



# CLOSE THE GAP WORKING PAPER

## Gender Pay Gap Statistics

October 2023

This paper is an updated version of *Gender Pay Gap Statistics* published in March 2022. It provides the latest gender pay gap statistics for Scotland and revisits the complexities of measuring and reporting on the pay gap.

### 1. Key findings

#### Overview of the gender pay gap

- From 2021 to 2022, there has been a slight increase in Scotland's mean gender pay gap from 10.1 per cent to 10.9 per cent.
- The mean pay gap between male and female full-time workers has also increased to 7.9 per cent in 2022 from 6.6 per cent in 2021.
- Women who work part time earn 26.3 per cent less on average than men working full time, which is a very slight decline of 0.6 percentage points. This illustrates the systemic undervaluation of 'women's work' which continues to be concentrated in low-paid, part-time jobs.
- The majority of part-time workers are women (73 per cent) and women are three times more likely to work part time than men, at 38.3 per cent compared with 13.4 per cent.

#### How has the gender pay gap changed?

- From 2021 to 2022, the overall gender pay gap increased by almost one percentage point, whilst the full-time gender pay gap increased by just over one percentage point.
- Data from 2020 showed the gender pay gap declined by around three percentage points compared with 2019, for both the combined and full-time measurements. As this more substantial decline is not continued in the latest data, it is likely that changes to the gender pay gap in 2020 reflected Covid-19 job disruption, rather than underlying pay trends. This decline has begun to reverse slightly, as the overall and full-time gender pay gaps have widened marginally in 2022.
- The trajectory of the part-time pay gap breaks with this trend. While the mean part-time pay gap increased by 1.3 percentage points from 2019 to 2020, there was a

substantial decline of 2.8 percentage points in 2021. This is likely to reflect the increase in the National Living Wage rate which, as the majority of part-time workers, women disproportionately benefit from, and changes to working hours during the pandemic. As of 2022, the mean part-time pay gap has once again narrowed very slightly by half a percentage point to 26.3 per cent.

### The gender pay gap by occupational group and sector

- Women are concentrated in sectors of the Scottish economy which are characterised by low pay. As a result, many female-dominated occupational groups have a lower than average gender pay gap in Scotland (10.9 per cent), including caring, leisure and service (4.9 per cent); sales and customer service (6.7 per cent); and administrative and secretarial (10.1 per cent).
- The gender pay gap for managers, directors and senior officials decreased slightly by around half a percentage point in 2022. This contrasts with the 2021 trend, whereby the gender pay gap for this group increased by 2.8 percentage points.
- The managers, directors and senior officials' occupational group has a notable impact on the overall gender pay gap. The decrease in the pay gap for this group is therefore likely to have contributed to the levelling-out of Scotland's gender pay gap in 2022.
- When looking at the public, private and third sectors, the third sector has the highest pay gap for the combined (17.5 per cent) and full-time (17.2 per cent) figures. The highest part-time gender pay gap is found in the private sector (32.5 per cent).

### The gender pay gap for low, medium and high earners

- Analysing pay data for different groups of earners shows that the gender pay gap increased for four of the nine earner percentiles<sup>1</sup> in 2022. This is a slight improvement on 2021 data, where six of the nine earner percentiles saw increases in the gender pay gap.
- In 2022, the most notable decrease in the gender pay gap (1.0 percentage point) was amongst the lowest earners (the 10th percentile). This is a reverse of the 2021 trend which saw the gender pay gap increase by 2.0 percentage points, suggesting a return to pre-pandemic trends. The most recent data suggests the gender pay gap may be narrowing for the lowest earners.
- Women continue to account for the majority of low-paid workers in Scotland. Meanwhile, the highest female earners continue to earn substantially less than their male counterparts, with a gender pay gap of 17.1 percentage points for those in the 90th percentile. This is a slight decline from the 2021 gender pay gap of 17.6 per cent in the 90th percentile.

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<sup>1</sup> ASHE data allows for a more detailed examination of the median gender pay gap across different groups of earners. Those on the lowest wages are in the 10th percentile, whilst the highest earners are in the 90th percentile e.g. those in the 10th percentile earn less than 90 percent of other employees.

## The gender pay gap by age

- After the age of 22, women's average hourly earnings are lower than their male counterparts. This means there is a gender pay gap for all age groups from age 22-29 to the over 60s group.
- The gender pay gap for those aged 40 and over continues to be higher than the national average. This partly reflects the 'motherhood penalty' and the lower incidence of women moving into higher-paid managerial occupations after the age of 39.
- The latest data shows that women aged 18-21 have lower average hourly earnings than their male counterparts. While the gender pay gap for this age group has previously been on a downward trajectory, the most recent data suggests the gender pay gap in hourly earnings is widening for 18-21 year olds. This is likely due to men's weekly and median hourly earnings remaining higher than women's in this age group.
- It is important to highlight that the gender pay gap tends to fluctuate and is affected by labour market shocks. This is particularly evident over the past few years, with the pandemic creating a high level of flux. The pay gap is also a lagging indicator which means that is a retrospective measure of gender equality, and so does not entirely reflect the situation as it currently stands.

## 2. Introduction

This paper provides information on how to calculate and report on the gender pay gap. It aims to explore some of the complexities around different methods of calculation and why it is important to understand what is behind the information reported in the media. It will be useful for those interested in gender-sensitive, sex-disaggregated data, and delivery agencies which support organisations and businesses to challenge gender inequality in the workplace. The paper will also be useful for businesses and organisations that are looking to generate, and report on, their pay gaps. When reading this paper, it is important to remember that the pay gap fluctuates and is affected by labour market shocks. In addition, the pay gap is a lagging indicator, meaning it does not entirely reflect the situation in the labour market as it currently stands.

Covid-19 had profound implications for Scotland's labour market. As a result of women's pre-existing inequality in the labour market, women's employment was impacted in multiple and specific ways by Covid-19 job disruption.<sup>2</sup> Both the combined and full-time gender pay gap figures declined by over 2.6 percentage points from 2019 to 2020, breaking with the long-term trend of incremental reductions in the gender pay gap. However, analysis by the Office for National Statistics (ONS) concluded that Covid-19 did not have a notable impact on the gender pay gap in 2020, suggesting the reduction of the pay gap reflected underlying

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<sup>2</sup> Close the Gap (2020) *One Year On: How Covid-19 is impacting women's employment in Scotland*, available at: <https://www.closesthegap.org.uk/content/resources/One-Year-On—How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf>

employment patterns, such as changes in the pay gap within occupational groups and an increase in women holding higher-paid managerial roles.

The sharp decline in the pay gap figure has not been replicated within the latest data for 2022, and has even reversed slightly, as both the combined and full-time pay gaps have increased by around one percentage point between 2021 and 2022. This suggests that furlough and wider job disruption had an impact on previous years' figures. In addition, as outlined in the 2022 gender pay gap paper,<sup>3</sup> many of the underlying employment patterns visible in the UK-level data, such as improved gender balance in managerial roles or an increasing number of occupational groups reporting below average gender pay gaps, were not present within the Scottish-level data. This could point to Covid-19 having a more substantial impact on the gender pay gap within Scotland.

The continued uncertainty around the impact of Covid-19 on the gender pay gap consequently makes comparing data from 2020 to 2022 somewhat difficult. The ONS therefore recommends looking at the longer-term trend in the gender pay gap.<sup>4</sup> For this reason, data from 2019 has been added to some tables and figures in this paper to enable longer-term comparisons.

### 3. What is the gender pay gap?

The gender pay gap is the difference between women's and men's average earnings. It is the key indicator of women's labour market inequality and represents the divergent experiences women have not only in employment but also in education, training, care and other unpaid domestic labour, and men's violence. It is a persistent feature of Scotland's labour market.

The gender pay gap is an important indicator within the wider socio-economic context as it enables industries, regions, and countries to benchmark their performance in challenging women's inequality in the labour market. This is partly due to the fact that the gender pay gap is a global phenomenon and the causes of the pay gap are symptomatic of wider issues relating to the persistent undervaluing of women's contribution to the economy. As a result, the gender pay gap is linked to a number of legal, social, and economic factors which go far beyond the single issue of equal pay for equal work.

### 4. Annual Survey of Hours and Earnings

The ONS produces data on the average hourly earnings of women and men in the Annual Survey of Hours and Earnings (ASHE). The provisional ASHE results are released at the end of each year and contain the revised survey results for the previous year. The revised

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<sup>3</sup> Close the Gap (2021) *Gender pay gap statistics*, available at: <https://www.closesthegap.org.uk/content/resources/Working-Paper-22—Gender-Pay-Gap-Statistics-2021.pdf>

<sup>4</sup> ONS (2021) *The Gender Pay Gap in the UK: 2021*, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2021>

results include corrections identified during the period of validation as well as any late returns to the survey.<sup>5</sup> Data on employee earnings is drawn from payslip information and reported every year in a number of tables accessible to the public.

The ASHE tables provide information about the levels, distribution, and make-up of earnings and hours paid for employees within industries, occupations, and regions. It also provides data on earnings for employees by sex for full-time and part-time workers. Further breakdowns include by region, occupation, industry, region by occupation, and age groups.

ONS notes that earnings estimates were affected by changes in the composition of the workforce and furlough during Covid-19, which has made “interpretation difficult”.<sup>6</sup> It also cautions that due to data collection disruptions and lower response rates during and post pandemic, data for 2020, 2021, and 2022 are “subject to more uncertainty than usual” and advises users to focus more on long-term trends than year-on-year changes. As such, this report includes data between 2019 and 2022 in some tables and figures to account for these disruptions.

## 5. Calculating the gender pay gap

The gender pay gap is a complex issue and there is no definitive way in which to report a single figure which fully captures those complexities.<sup>7</sup> There are a number of factors to consider when reporting on the pay gap and it is important to understand what the different statistics indicate.

The UK Government Equalities Office uses the median hourly earnings (excluding overtime) to report on the pay gap, whereas the ONS reports the ASHE with both the mean and the median measurements, but its statistical bulletin will “give prominence to the median”.<sup>8</sup> The ASHE does not include the self-employed or those earning below the ‘pay as you earn’ (PAYE) income tax level, but it is possible to consider additional groups of people by integrating the Labour Force Survey results.

