap for the City of Edinburgh Council is 4.1% down from 4.8% in 2018. For every £1 that a male employee earns, a female employee earns 4 pence less (96 pence).

Mean Average Hourly Rate		
Female	Male	Gap
£15.65	£16.32	4.1%

Median Gender Pay Gap

- 4.13 The median hourly rate is calculated by ranking all employees from the highest paid to the lowest paid and taking the hourly wage of the person in the middle; the median gender pay gap is the difference between women's median hourly wage (the middle-paid woman) and men's median hourly wage (the middle-paid man).
- 4.14 The median average gender pay gap is slightly higher than the mean at 6.7%, up from 5% in 2018. For every £1 that a male employee earns, a female employee earns 7 pence less (93 pence).

Median Average Hourly Rate		
Female	Male	Gap
£13.64	£14.62	6.7%

Bonus Analysis

- 4.15 The City of Edinburgh Council does not pay bonus payments to any groups of employees. Our bonus gender pay gap is therefore 0%, since 0% of men or women were in receipt of bonus pay.

Quartile

- 4.16 It is not possible to split our contracts into groups of identical size, at 'natural' cut off points, due to the number of variations and contracts on certain hourly rates. Therefore, we tested different quartile boundary points to achieve a balance in the distribution of contracts per quartile.

Quartile	Female	Male	Total Contracts	Min £	Max £
Lower quartile	79%	21%	4467	£9.07	£10.62
Lower middle quartile	66%	34%	4498	£10.63	£13.84
Upper middle quartile	61%	39%	4477	£13.85	£20.65
Upper quartile	72%	28%	4484	£20.67	£92.70

4.17 The expectation would be that the gender breakdown in each quartile would reflect the overall organisational profile of 70% female and 30% male. The quartile analysis shows Quartile and 1 and 3 are furthest from the overall breakdown. The underlying reasons for this breakdown in the lowest quartile will be due to the high number of female employees occupying part time roles and undertaking less shift patterns.

Gender Pay Gap for Part-time employees

4.18 The part-time pay gap is calculated by comparing women's part-time average hourly pay with men's fulltime average hourly pay.

Mean Average Hourly Rate		
Female (Part Time)	Male (Full Time)	Gap
£13.60	£16.99	20.0%

Median Average Hourly Rate		
Female (Part Time)	Male (Full Time)	Gap
£10.80	£15.12	28.6%

4.19 Our mean average pay gap using this calculation is significantly higher than the overall pay gap at 20%, however it has come down from 20.8% in 2018. This reflects the fact that we have high numbers of part time female employees employed in the lowest grades. In addition, our current reward framework means that part time employees are unlikely to earn the higher working time payment rates and will have less scope for payments under weekend and night working than full time employees. The median average has also decreased from 31.7% to 28.6%.

Mean Average Pay Gaps by Directorate

4.20 The gap for LGE employees and Teaching employees has reduced in Communities and Families and but has increased in Place and Resources.

Changes since 2018:

- Communities and Families reduced by 2.1%
- EH&SCP reduced by 0.8%

- Place increase by 1.5%
- Resources increased by 1.4%
- Local Government Employees increased by 0.2%
- Teaching reduced by 0.2%
- Chief Officials increased by 5.7%

Age Pay Gap

4.21 This is the first time we have reported on this data set. The figures below show that we have a negative mean and median gap for those colleagues under the age of 40, which essentially means that the average pay of men is lower than the average pay of women. In contrast, the mean gap for those colleagues over the age of 40 is 7% and the median gap is 11%. This is similar with the information gathered by the Office for National Statistics.

Mean Average Hourly Rate			Median Average Hourly Rate		
Female (<40)	Male (<40)	Gap	Female (<40)	Male (<40)	Gap
£15.86	£15.52	-2.2%	£14.90	£14.48	-2.9%

