

# Finance and Resources Committee

10.00am, Thursday 11 October 2018

## Gender Pay Gap

Item number	7.5
Report number	
Executive/routine	
Wards	
Council Commitments	

### Executive Summary

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In accordance with our duties arising as a result of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, we have up-dated our gender pay gap based on data from 31 March 2018. Whilst our overall mean gender pay gap remains low, the report recognises that we would like to reduce our gender pay gap and identifies areas for further analysis.

## Gender Pay Gap

### 1. Recommendations

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- 1.1 Finance and Resources Committee are asked to note the gender pay gap report to be published in October 2018.
- 1.2 It is recommended that the gender pay gap is published with a foreword from the Chief Executive and confirming that the published gender pay gap information is accurate and attesting to the accuracy of the calculations.

### 2. Background

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- 2.1 The Council is due to report our latest data prior to March 2019. We are therefore publishing our new data in advance of the deadline to ensure full compliance.

### 3. Main report

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- 3.1 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.
- 3.2 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 overtime.
- 3.3 We intend to provide our next gender pay gap information in line with these regulations in October 2018.
- 3.4 The Council has 3 separate grading structures:-
  - Local Government – Grades 1 to 12 underpinned by job evaluation using the Capital Job Evaluation Scheme.
  - Teachers – Jobs sized in accordance with SNCT.
  - Chief Officials – Nationally agreed grading structure underpinned by Hays job evaluation.
- 3.5 This up-date is produced as part of the Council's wider commitment to monitoring equality, and to provide analysis and recommendations in relation to reward management, policy, and the practice of managers and employees across the organisation.

## Gender Pay Gap – what is it?

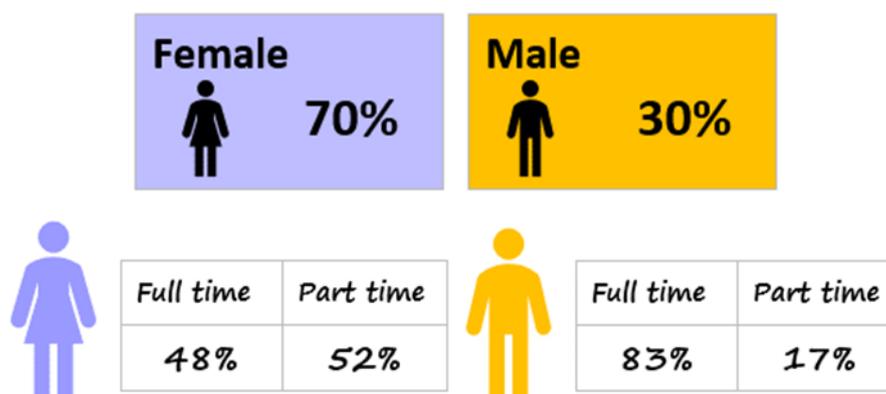
- 3.6 The gender pay gap is not the same as equal pay. Equal pay is the equal payment of men and women for undertaking the same work. Men and women are paid equally for doing equivalent jobs across the organisation.
- 3.7 The gender pay gap is the difference in the average hourly wage of all men and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

## How we have calculated our Gender Pay Gap

- 3.8 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.
- 3.9 A negative pay gap figure would mean that the average pay of men is lower than the average pay of women.
- 3.10 The calculations are based on the snapshot date of 31 March 2018 and cover all relevant employees:-

Data Scope	Workforce Demographic
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)

- 3.11 The headcount of our relevant employees is 17,024 (these employees hold a total of 17,874 contracts in the analysis dataset). The gender split of our total contracts is:



3.12 Our gender split is reflective of other local authorities and the overall UK trends. The Scottish Government statistics report that at mid-2017, 72% of staff working for Local Authorities were women. The 2011 census showed almost five times more women were part-time employees compared with men (33% of economically active women compared with 7% of economically active men).<sup>1</sup>