The headline gender pay gaps reported in the media may differ according to the region, the average measurement used, and whether the headline figure combines the full-time and part-time earnings. Table 1 illustrates the different pay gap figures in Scotland for 2019 to 2022.

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<sup>5</sup> ONS (2017) *Annual Survey of Hours and Earnings revised results*, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2017provisionaland2016revisedresults/relateddata>

<sup>6</sup> ONS (2022) *Gender pay gap in the UK: 2022*, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2022>

<sup>7</sup> Hicks, S., and Thomas, J. (2009) *Presentation of the Gender Pay Gap*, ONS

<sup>8</sup> Ibid

**Table 1: Gender pay gap measurements: comparing mean and median in Scotland**

Pay gap in Scotland	Median (%)				Mean (%)			
	2019	2020	2021	2022	2019	2020	2021	2022
Combined figure (all women/all men)	14.3	10.9	11.5	12.0	13.3	10.4	10.1	10.9
% change from previous year	-	-3.4	+0.6	+0.5	-	-0.9	-0.3	+0.8
Comparing women and men's full-time hourly rates of pay	7.1	3.0	3.6	3.7	10.1	7.5	6.6	7.9
% change from previous year	-	-4.1	+0.6	+0.1	-	-2.6	-0.9	+1.3
Comparing women's part-time and men's full-time hourly rates of pay	32.3	24.4	32.4	29.2	28.4	29.7	26.9	26.3
% change from previous year	-	-7.9	+8.0	-3.2	-	+1.3	-2.8	-0.6

Source: *ONS Annual Survey of Hours and Earnings*, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2022>, accessed May 2023

The *median average* gender pay gap is calculated by finding the midpoint in all employees' hourly pay and discarding the lowest and highest rates of pay, or 'outliers'. Therefore, half of the employees' earnings will be above the midpoint and half will be below the midpoint. The median, from a robust statistical perspective, is a more accurate measure as it is not skewed by very low hourly pay or very high hourly pay. However, as men account for the majority of those with very high rates of pay, and women account for the majority of those with very low rates of pay, the median figure can obscure some gendered differences.

The *mean average* gender pay gap is calculated by adding all employees' rates of pay together and dividing by the total number of employees. The mean includes the lowest and highest rates of pay. This will include a number of low-paid employees, who are more likely to be women. International measures also use the mean when calculating the pay gap, which enables comparisons to be made with other countries, for example the global gender pay gap.

The combined figure includes full- and part-time earnings and, although not adjusted to account for individual differences in working patterns, this figure is useful to give an overall picture of gendered pay inequalities in the labour market. The European Commission uses the combined figure as it provides a fuller analysis of the economy as a whole, while still capturing the complexities within it and enabling comparison between EU member states.<sup>9</sup>

<sup>9</sup> European Commission (2014) *Gender Pay Gap in EU Countries based on SES*, available at: [https://commission.europa.eu/system/files/2018-10/report-gender-pay-gap-eu-countries\\_october2018\\_en\\_0.pdf](https://commission.europa.eu/system/files/2018-10/report-gender-pay-gap-eu-countries_october2018_en_0.pdf)

More women are employed in lower-paid, part-time work, which in statistical reporting is referred to as the ‘part-time effect’.<sup>10</sup> The full-time figure for 2022 of 7.9 per cent illustrates the size of the gender pay gap when the part-time effect has been controlled for, although it is important to note that the ‘part-time effect’ is itself gendered. The majority of part-time workers are women (73 per cent) and 38.3 per cent of women are working part time, compared to 13.4 per cent of men.<sup>11</sup> Men are also less likely to be in part-time positions over a long period of time.<sup>12</sup> Women’s concentration in part-time work exacerbates their clustering in low-paid and insecure work, as most part-time work is found in the lowest paid jobs and sectors, making it difficult for women to combine their caring roles with a job that is commensurate with their skill level. Part-time work is negatively correlated with progression out of low-paid work<sup>13</sup> and part-time jobs are more than three times as likely to pay below the real Living Wage than full-time roles.<sup>14</sup>

Employment rates for women in Scotland have increased from 68.4 per cent in 2008 to 72.8 per cent in May 2023.<sup>15</sup> However, a focus on the employment rate masks the increasing precarity of women’s employment. Women account for 55 per cent of UK workers on zero-hour contracts.<sup>16</sup> Racially-minoritised women are over-represented in precarious work,<sup>17</sup> and are even more likely to be on zero-hour contracts.<sup>18</sup> Research by the Living Wage Foundation<sup>19</sup> found that more than half (52 per cent) of women in shift work are likely to receive less than a week’s notice for working hours, shifts, or work schedules.

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<sup>10</sup> ASHE 2009 notes (as cited in Scottish Government (2010) *Gender Equality Scheme Annual Report, Scottish Government*, pg 82)

<sup>11</sup> Scottish Government (2021) *Scotland’s Labour Market: People, Places and Regions – Statistics from the Annual Population Survey 2020/21*, available at: <https://www.gov.scot/publications/scotlands-labour-market-people-places-regions-statistics-annual-population-survey-2020-21/>

<sup>12</sup> Grant, L., Yeandle, S., and Buckner, L., (2005) *Working below potential: women and part-time work*, EOC Working Paper Series no. 40. Manchester: Equal Opportunities Commission

<sup>13</sup> In-Work Progression Commission (2021) *Supporting Progression Out of Low-paid Work*, available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/998175/supporting-progression-out-of-low-pay.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/998175/supporting-progression-out-of-low-pay.pdf)

<sup>14</sup> Jones, G. (2019) ‘Women benefit from living wage expansion’, *Third Force News*, available at: <https://tfn.scot/news/women-benefit-from-living-wage-expansion>

<sup>15</sup> Scottish Government (2023) *Labour Market Trends: May 2023*, available at: <https://www.gov.scot/publications/labour-market-trends-may-2023/>

<sup>16</sup> Office for National Statistics (2023) *EMP17: People in employment on zero hour contracts*, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts>

<sup>17</sup> Longhi, S. & Brynin, M. (2017) <https://www.equalityhumanrights.com/sites/default/files/research-report-108-the-ethnicity-pay-gap.pdf>; Close the Gap (2019) *Still Not Visible: Research on Black and minority ethnic women’s experiences of employment in Scotland*, available at: [https://www.closesthegap.org.uk/content/resources/1557499847\\_Still-Not-Visible.pdf](https://www.closesthegap.org.uk/content/resources/1557499847_Still-Not-Visible.pdf); and Trade Union Congress (2021) *BME women almost twice as likely to be on zero-hours contracts as white men, TUC and ROTA find*, available at: <https://www.tuc.org.uk/news/bme-women-almost-twice-likely-be-zero-hours-contracts-white-men-tuc-and-rotafind>

<sup>18</sup> Trade Union Congress (2019) *BME workers far more likely to be trapped in insecure work, TUC analysis reveals*, available at: <https://www.tuc.org.uk/news/bme-workers-far-more-likely-be-trapped-insecure-work-tuc-analysis-reveals> and Trade Union Congress (2020) *BME women and work: TUC Equality Briefing*, available at: <https://www.tuc.org.uk/sites/default/files/2020-10/BMEwomenandwork.pdf>

<sup>19</sup> Living Wage Foundation (2021) *The Insecurity Complex: Low-paid workers and the growth of insecure work*, available at: [https://www.livingwage.org.uk/sites/default/files/2022-10/The%20Insecurity%20Complex%20-%20Low%20Paid%20Workers%20and%20the%20Growth%20of%20Insecure%20work\\_1\\_0.pdf](https://www.livingwage.org.uk/sites/default/files/2022-10/The%20Insecurity%20Complex%20-%20Low%20Paid%20Workers%20and%20the%20Growth%20of%20Insecure%20work_1_0.pdf)

While equal numbers of men and women (26 per cent) reported experiencing unexpected cancellations of shifts in the past 12 months, women were more likely than men to report receiving no payment when shifts were cancelled (29 per cent compared to 20 per cent).<sup>20</sup> This presents particular challenges for women in planning childcare around irregular shift patterns. It also gives rise to the so-called ‘insecurity premium’ which refers to the extra costs workers have to cover as a result of being called into work, such as last-minute childcare or transport costs. Women’s concentration in low-paid and precarious work also drives women’s higher rates of in-work poverty, and women are more likely to be underemployed than men.<sup>21</sup> The rise in women’s self-employment has also coincided with a rise in low-paid self-employment.

## 6. How has the gender pay gap changed?

The combined and full-time gender pay gaps have widened, whilst the part-time pay gap has continued its steady trend of gradual narrowing.

The ASHE results for 2022 indicate that the gender pay gap for Scotland has remained relatively stable when comparing women’s and men’s combined average hourly earnings, as highlighted in Table 1 above. Following a period of decline between 2019 and 2021, Scotland’s gender pay gap has increased from 10.1 per cent in 2021 to 10.9 per cent in 2022. Similarly, the full-time pay gap has also increased by 1.3 percentage points, from 6.6 per cent in 2021 to 7.9 per cent in 2022. The mean part-time pay gap has continued its trend in narrowing, albeit at a slower pace than the previous year, decreasing by 0.6 percentage points between 2021 (26.9 per cent) and 2022 (26.3 per cent).