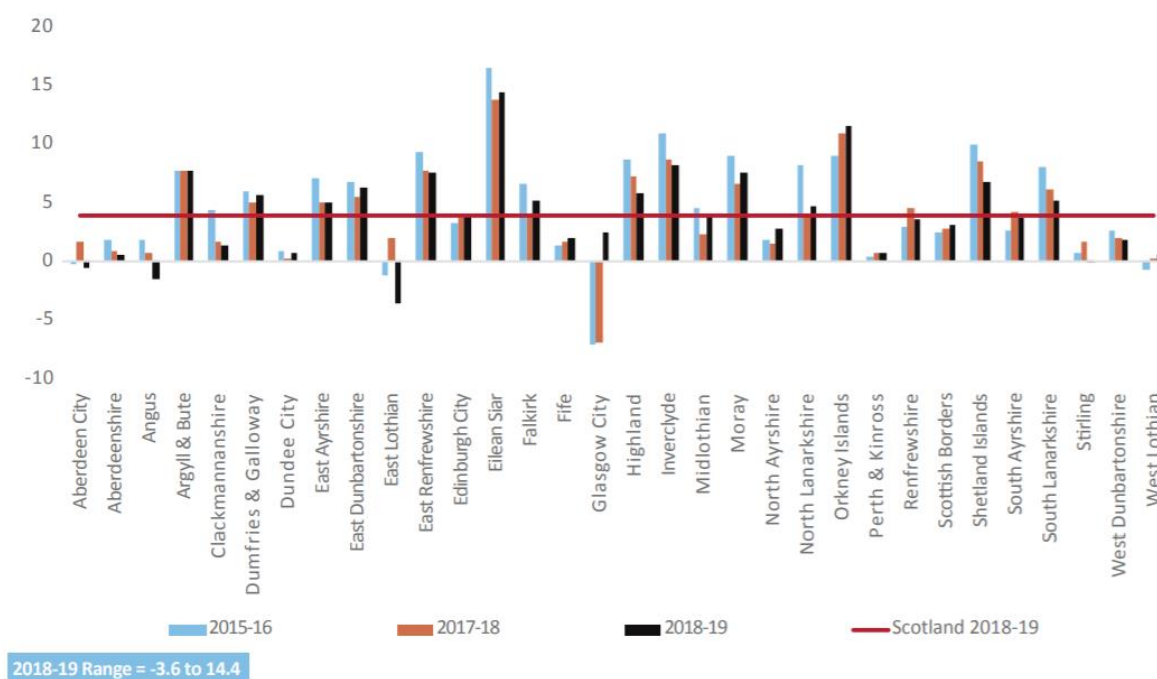
Mean Average Hourly Rate			Median Average Hourly Rate		
Female (40+)	Male (40+)	Gap	Female (40+)	Male (40+)	Gap
£15.53	£16.70	7.0%	£13.26	£14.90	11.0%

Broader Context

- 4.22 The Office for National Statistics (ONS) provided figures in 2019 that show since 2012 there has been little meaningful change in the gender pay gap, with the gap only narrowing by 0.6% for full-time employees since 2012. The most stubborn gap is between men and women when they reach their 50s, where the difference in pay is more than 15% and has not declined significantly over time.
- 4.23 The ONS said one of the reasons for differences in the gender pay gap between age groups is that women over 40 years are more likely to work in lower-paid occupations and, compared with younger women, are less likely to work as managers, directors or senior officials.
- 4.24 Among the highest paid, the gap widened substantially in 2019. The ONS, which relies on a snapshot of 1% of all the pay records at HM Revenue & Customs, said the gap at the level of “managers, directors and senior officials” rose from 13.9% to 15.9% last year.

Benchmarking

- 4.25 As stated at para 2.1 of this report, the Council is currently bound by duties arising from the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. Unfortunately, these regulations do not currently provide specific guidance on how Scottish Local Authorities should calculate their gender pay gap info. This makes benchmarking more difficult as we will not necessarily be comparing like for like information.
- 4.26 Despite the above, benchmarking information was provided in 2018/19 by the Local Government Benchmarking Framework (LGBF) for the 3 years, 2015/16, 2017/18 and 2018/19.
- 4.27 The figures below show that The City of Edinburgh Council was below the Scottish Average of 4% and ranked 18 out of the 32 Local Authorities.



Working to close the gap

- 4.29 Whilst, our headline gender pay gap figures are relatively low, we know there is more we need to do.
- 4.30 We have an ambitious Diversity and Inclusion Strategy and Action Plan included as an appendix to this report) which was previously approved by this Committee, which committed the Council to a number of short-term actions as well as actions which are transformational in their nature and therefore will take time to evolve and have meaningful impact.

4.31 We will continue further analysis to gain insight into how the overall figure is made up. Our analysis concentrates on understanding the reasons for any differences with particular attention to: -

- roles where men occupy more senior roles than women in the same occupation;
- occupational segregation where men and women do different jobs;
- gender differences in time in the job, influenced in part by career breaks and caring responsibilities for women; and,
- part-time versus full-time employment.

4.32 In addition, we will:

- continue to monitor our recruitment strategy, such as adapting our recruitment methods, paying particular attention to occupational segregation;
- commit to review our Reward arrangements;
- continue to monitor our ongoing talent programme, (of which the majority of the participants are female);
- continue to actively promote our existing flexible working options for colleagues;
- increase diversity awareness as part of our wider diversity & inclusion strategy;
- actively participate/benchmark with government and industry; and,
- to work with 'subject matter experts and organisations and to continue to work in partnership with our Diversity & Inclusion focus group on this agenda.

5. Next Steps

5.1 We will continue with the identified activities and will report our Gender Pay Gap position to Committee in October 2022.

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, our colleague networks and external organisations.

- 7.2 Our new platforms for recruitment, for example use of social media, will help us to reach a diverse as possible pool of potential candidates.

8. Background reading/external references

- 8.1 [Office for National Statistics \(ONS\) Gender Pay Gap in the UK: 2019](#)
8.2 [Gender Pay Gap Update 2019](#)

9. Appendices

- 9.1 [Diversity and Inclusion Strategy](#)