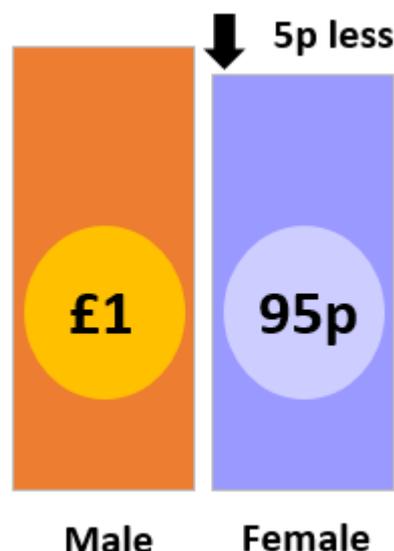
### Our gender Pay Gap

#### Mean Gender Pay Gap

3.13 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.

3.14 The mean average gender pay gap for the City of Edinburgh Council is 4.8%. For every £1 that a male employee earns, a female employee earns 5 pence less (95 pence).

Mean Average Hourly Rate		Mean Average Gap
Female	Male	
£14.36	£15.08	4.8%



#### Median Gender Pay Gap

3.15 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).

3.16 The median average gender pay gap is slightly higher than the mean at 5%. For every £1 that a male employee earns, a female employee earns 5 pence less (95 pence).

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<sup>1</sup> Scottish Government Survey Data [www.gov.scot](http://www.gov.scot)

Median Average Hourly Rate		
Female	Male	Median Average Gap
£12.79	£13.47	5.0%



### Bonus Analysis

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

### Quartile

- 3.18 It is not possible to split our contracts into groups of identical size due to the number of contracts on certain hourly rates at the “natural” cut off points. 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%	4472	£8.51	£9.69
Lower middle quartile	67%	33%	4678	£9.70	£12.79
Upper middle quartile	60%	40%	4255	£12.80	£18.90
Upper quartile	72%	28%	4468	£18.91	£87.15

- 3.19 The expectation would be that the gender breakdown in each quartile would reflect the overall breakdown 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.

### Broader Context

- 3.20 Nearly 8 in 10 firms, 78%, have a pay gap in favour of men, while 8% of companies reported no pay gap at all.<sup>2</sup> This is based on the median pay gap. The airlines published headline-grabbing pay gaps: BA reporting a mean gender pay gap of

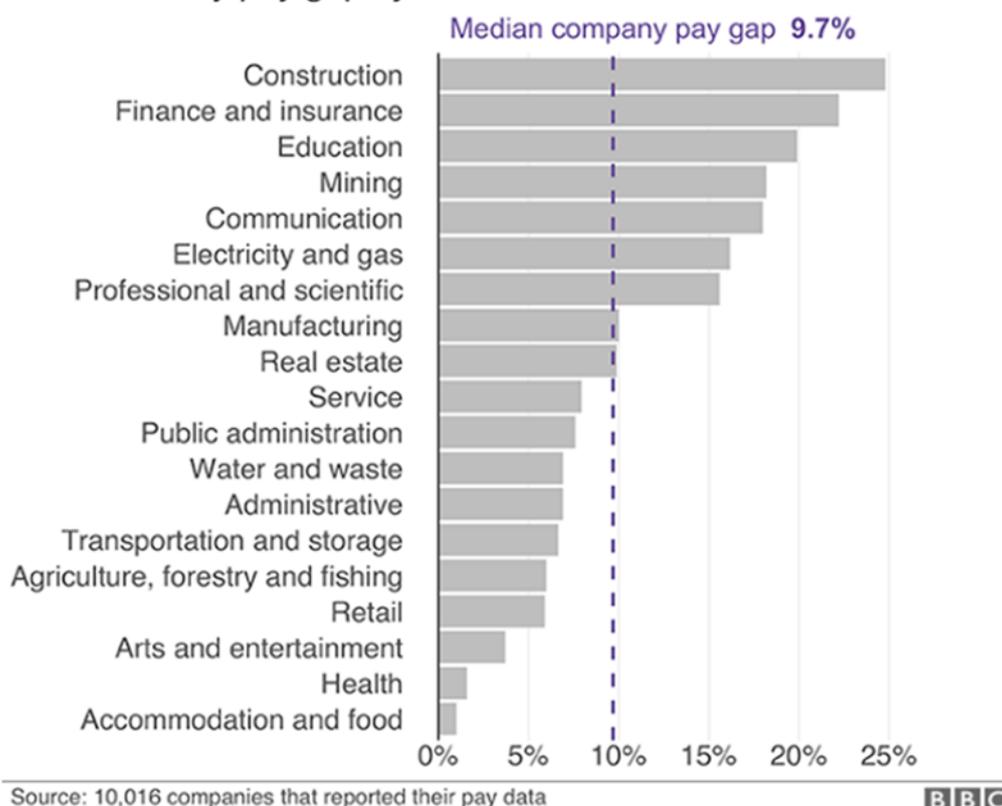
<sup>2</sup> BBC What is the gender pay gap at your company? 5 April 2018