Part-time work is predominantly found in the lowest-paid jobs and sectors, which means that the rates of pay are more impacted by increases in the National Living Wage rates and changes to the real Living Wage. Consequently, increasing rates of pay for the lowest-paid part-time workers, the majority of whom are women, may be a key cause in the decline of the part-time gender pay gap. Indeed, research from Living Wage Scotland found that women in part-time work stand to benefit the most from Living Wage accreditation.<sup>22</sup>

### The significant declines in pay gaps during Covid-19 are now reversing slightly to be more in line with expected trends

The latest data reinforces Close the Gap’s view that the decrease in the gender pay gap visible in 2021 data should be treated with caution. Table 1 shows that between 2019 and 2021, the headline gender pay gap declined by 3.2 percentage points. This decline was higher than would be expected over a two-year period and has since begun to reverse slightly according to the latest data from 2022. The increase of just under one per cent in

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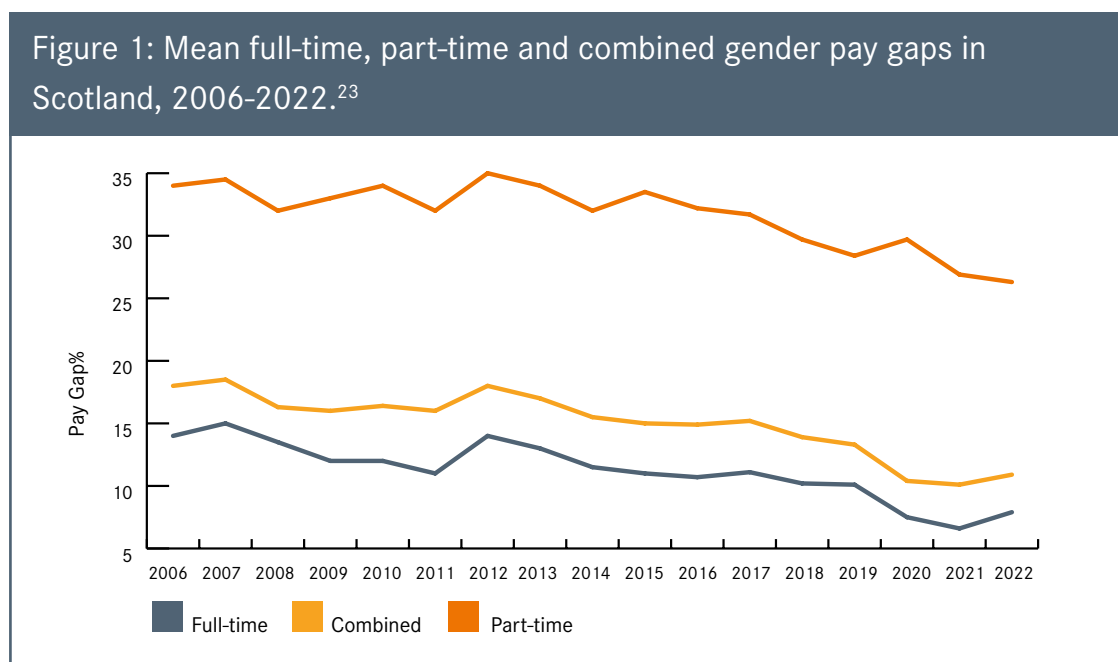
<sup>20</sup> Ibid

<sup>21</sup> Close the Gap (2018) *Women, Work and Poverty*, available at: <https://www.closesthegap.org.uk/content/resources/1—Women-work-and-poverty-what-you-need-to-know.pdf>

<sup>22</sup> Jones, G. (2019) ‘Women benefit from living wage expansion’, *Third Force News*, available at: <https://tfn.scot/news/women-benefit-from-living-wage-expansion>



the headline gender pay gap in 2022 (10.9 per cent) further highlights that the decrease between 2019 and 2021 does not reflect longer-term trends in the pay gap, and as such it was correct to treat it with caution. Figure 1 details how the pay gap has changed since 2006 and highlights that the pay gap has decreased slightly over time. This data shows that the decline in the gender pay gap from 2019 to 2020 represents a more substantive decrease than would be expected when compared to the overall trend. By contrast, the 2022 data represents a slight widening of the headline and full-time pay gaps.



Source: *ONS Annual Survey of Hours and Earnings*, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2022>, accessed May 2023

### The gender pay gap continues to fluctuate due to labour market shocks

This graph (figure 1) shows a fluctuation in the pay gap during 2011 and 2012 where there was a significant jump in the combined mean pay gap from 16 to 18 per cent. One explanation for this is the high number of public sector workers, the majority of whom are women, who were affected by the public sector pay freezes, job losses, and reductions in the number of posts as a result of UK Government austerity policies. This highlights how economy-wide changes affect the pay gap. The pay gap figure can also be affected by the timing of pay settlements over the survey period, where pay settlements affecting men’s earnings but not women’s earnings are included during the survey period, which could explain the differences in hourly rates of pay.

The graph also shows that the gender pay gap narrowed between 2019 and 2021, which may be attributed to the Covid-19 pandemic and furlough, and in 2022 both the combined

<sup>23</sup> Standard Occupational Classifications 2000 (SOC 2000) was replaced by updated classifications in 2010 and again in 2020, including a reclassification of Managers and Senior Officials. This graph is for illustrative purposes only and refers to the mean figures.

and full-time pay gaps have increased slightly. This shows that the substantial decline was not due to progress on women's equality, but rather a labour market in flux

### Men's pay is rising at faster rate than women's pay

Table 2 shows the percentage change in combined hourly pay, excluding overtime, for men and women. The increase in women's hourly pay from 2021 to 2022 was lower than that of men's for both the median and mean measurements. Women's increase in hourly pay was 0.6 percentage points lower than men's for the median hourly pay. The increase in women's mean hourly pay was 1.0 percentage point lower than men's. Close the Gap's gender pay gap statistics papers from 2014 to 2020 show that the increase in women's hourly pay has been greater for both the mean and median measurement. 2021 data broke with this trend, whereby men's hourly pay is increasing more than women's, and the 2022 data shows a continuance in this trend.

The more substantial increase in men's hourly median pay could partly be explained by the fact men were more likely to have been furloughed on partial pay in 2020's pay gap statistics. The ONS noted increases in pay were most substantial for men between 2020 and 2021, as men's pay had been more impacted by the pandemic in 2020.<sup>24</sup> Additionally, the ONS note that earnings in 2022 may be "slightly inflated" due to the effect of furlough and reduced pay causing a slight base effect.<sup>25</sup> The increases for both men's and women's pay, and the higher rate of increase in men's pay could therefore be a temporary phenomenon, reflecting the impact of Covid-19 on job and pay disruptions, rather than underlying pay trends. As such, the current trend in men's hourly earnings increasing faster than women's should be treated with some caution.

It is important to consider the current cost-of-living crisis, which disproportionately affects low earners, the majority of which are women, and especially those from marginalised groups such as disabled women, racially-minoritised women, and single parents (90 per cent of whom are women).<sup>26</sup> The data shows an increase in women's hourly pay, however inflation and rising costs far outstrip wage increases which means many women are still struggling to afford basic goods during the crisis. Moreover, women's hourly wages are increasing at a slower pace than that of men's, which places them at a further disadvantage during the cost-of-living crisis. This compounds the intersecting inequalities they face and put women at greater risk of poverty. For example, as racially-minoritised women tend to earn less than their white female counterparts,<sup>27</sup> they are even more at risk of being worse off during the current crisis.

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<sup>24</sup> ONS (2021) *Employee earnings in the UK: 2021*

<sup>25</sup> ONS (2022) *Employee earnings in the UK: 2022*

<sup>26</sup> Close the Gap and One Parent Families Scotland (2022) *A Childcare System for All: A vision that puts gender equality at the centre of Scotland's childcare strategy*, available at: <https://www.closesthegap.org.uk/content/resources/CtG-and-OPFS—A-childcare-system-for-all-FINAL.pdf>

<sup>27</sup> Close the Gap (2016) *Still Not Visible: Research on Black and minority ethnic women's experiences of employment in Scotland*, available at: [https://www.closesthegap.org.uk/content/resources/1557499847\\_Still-Not-Visible.pdf](https://www.closesthegap.org.uk/content/resources/1557499847_Still-Not-Visible.pdf)

**Table 2: Percentage change in pay (excluding overtime) for men and women between 2021 and 2022**

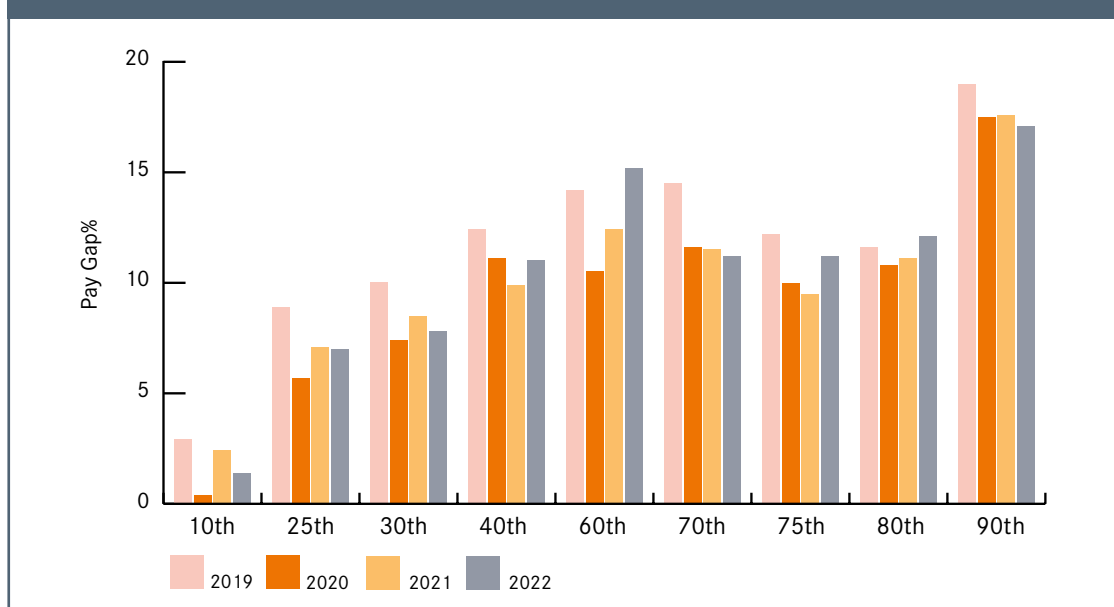
	Median pay excluding overtime			Mean pay excluding overtime		
	2021	2022	% Change	2021	2022	% Change
Men	£15.27	£16.00	+4.8	£18.40	£19.28	+4.8
Women	£13.49	£14.05	+4.2	£16.52	£17.16	+3.9

Source: *ONS Annual Survey of Hours and Earnings Table 3.6a*, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3>, accessed May 2023

### The gender pay gap is widening for the highest earners

The ASHE data allows for a more detailed examination of the median gender pay gap across different groups of earners. Those on the lowest wages are in the 10th percentile whilst the highest earners are in the 90th percentile. Figure 2 highlights the change in the overall percentile pay gap from 2019 to 2022. In 2020 there was a decrease in the gender pay gap across all pay percentiles. However, this trend has now reversed whereby the pay gap increased in six of the nine percentiles in 2021 and increased again in a further four percentiles in 2022. Of the four percentiles where there were increases, two (the 60th and 80th percentiles) were following a sustained upward trend from previous years, whilst the other two increases (in the 40th and 75th percentiles) go against a downward trend apparent in previous years. In addition, it is worth noting that the decrease in the pay gap for these earning percentiles was by 1.0 percentage point or less, suggesting only a marginal narrowing of these pay gaps.

**Figure 2: Comparison of overall percentile pay gap by year**



Source: *ONS Annual Survey of Hours and Earnings 2022 Table 3.6a*, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitso-cashetable3>, accessed May 2023

Figure 2 illustrates that following a substantial (2.0 percentage points) increase in the pay gap in the 10th percentile between 2020 and 2021, the pay gap has once again narrowed slightly in 2022 by 1.0 percentage point, to 1.4 per cent. The decrease in 2020 may have been caused by the furlough scheme, as the majority of workers furloughed under the Coronavirus Job Retention Scheme were in the lowest-paying jobs. The sharp decrease may therefore be explained by men in this group receiving 80 per cent of their salary through the furlough scheme, bringing their wages temporarily in closer alignment with women's. The subsequent increase in the gender pay gap in 2021 is likely attributed to an increase in the number of employees returning to receiving their full salary. As such, the 1.0 percentage point decrease in the 10th percentile in 2022 may signal a narrowing of the pay gap that is not necessarily influenced by the pandemic. In addition, figure 2 shows a substantial increase in the gender pay gap within the 60th percentile (2.8 percentage points) between 2021 and 2022. There were also increases in the pay gap for the 75th percentile (1.7 percentage points) and 80th percentile (0.9 percentage points), which suggests the number of women in high-paid work may be declining.

Figure 2 also highlights that women continue to account for the majority of low-paid workers in Scotland. This is unsurprising considering one-fifth of women are paid below the real Living Wage, and jobs held by women account for 60% of all jobs paid below the Living Wage.<sup>28</sup> On the other end of the spectrum the 90th percentile male employee (that is one who earns more than 90 per cent of other male employees) continues to earn substantially more than the equivalent female employee.

That women are the majority of low-paid workers, and there has been a reduction in the number of women in higher-paid roles, speaks further to women's disadvantaged position in the cost-of-living crisis. Research shows that women, especially marginalised women, are disproportionately affected by the cost-of-living crisis.<sup>29</sup> Disabled women, who already face higher costs of living, are particularly at the sharp end of rising costs pushing them further into poverty.<sup>30</sup> Single parents, the majority of whom are women, are also being disproportionately affected by cost-of-living crisis, facing greater financial difficulties and struggling to afford basic necessities such as food, gas and electricity.<sup>31</sup>

In order to explore longer-term trends, rather than year-on-year comparisons, figure 2 contains data for 2019, 2020, 2021 and 2022. This shows that the gender pay gap has decreased for all percentiles, with the exception of the 60th and 80th percentiles, from 2019 to 2022. However, the decrease has not been as substantial as the 2020 data would

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<sup>28</sup> The Poverty Alliance (2023) *Poverty Alliance briefing for International Women's Day – March 2023*, available at: <https://www.povertyalliance.org/poverty-alliance-briefing-for-international-womens-day-march-2023/>

<sup>29</sup> Women's Budget Group (2022) *The gendered impacts of the cost of living crisis*, available at: <https://wbg.org.uk/wp-content/uploads/2022/03/The-gendered-impact-of-the-cost-of-living-crisis.pdf>

<sup>30</sup> Engender (2022) *Women & the Cost of Living: A Crisis of Deepening Inequality*, available at: <https://www.engender.org.uk/content/publications/Women-and-the-cost-of-living—updated-copy.pdf>

<sup>31</sup> One Parent Families Scotland (2022) *Living without a lifeline: single parenting and the cost of living crisis*, available at: <https://opfs.org.uk/wp-content/uploads/2022/09/Living-without-a-lifeline-full-report.pdf>

imply. For the majority of percentiles, comparing the data from 2019 to 2022 highlights a more gradual decline in the pay gap for most percentiles, in line with general trends.

## 7. Occupational groups

Table 3 shows the combined, full- and part-time gender pay gaps for different occupational groups in relation to average hourly pay.

Table 3: Mean Hourly Pay (excluding overtime) for male and female employees in Scotland by occupational group 2022								
Occupation	Combined men's average hourly pay	Combined women's average hourly pay	% pay gap	Full-time men's average hourly pay	Full-time women's average hourly pay	% pay gap	Part-time women's average hourly pay	% pay gap (Comparing men's full-time pay to women's part-time pay)
All Scotland	£19.28	£17.16	10.9%	£19.70	£18.10	7.9%	£14.52	26.3%
Managers, Directors and Senior Officials	£27.19	£23.24	14.5%	£27.56	£23.58	14.4%	£20.21	26.7%
Professional Occupations	£25.30	£22.50	11.1%	£25.41	£22.65	10.9%	£21.87	13.9%
Associate Professional and Technical	£19.18	£16.78	12.5%	£19.23	£17.23	10.4%	£14.43	25.0%
Administrative and Secretarial	£15.48	£13.91	10.1%	£15.64	£14.19	9.3%	£13.09	16.3%
Skilled Trades	£15.31	£12.39	19.1%	£15.41	£12.88	16.4%	£10.54	31.6%
Caring, Leisure and other Service Occupations	£13.49	£12.82	5.0%	£13.85	£13.01	6.1%	£12.57	9.2%
Sales and Customer Service	£12.19	£11.38	6.6%	£12.92	£12.17	5.8%	£10.42	19.3%
Process, Plant and Machine Operatives	£13.85	£11.49	17.0%	£13.96	£11.41	18.3%	£11.83	15.3%
Elementary Occupations	£11.51	£10.76	6.5%	£11.74	£11.00	6.3%	£10.59	9.8%

Source: ONS Earnings and hours worked, region by occupation by two-digit soc: ASHE table 3.6a hourly pay (excluding overtime), <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3>, accessed May 2023

## Occupational group gender pay gaps below the national average

Overall, four occupational groups have a pay gap which is below the national average of 10.9 per cent. This can partly be explained by the fact these four occupational groups (caring, leisure and service; sales and customer service; elementary occupations; and administrative and secretarial) are characterised by low pay. In 2021, the pay gap in the associate professional and technical occupational group was below the national average, however it has now increased above the 2022 national average of 10.9 per cent to 12.5 per cent. This is in line with data from 2019 and 2020, suggesting the decrease in 2021 was a temporary event due to the labour market being in flux, rather than being caused by underlying trends in pay.

## Occupational groups with the largest pay gaps

When comparing full-time hourly pay gaps, the largest gaps are in:

- process, plant and machine operatives (18.3 per cent);
- skilled trades (16.4 per cent); and
- managers, directors and senior officials (14.4 per cent).

Similarly, the largest pay gaps when women's part-time hourly pay is compared to men's full-time hourly pay are found in:

- skilled trades (31.6 per cent);
- managers, directors and senior officials (26.7 per cent);
- associate, professional and technical (25 per cent); and
- sales and customer service (19.3 per cent).

For these occupational groups, the part-time pay gap is higher than the combined figures. This can be partly explained by the relatively few women working part-time in these occupational groups compared to the proportion of male full-time employees. For example, the part-time pay gap in associate, professional and technical (25 per cent) is 14.6 percentage points higher than the full-time figure (10.4 per cent) in this occupational grouping.

## Managers, directors, and senior officials

As managers, directors, and senior officials have the highest median pay of any occupational group, it has been identified by the ONS as having a notable impact on the gender pay gap. The combined pay gap for this occupational grouping declined substantially between 2019 and 2020, and then increased in 2021. 2022 data shows that both the combined and full-time pay gaps have decreased marginally by 0.4 per cent and 0.1 per cent respectively.

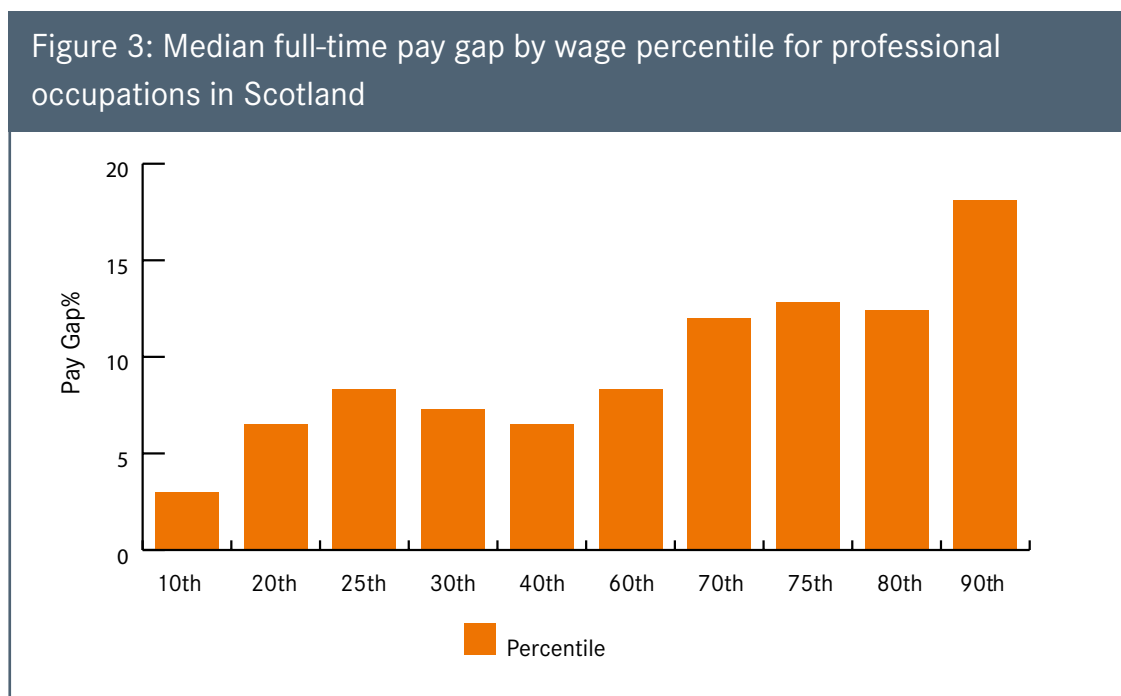
The full-time figure remains substantially (6.5 percentage points) higher than the national average (7.9 per cent), at 14.4 per cent. Although it has decreased by 1.5 percentage

points from 2021. This shift is more aligned with the general trend for this occupational group, implying that data for 2020 was something of an anomaly. However, the 2022 combined figure for managers, directors, and senior officials remains 7 percentage points lower than it was in 2019 (21.4 per cent), suggesting a sustained decline in this pay gap. Labour market data for Scotland highlights that the gender breakdown of managers, directors and senior officials has remained constant at around 38 per cent, therefore it is somewhat unclear what factors account for the substantial decline in the pay gap for this group over the previous four years (2019-2022).