35% and a median gender pay gap of 10%; Ryanair reporting 67% and 72% respectively and Virgin reporting 58% and 28%.

- 3.21 Close the Gap reported in 2016 that on average, women in Scotland earn 15% less per hour than men.
- 3.22 In no sector did reporting show that women are paid more. As a society, women are paid less than men in the UK. There is a requirement for change to encourage more women to enter higher paid professions, starting in schools and reinforced through further and higher education and into employment.

## All sectors have a pay gap that favours men

Median hourly pay gap by sector



## Gender Pay Gap for Part-time employees

- 3.23 The part-time pay gap is calculated by comparing women’s part-time average hourly pay with men’s fulltime average hourly pay. There would usually be a higher pay gap using this calculation as part time work is generally concentrated in lower paid activities.

Mean Average Hourly Rate		
Female (Part Time)	Male (Full Time)	Mean Average Gap
£12.43	£15.70	20.8%

Median Average Hourly Rate		
Female (Part Time)	Male (Full Time)	Median Average Gap
£9.71	£14.21	31.7%

3.24 Our mean average pay gap using this calculation is significantly higher than the overall pay gap at 20.8%. 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.

#### **Working to close the gap**

3.25 Our headline gender pay gap figures are low, and are closely connected to a:

- comprehensive range of flexible working options and family friendly policies to support and encourage a more flexible, diverse workforce;
- Diversity and inclusion training.

3.26 We are committed to introducing measures to reduce our gender pay gap and any inequalities in specific areas. We will undertake further analysis to gain insight into how the overall figure is made up. Our analysis will concentrate 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.

3.27 In addition, we will:-

- review our recruitment and selection policy paying particular attention to occupational segregation;
- review our reward arrangements;
- review our career progression and talent approaches;
- increase diversity awareness as part of our wider diversity strategy
- align with work undertaken within Education /schools; and
- actively participate/benchmark with government and industry.

## **4. Measures of success**

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4.1 The Gender Pay Gap will meet our obligations to publish gender pay gap data under the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.

4.2 The report will bring insight and transparency regarding areas for improvement and actions to address.

## 5. Financial impact

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5.1 There is no direct financial impact arising from this report.

## 6. Risk, policy, compliance and governance impact

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6.1 Our overall Gender Pay Gap is low. It is our intention to undertake further analysis and where inequalities become apparent, work towards their elimination. It is to be acknowledged that given the broader context of gender pay gap across the UK and the change required in societal attitude, our commitment and activity will be over the longer term.

## 7. Equalities impact

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7.1 There are no significant equalities impacts arising directly from this report.

## 8. Sustainability impact

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8.1 There is no sustainability impact of this report.

## 9. Consultation and engagement

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9.1 Engagement with key stakeholders, including senior management teams, Trade Unions and elected members is ongoing.

## 10. Background reading/external references

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10.1 Scottish Government Survey Data [www.gov.scot](http://www.gov.scot)

10.2 Close the Gap (2016) Gender pay gap statistics

10.3 [BBC What is the gender pay gap at your company? 5 April 2018](#)

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## 11. Appendices

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