### How mean and median measures affect pay gaps in occupational groups

Comparing the difference between median and mean earnings can explain the distribution of earnings for women and men within an occupational group. For example, the median pay gap for professional occupations is 8.2 per cent, which is lower than the mean measurement of 11.1 per cent. The difference between measurements suggests there are fewer women earning higher rates of pay within this group. This can be further explained by the distribution of earnings within this group, which is illustrated in figure 3 below.

The *median* pay gap for the 10th percentile of professional occupations for women and men working full-time is 3.0 per cent, compared to 18.1 per cent for the 90th percentile. The 90th percentile pay gap is twice as high (9.9 percentage points difference) than the median average for this occupational group.



Source: *ONS Annual Survey of Hours and Earnings 2022 provisional results*, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation-2digitsocashetable3>, accessed May 2023

## 8. Weekly earnings

Table 4 details the differences in weekly pay (excluding overtime) between women and men. Compared to table 3, the combined weekly pay gap is greater than the hourly pay gap across all occupational groups for both the combined and full-time figures. Women are more likely to work fewer paid hours per week than men, due to the burden of care disproportionately falling on women, and at the same time may not be categorised as part-time workers.

**Table 4: Average (mean) weekly pay - excluding overtime (£) for male and female employees in Scotland by occupational group 2022**

Occupation	Combined men's average weekly pay	Combined women's average weekly pay	Difference in pay per week	% pay gap	Full-time men's average weekly pay	Full-time women's average weekly pay	% pay gap
All Scotland	£676.40	£499.20	£177.20	26.2%	£752.20	£661.30	12.1%
Managers and Senior Officials	£994.90	£801.30	£193.60	19.5%	£1,054.10	£887.60	15.8%
Professional Occupations	£877.80	£702.80	£175.00	19.9%	£936.70	£813.50	13.2%
Associate Professional and Technical Occupations	£699.20	£544.90	£154.30	22.1%	£733.30	£631.90	13.8%
Administrative and Secretarial	£532.90	£407.70	£125.20	23.5%	£581.30	£514.90	11.4%
Skilled Trades	£593.00	£379.60	£213.40	36.0%	£607.10	£495.00	18.5%
Caring, Leisure and other Service Occupations	£406.70	£335.20	£71.50	12.7%	£521.80	£478.40	8.3%
Sales and Customer Services	£335.70	£281.20	£54.50	16.2%	£485.50	£452.20	6.9%
Process, Plant and Machine Operatives	£536.10	£363.90	£172.20	32.0%	£547.20	£443.90	18.9%
Elementary Occupations	£365.10	£226.60	£138.50	37.9%	£459.10	£409.70	10.8%

Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2022 Table 3.2A Work Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)*, <https://www.ons.gov.uk/employmentand-labourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3>, accessed May 2023

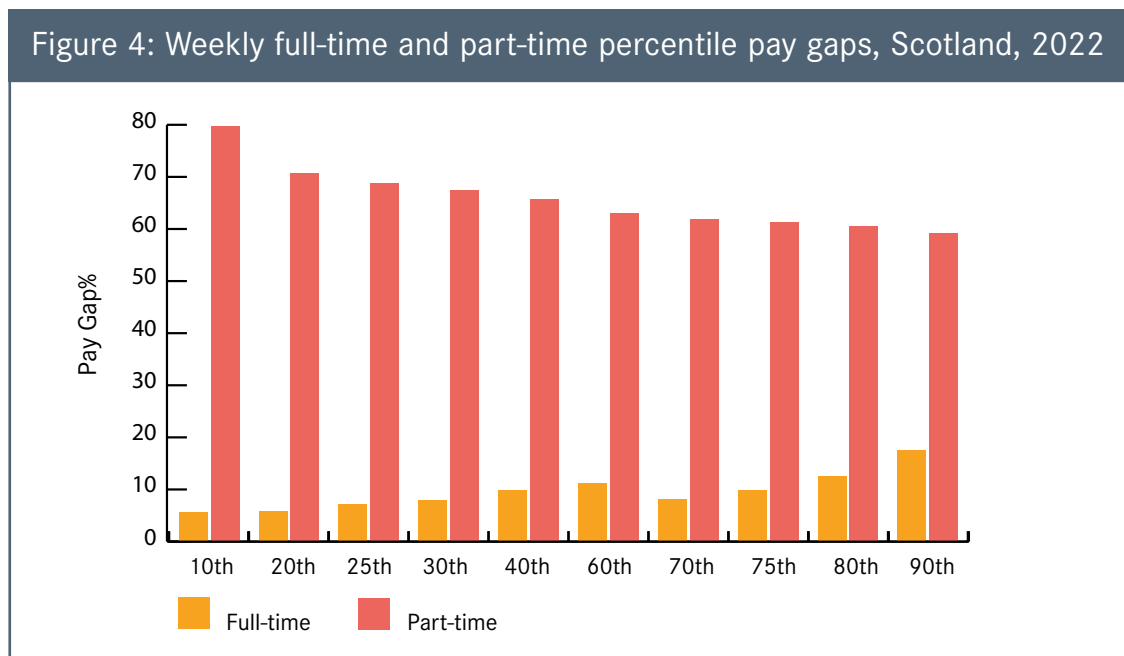
## 9. Gender pay gap by full-time and part-time work

When comparing the combined weekly pay gap with the full-time figures the limitations of excluding part-time workers are clear. The pay gaps across each of the occupational groups were significantly lower when only full-time workers are considered. Around three quarters of part-time workers are women and, in order to capture an accurate picture of the labour



market, it is essential to include part-time workers. The mean combined weekly pay gap (26.2 per cent) is just over double the full-time figure (12.1 per cent). Female-dominated occupations, which have high levels of part-time work, also have a narrower gap when only comparing full-time workers. The combined pay gap in sales and customer services (16.2 per cent) is around double that of the full-time figure (6.9 per cent). Similarly, the combined pay gap for administrative and secretarial occupations (23.5 per cent) was also around twice as high as the full-time figure (11.4 per cent).

When considering men’s average full-time weekly earnings and women’s average part-time weekly earnings the gaps increase significantly. For example, this varies according to occupation, from a weekly pay gap of 59.8 per cent for managers, directors and senior officials to a gap of 42.5 per cent for care, leisure and other service occupations.<sup>32</sup> The increase in the gender pay gap when looking at weekly earnings can also be better explained by viewing the differences in the distribution of earnings in both full- and part-time work. For example, figure 4 shows that the full-time weekly pay gap for Scotland does have some variation across the percentiles, ranging from 5.7 per cent (10th percentile) to 17.6 per cent (90th percentile). The figure highlights how the variance in part-time weekly pay gaps is significantly wider than that of the full-time ones, and ranges between 59.2 per cent for those in the highest earners bracket and 79.7 per cent for those in the lowest. It should be noted that the part-time weekly pay gap has decreased very marginally between 2021 and 2022, whilst the full-time weekly pay gap has increased very slightly. This may be because there has been a slight reduction in the number of women working part-time.



Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2022 Table 3.2A Work Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)*, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3>, accessed May 2023

<sup>32</sup> ONS (2022) *Provisional Results Annual Survey of Hours and Earnings 2022 Table 3.2a Work Region Occupation SOC20 (2) Weekly pay – excluding overtime*, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3>

## 10. Intersectionality and the gender pay gap

Disabled women, racially-minoritised women, LGBTI women, refugee women, young women, and older women experience different, multiple barriers to participation in the labour market and to progression within their occupation, which also contributes to the gender pay gap. Across the labour market, disabled women and some groups of racially-minoritised women are more likely to be under-employed in terms of skills, and experience higher pay gaps.<sup>33</sup> Disabled women, racially-minoritised women, and lesbian, bisexual and trans women are also more likely to report higher levels of discrimination, bullying and harassment.<sup>34</sup> For example, research by Close the Gap into the employment experiences of racially-minoritised women in Scotland found almost three quarters (72 per cent) of survey respondents reported that they had experienced racism, discrimination, racial prejudice and/or bias in the workplace, and 42 per cent of respondents indicated that they had experienced bullying, harassment or victimisation in the workplace because they are a racially-minoritised woman.<sup>35</sup>

Racially-minoritised women were disproportionately impacted by Covid-19 job disruption, as they are more likely to work in a sector that was shut down and are more likely to be in insecure work, which puts them at increased risk of loss of hours and earnings. The economic and labour market impacts of Covid-19 have further entrenched labour market inequality for racially-minoritised women who already face multiple barriers to good quality employment.<sup>36</sup> Furthermore, the current cost-of-living crisis is disproportionately affecting marginalised women such as racially-minoritised women, disabled women and single parents, pushing them deeper into poverty.<sup>37</sup>

There remains a lack of intersectional data on gender pay gaps to fully illustrate these differences. Data on disability, gender and pay are only available at a UK level. The most recent data (2020) shows that the pay gap for disabled women is nearly nine percentage points higher than the pay gap for women overall. The median pay gap for disabled women is 36 per cent when compared with non-disabled men and 13.6 per cent when compared with disabled men.<sup>38</sup>

There is also limited data on the ethnicity pay gap, which measures the difference in average hourly pay between different ethnic groups. The most recently available data from the

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<sup>33</sup> Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap*, available at: <https://www.closesthegap.org.uk/content/resources/The-Gender-Penalty-Feb-2018.pdf>

<sup>34</sup> Ibid

<sup>35</sup> Close the Gap (2019) *Still Not Visible: Research on Black and minority ethnic women's experiences of employment in Scotland*, available at: [https://www.closesthegap.org.uk/content/resources/1557499847\\_Still-Not-Visible.pdf](https://www.closesthegap.org.uk/content/resources/1557499847_Still-Not-Visible.pdf)

<sup>36</sup> Ibid

<sup>37</sup> Engender (2022) *Women and the Cost of Living Crisis: A Crisis of Deepening Inequality – Interim Report*, available at: [https://www.engender.org.uk/files/women-and-the-cost-of-living-a-crisis-of-deepening-inequality-interim-report-\(2\).pdf](https://www.engender.org.uk/files/women-and-the-cost-of-living-a-crisis-of-deepening-inequality-interim-report-(2).pdf)

<sup>38</sup> TUC (2020) *Disability Employment and Pay Gaps 2020*, available at: <https://www.tuc.org.uk/research-analysis/reports/disability-pay-and-employment-gaps-2020>

“A Fairer Scotland for All: An Anti-Racist Employment Strategy”<sup>39</sup> shows there is a gender pay gap for both minority-ethnic male and female workers, compared to white workers in 2019. As of 2019, the ethnicity pay gap was wider for racially-minoritised women (16.2 per cent) compared to white workers. It is important to acknowledge that racially-minoritised women are not a homogenous group, and the gender pay gap is more complex as evidence has found clear differences in pay gaps across ethnic groups and migration status.<sup>40</sup> For example, British-born racially-minoritised women experience pay advantages or smaller pay gaps than immigrants from the same ethnic group, except for Chinese and Indian women.

The following pay gaps or pay advantages represent the difference in median wage per hour when compared to the median hourly wage of a white British woman in the UK:

- British-born Bangladeshi women experience a 0.9 per cent pay gap and this rises to 12.3 per cent for a Bangladeshi migrant woman.
- A British-born Black African women has a 19.4 per cent pay advantage over a white British woman. However, no such advantage exists for Black African migrant women who experience a 6.1 per cent pay gap.
- A British-born Black Caribbean woman has a 15 per cent pay advantage while migrant women of the same ethnicity experience a 1.7 per cent pay gap.
- Both British-born and migrant Chinese women experience a pay advantage over a white British woman, at 26.5 per cent and 11 per cent respectively.
- British-born Indian women have a pay advantage of 14.9 per cent over white women, and migrant Indian women have a pay advantage of 5.4 per cent.
- Finally, the pay gap for a Pakistani woman is 5.8 per cent if they are British born and 7.9 per cent if they are a migrant.<sup>41</sup>

The cost-of-living crisis is also having a disproportionate impact on racially-minoritised women and disabled women, placing them under enormous financial pressure.<sup>42</sup> Since racially-minoritised women and disabled women face wider pay gaps than white women and non-disabled women, they are in a further disadvantaged position in coping with the crisis. Additionally, the impact the crisis will have on these women is also likely to be compounded by the further inequalities they face in the labour market, including underemployment, and precarious work.<sup>43</sup>

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<sup>39</sup> Scottish Government (2022) *A Fairer Scotland for All: An Anti-Racist Employment Strategy*, available at: <https://www.gov.scot/publications/fairer-scotland-anti-racist-employment-strategy/documents/>

<sup>40</sup> Close the Gap (2019) *Still Not Visible: Research on Black and minority ethnic women's experiences of employment in Scotland*, available at: [https://www.closesthegap.org.uk/content/resources/1557499847\\_Still-Not-Visible.pdf](https://www.closesthegap.org.uk/content/resources/1557499847_Still-Not-Visible.pdf)

<sup>41</sup> EHRC Website, *Ethnicity: what does the pay gap look like?* available at: <https://www.equalityhumanrights.com/en/pay-gaps/ethnicity-what-does-pay-gap-look>

<sup>42</sup> Engender (2022) *Women and the Cost of Living Crisis: A Crisis of Deepening Inequality – Interim Report*, available at: [https://www.engender.org.uk/files/women-and-the-cost-of-living-a-crisis-of-deepening-inequality-interim-report-\(2\).pdf](https://www.engender.org.uk/files/women-and-the-cost-of-living-a-crisis-of-deepening-inequality-interim-report-(2).pdf)

<sup>43</sup> Ibid

## 11. Gender pay gap by age

The published ASHE tables also allow for an analysis of pay, gender, and age.

At present, a regional analysis combining age, gender, and pay is only publicly available at the UK level.

Age Category (all occupational groups)	Combined male average hourly pay	Combined female average hourly pay	% Pay Gap
All UK	£19.98	£17.21	13.9%
18- 21	£10.63	£10.39	2.3%
22-29	£15.60	£14.89	4.6%
30-39	£20.28	£18.28	9.9%
40-49	£22.78	£18.96	16.8%
50-59	£22.02	£18.03	18.1%
60+	£19.19	£15.54	19.0%

Source: *ONS Provisional Results Annual Survey of Hours and Earnings 2021 Table 6.6a hourly pay (excluding overtime) by age*, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6>, accessed May 2023

### The gender pay gap continues to narrow for the youngest age group (18-21) but remains wider for older age groups

Table 5 shows that there is a pay gap for all age categories. The gender pay gap for the 18-21 age group has been on a downward trajectory since 2014, falling from 5.7 per cent in 2014 to 1.9 per cent in 2021. However, data from 2022 suggests a slight reversal in this trend, with the pay gap increasing to 2.3 per cent for this age group. This has most likely been driven by the increase in male wages within this age group. The most recent data shows the pay gap in hourly earnings for women aged 22-29 has decreased by nearly 4 percentage points, with the gender pay gap now sitting at 4.6 per cent for this group. The sharp increase in the pay gap for those aged over 22 is driven by gender segregation in subject choice in schools, colleges and universities; occupational segregation in apprenticeships; and inflexible working practices, which disadvantage women with caring roles who are seeking quality flexible and part-time work.

It is also important to note that these changes are not visible within all measures of the gender pay gap. By contrast, women aged 18-21 continue to have lower weekly pay than

their male counterparts with a weekly pay gap for this age group of 17.8 per cent.<sup>44</sup> In addition, the median pay gap for this age group is 10.6 per cent in favour of men.<sup>45</sup> The data indicates that the negative mean hourly pay gap in 2021 may have been the result of a short-term labour market change, rather than a reflection of a greater shift in the gender pay gap for this age group.

### Higher pay gaps for older women, driven by higher propensity to have a caring role and work part-time in lower paid jobs

Older women experience the highest pay gap, have lower on average pensions than their male counterparts, and are less likely to have savings to rely on. This puts them at particular risk of poverty in the current cost-of-living crisis. Additionally, table 5 also highlights how the gender pay gap remains above average for those aged 40 and over. This is further illustrated in figure 5. The ‘motherhood penalty’<sup>46</sup> contributes significantly to the increased pay gap for this age group. Women returning to the workplace after having children can find it increasingly difficult to reconcile caring responsibilities with work, and for many the only option is to find part-time work which is below their skill-level. This work is usually found in female-dominated occupations, such as administration or retail, which are characterised by low pay. At the same time, there are fewer women working full-time and earning more in senior positions proportionately to the number of men earning higher rates of pay. ONS analysis has also highlighted that there is a lower incidence of women moving into higher-paid managerial occupations after the age of 39.

The ‘motherhood penalty’ also impacted women’s experiences of job disruption during the pandemic. Analysis by Close the Gap found that women’s unemployment rose twice as fast as men’s at the start of the first lockdown in Scotland (March to May 2020).<sup>47</sup> This sharp rise may have reflected the fact that many women had to leave work in order to provide childcare during initial school and nursery closures. The Institute for Fiscal Studies

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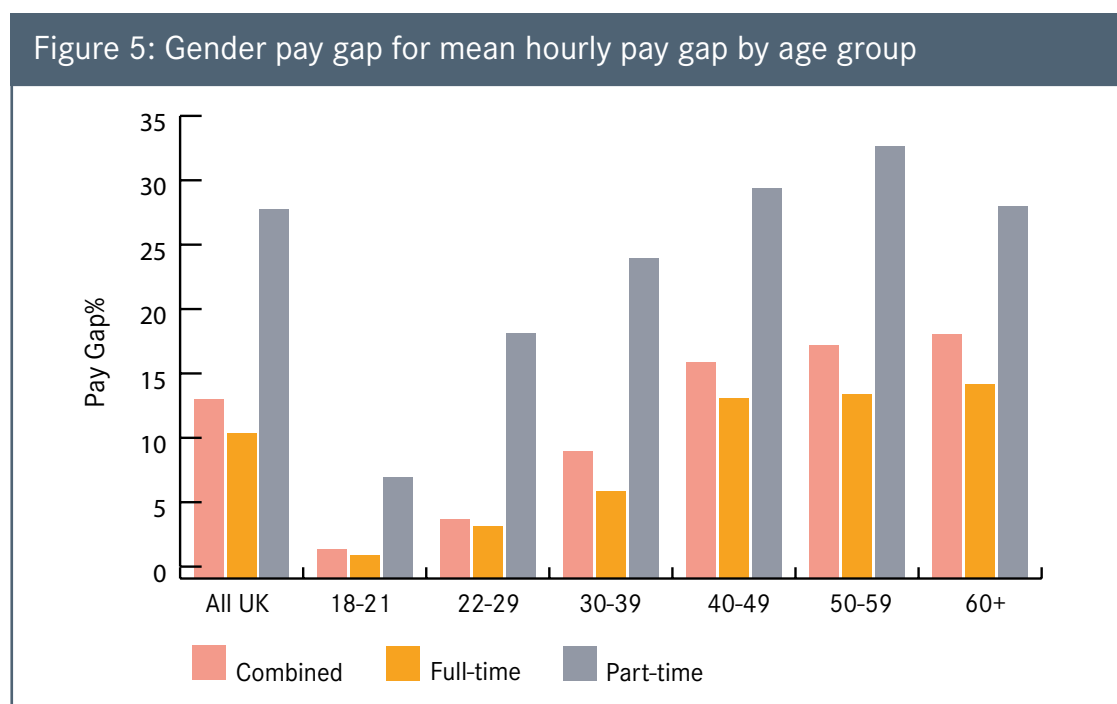
<sup>44</sup> ONS (2022) *Provisional Results Annual Survey of Hours and Earnings 2022 Table 6.2a weekly pay (excluding overtime) by age*, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6>

<sup>45</sup> ONS (2022) *Provisional Results Annual Survey of Hours and Earnings 2021 Table 6.6a hourly pay (excluding overtime) by age*, available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6>

<sup>46</sup> ‘Motherhood penalty’ is a term used to describe the economic impact of taking time out of the labour market to look after children. For some women this results in extended periods of working part-time in often lower-paid positions. The length of time which women work on a part-time basis, as well as the number of hours worked, are significant determinants of their levels of pay, their promotion prospects, and their income in retirement. At the same time, it reduces a woman’s ability to build her human capital, and propensity to progress their careers. For example, women who have spent just one year in part-time work and then worked full-time, can still expect to earn up to 10 per cent less after 15 years than those who have worked full-time for all 15 years (Francesconi and Gosling, 2005).

<sup>47</sup> Close the Gap (2020) *One Year On: How Covid-19 is impacting women’s employment in Scotland*, available at: <https://www.closesthegap.org.uk/content/resources/One-Year-On—How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf>

also concluded that, when comparing men and women in similar roles, women in couples with children were 6 percentage points more likely than men to stop working positive hours in the Spring of 2020.<sup>48</sup> This again suggests that differences in the distribution of childcare responsibilities within mixed sex couples may have affected female labour supply. This finding is reflective of wider research which consistently showed increased childcare responsibilities during the pandemic were disproportionately borne by women in the UK.



Source: ONS Provisional Results Annual Survey of Hours and Earnings 2021 Table 6.6a hourly pay (excluding overtime) by age, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6>, accessed May 2023

### Male graduates continue to earn more than female graduates, with the gender pay gap nearly doubling between the 5th and 10th year after graduation

Demographic-specific surveys can reveal differences in pay between young women and young men. Research by the Higher Education Statistics Agency found that, among 2018 graduates, only 16 per cent of women with a first degree earned more than £30,000 within 15 months of graduating, compared with 28 per cent of men. In addition, 6 per cent of men earned more than £39,000 a year after graduation, compared with only 3 per cent of women. Overall, male graduates were paid 10 per cent more than female graduates.<sup>49</sup>

<sup>48</sup> IFS (2021) *A year of COVID: the evolution of labour market and financial inequalities through the crisis*, available at: [https://ifs.org.uk/sites/default/files/output\\_url\\_files/WP202139-A-year-of-COVID-the-evolution-of-labour-market-and-financial-inequalities-through-the-crisis-3.pdf](https://ifs.org.uk/sites/default/files/output_url_files/WP202139-A-year-of-COVID-the-evolution-of-labour-market-and-financial-inequalities-through-the-crisis-3.pdf)

<sup>49</sup> Higher Education Statistics Agency (2022) *Higher Education Graduate Outcomes Statistics: UK, 2019/20 – Summary*, available at: <https://www.hesa.ac.uk/news/16-06-2022/sb263-higher-education-graduate-outcomes-statistics>

Data from the UK Government Department for Education, covering the financial year 2019-20, also found that the gender pay gap starts from graduation.<sup>50</sup> The research, based on English data, shows that one year after graduating women were earning around £1800 less than their male counterparts, meaning male graduate earnings were 8 per cent larger than female graduate earnings. Five years after graduation, this rises to 13 per cent and reaches 23.6 per cent ten years after graduation.<sup>51</sup>

## 12. Public, third, and private sectors

Table 6 shows the gender pay gap in the public, private, and third sectors in Scotland.

Sector	Combined men's average hourly earnings	Combined women's average hourly earnings	% pay gap	Full-time men's average hourly earnings	Full-time women's average hourly earnings	% pay gap	Part-time women's average hourly earnings	% pay gap
All Scotland	£19.28	£17.76	7.9%	£19.70	£18.10	8.1%	£14.52	26.3%
Public sector	£21.31	£19.09	10.4%	£21.56	£20.06	7.0%	£16.13	25.2%
Private sector	£18.48	£15.36	16.9%	£18.95	£16.26	14.2%	£12.96	31.6%
Non-profit body or mutual association (Third sector)	£19.89	£16.42	17.4%	£20.57	£17.04	17.1%	£14.75	28.3%

Source: ONS *Annual Survey of Hours and Earnings*, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbypublicandprivatesectorashetable25>, accessed May 2023

The public sector combined pay gap figure is above the national average, whereas the full-time and part-time figures fall slightly below the national average. By contrast, all gender pay gap figures for the private sector and third sector for the combined, part-time, and full-time figures are above the national average. The third sector has the highest pay gap for the combined and full-time figures, while the private sector has the highest part-time pay gap. The combined figure for the third sector is 9.5 percentage points higher than the national average, whilst the full-time figure is 9 percentage points higher than the national average. For the private sector, the part-time pay gap is 5.3 percentage points higher than the national average. Pay in the private and third sectors is also lower than pay in the public sector for both women and men in part-time or full-time work.

<sup>50</sup> Based on median earnings of first-degree graduates.

<sup>51</sup> Department for Education (2022) *LEO Graduate and Postgraduate Outcomes, Table 6. Earnings by sex, one, three and five years after graduation 2019/20*, available at: <https://explore-education-statistics.service.gov.uk/find-statistics/leo-graduate-and-postgraduate-outcomes#dataBlock-9d779ffb-8a4b-461c-892d-ac1075f7d0f9-tables>

### 13. Global gender pay gap

The gender pay gap is a worldwide phenomenon and is symptomatic of the undervaluing of women's participation in social and economic spaces of production. New research published by the International Labour Organisation (ILO) has found that the global gender pay gap is standing at approximately 20 per cent.<sup>52</sup>

Figure 6 shows OECD estimates of the median gender pay gap of its 38 member countries. The gaps range vastly from 1.2 per cent to just over 31 per cent across the different countries, and the average gender gap in earnings in the OECD is 11.9 per cent. The most up to date data suggests a slight decline in the overall gender pay gap for OECD countries. In the latest data, Belgium has the lowest pay gap at 1.2 per cent. Data from previous years for Costa Rica and Columbia reported no gender pay gap, which was likely a reflection of the lower-than-average female employment rate in these labour markets.<sup>53</sup> However, the most recent data shows a gender pay gap of 3.2 per cent in Columbia and 5.2 per cent for Costa Rica. Data for Luxembourg is not available in the most recent publication, however, data from the previous year (2021) reported a negative gender pay gap, and other publications have noted that Luxembourg has the lowest gender pay gap in Europe<sup>54</sup>. The low gender pay gap in these three countries is most likely a reflection of lower-than-average female participation within these labour markets.<sup>55</sup> For example, while the number of women in Luxembourg's workforce has risen in recent years, women remain under-represented; for every 100 employed people in Luxembourg, there are 38 women and 62 men.<sup>56</sup>

This OECD data is limited as it only compares full-time employees, but in some cases, countries have submitted information about all employees who work over 15 hours per week. Where countries have only submitted data relating to full-time workers, their pay gap will be artificially reduced as a result of women accounting for the majority of part-time employees. The pay gap varies between countries, partly due to differences in data collection and analysis, and partly due to the nature of women's participation in local, formal labour markets.<sup>57</sup>

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<sup>52</sup> International Labour Organisation (2022) *Pay transparency legislation: Implications for employers' and workers' organizations*, available at: [https://www.ilo.org/wcmsp5/groups/public/—ed\\_protect/—protrav/—travail/documents/publication/wcms\\_849209.pdf](https://www.ilo.org/wcmsp5/groups/public/—ed_protect/—protrav/—travail/documents/publication/wcms_849209.pdf)

<sup>53</sup> See OECD (2021) *Gender equality in Colombia*, available at: <https://www.oecd-ilibrary.org/sites/99444453-en/index.html?itemId=/content/component/99444453-en>

<sup>54</sup> Eurostat (2023) *Gender Pay Gap Statistics*, available at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender\\_pay\\_gap\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender_pay_gap_statistics)

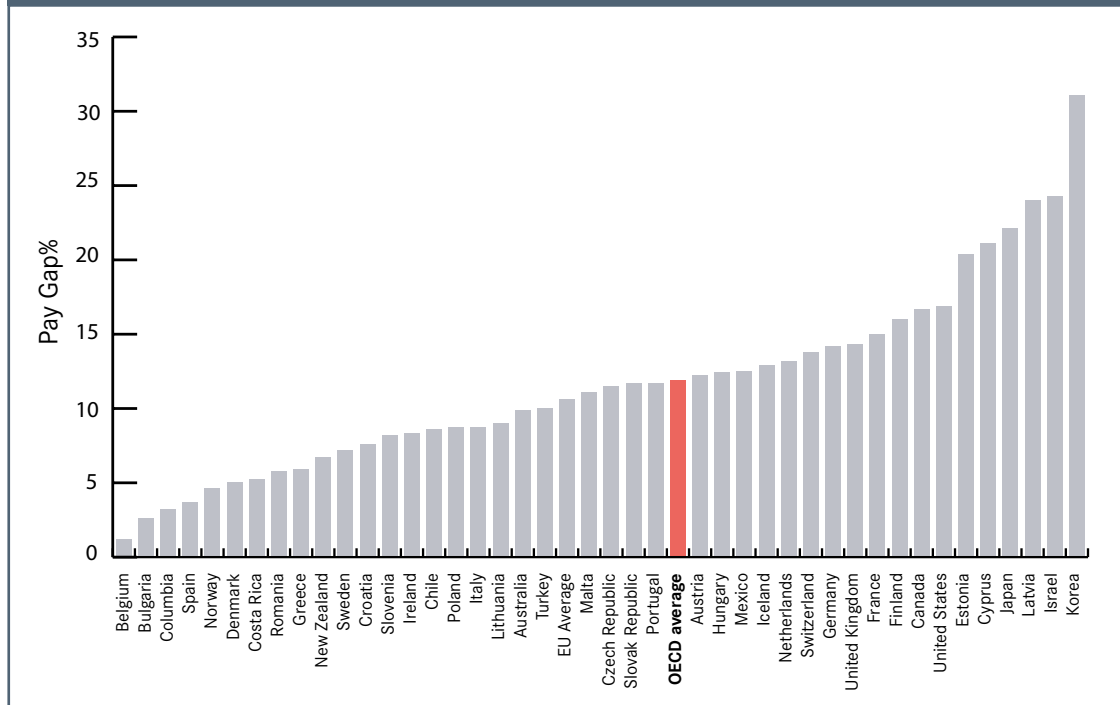
<sup>55</sup> See OECD (2021) *Gender equality in Colombia*, available at: <https://www.oecd-ilibrary.org/sites/99444453-en/index.html?itemId=/content/component/99444453-en> and The Borgen Project (2021) *The gender pay gap in Luxembourg*, available at: <https://borgenproject.org/gender-wage-gap-in-luxembourg-2/>

<sup>56</sup> The Borgen Project (2021) *The gender pay gap in Luxembourg*, available at: <https://borgenproject.org/gender-wage-gap-in-luxembourg-2/>

<sup>57</sup> OECD (2020) *Employment Database*, available at: <https://data.oecd.org/earnwage/gender-wage-gap.htm>



Figure 6: The gender pay gap in average earnings of full-time employees (median) across each of the OECD countries



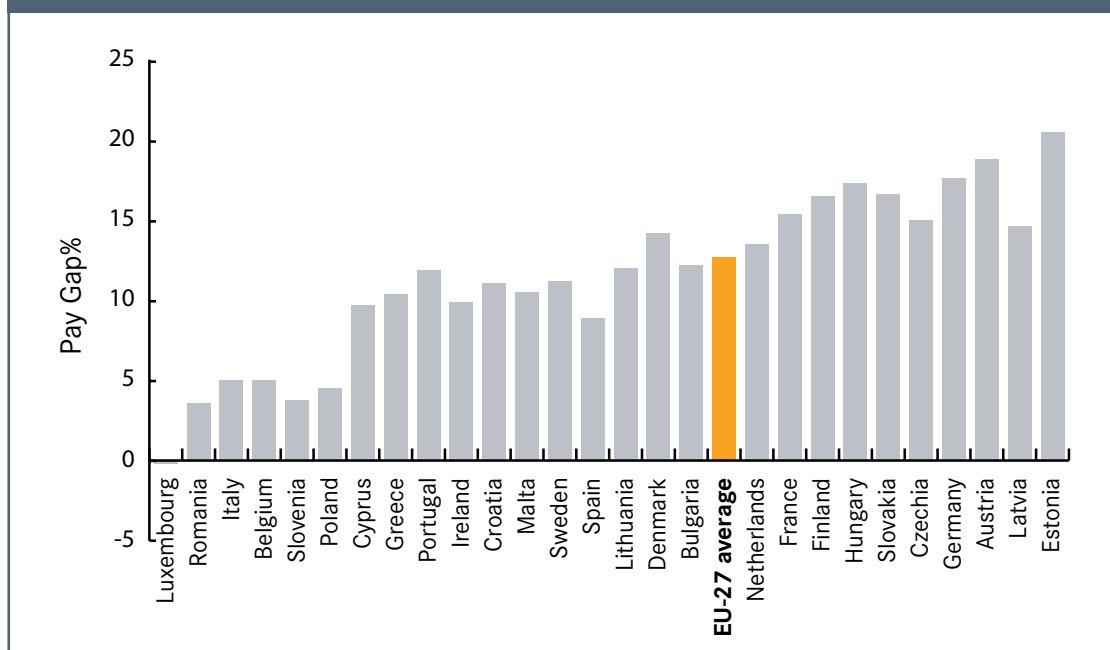
Source: *OECD Employment Database 2022*, <https://data.oecd.org/earnwage/gender-wage-gap.htm#indicator-chart>, accessed May 2023

The European Commission publishes annual reports on the pay gaps in EU member states and uses the mean combined figure. However, these reports do not contain annual data for each member state. Like OECD figures, the gender pay gap with the European Union varies, ranging significantly from -0.2 per cent to over 20.5 per cent, with an average pay gap of 12.7 per cent (illustrated in figure 7). The European Commission highlights that the pay gap is “not an indicator of the overall inequality between women and men since it only concerns salaried people. The gender pay gap must be looked at in conjunction with other indicators linked to the labour market”.<sup>58</sup> Countries such as Italy have a relatively low pay gap figure (5.0 per cent), however, this is again likely to be a reflection of the small proportion of women in its workforce, rather than the suggestion of gender equality in the labour market.<sup>59</sup>

<sup>58</sup> European Commission (2014) *Gender Pay Gap in EU Countries based on SES (2014)*, available at: [https://commission.europa.eu/system/files/2018-10/report-gender-pay-gap-eu-countries\\_october2018\\_en\\_0.pdf](https://commission.europa.eu/system/files/2018-10/report-gender-pay-gap-eu-countries_october2018_en_0.pdf)

<sup>59</sup> Ibid

Figure 7: The mean overall gender pay gap in EU countries



Source: *Gender Pay Gap Statistics*, [https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender\\_pay\\_gap\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_pay_gap_statistics), accessed May 2023

## 14. Discussion

The 2022 data shows a slight widening of Scotland’s gender pay gap from 10.1 per cent to 10.9 per cent. The full-time pay gap has also increased by just over one percentage point (1.3 per cent), with women working full-time earning 7.9 per cent less than their male counterparts. In comparison, the part-time pay gap has marginally decreased by 0.6 percentage points, with women working part-time earning on average 26.3 per cent less than men working full-time. This illustrates the systemic undervaluation of ‘women’s work’ which continues to be concentrated in low-paid, part-time jobs. It should be noted that this is the second annual decrease in the part-time pay gap, which may tentatively suggest a trend in the slight narrowing of this pay gap. This decrease should be treated with caution, however, as the narrowing of the part-time pay gap may be caused by more women leaving the labour market entirely, rather than being driven by part-time wages increasing or women entering full-time employment. Indeed, the proportion of women working part-time has decreased slightly from 41.2 per cent in 2019<sup>60</sup> to 38.3 per cent in 2021.<sup>61</sup> This may be driven by the cost-of-living crisis and Covid-19, which has put additional pressure on household budgets, and may have led to women increasing their working hours to cope with this pressure.

<sup>60</sup> Scottish Government (2020) *Scotland’s Labour Market: People, Places and Regions – Statistics from the Annual Population Survey 2019*, available at: <https://www.gov.scot/publications/scotlands-labour-market-people-places-regions-statistics-annual-population-survey-2019/documents/>

<sup>61</sup> Scottish Government (2021) *Scotland’s Labour Market: People, Places and Regions: Annual Population Survey 2020/21*, available at: <https://www.gov.scot/publications/scotlands-labour-market-people-places-regions-statistics-annual-population-survey-2020-21/documents/>

The gender pay gap has remained relatively stable over time. Data from 2015 to 2019 shows only a slight narrowing of the full-time gender pay gap of around 1 percentage point. Data from 2019 to 2020 highlights a more substantial decrease of over 3 percentage points for the combined and full-time figures, which breaks with the expected trajectory of the gender pay gap, and may have been a reflection of short-term market conditions rather than underlying pay trends. The slight widening of the pay gap in the combined and full-time pay gaps in 2022 further suggests that the decrease in previous years may have been a result of short-term labour market conditions caused by Covid-19.

## Tackling the gender pay gap

The gender pay gap has a range of complex, inter-related causes which require a cohesive, strategic response. Although the causes of a pay gap, whether nationally or at sectoral or organisational levels, are context specific, there are commonalities across all labour markets. Studies consistently identify that occupational segregation, inflexible working practice, women's propensity to have caring roles, biased and non-transparent recruitment and progression practice, and pay discrimination contribute to women's divergent experiences of the labour market.<sup>62</sup>

Close the Gap welcomed the breadth of ambition set out in A Fairer Scotland for Women, Scotland's first gender pay gap action plan, published in 2019. The plan committed to a range of actions, recognising that the causes of the pay gap reach far beyond the workplace, with change also necessary in early-years settings; schools, colleges, and universities; economic development; and procurement. Only bold action will substantively tackle the multiple causes of the pay gap and realise women's labour market equality. In 2022, Scottish Government subsumed the pay gap action plan into a refreshed fair work action plan<sup>63</sup> along with the action plan for the disability employment gap and the anti-racist employment strategy, with the aim of mainstreaming equality into fair work policy. The pay gap is the key indicator of the divergent experiences women have in a range of areas including employment, education, skills acquisition, unpaid care, and men's violence. The fair work action plan, by its nature, is more narrowly focused on the workplace. The merging has resulted in diminished attention on the complex, interrelated causes of the pay gap, a much more limited range of actions to address these causes, and will ultimately mean less progress on women's labour market equality. This is of critical concern given that the gendered impact of the pandemic and the cost-of-living crisis risks reversing progress on gender equality.

Close the Gap's research, *The Gender Penalty*, found that occupational segregation is one of four main drivers of Scotland's gender pay gap. However, occupational segregation remains an intractable problem on which there has been very little progress. To date, efforts to reduce occupational segregation have been overwhelmingly focused on increasing the number of girls and women in STEM, with a heavy emphasis on supply-side initiatives.

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<sup>62</sup> Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap*, available at: <https://www.closesthegap.org.uk/content/resources/The-Gender-Penalty-Feb-2018.pdf>

<sup>63</sup> Scottish Government (2022) *Fair Work action plan: becoming a leading Fair Work nation by 2025*

Beyond pay-modernisation programmes in the public sector, there has been no proactive work to address the inherent undervaluation of women's work in the economy.<sup>64</sup>

Women's concentration in undervalued, lower-paid jobs and sectors of the economy such as social care, administration, catering, and retail remains a critical challenge. In addition, the nature of women's participation in the labour market has been characterised by the historical undervaluing of women's contribution to society and the economy. Covid-19 further illuminated the undervaluation of women's work. Women account for the vast majority (79 per cent) of key workers in Scotland,<sup>65</sup> working in often low-paid and increasingly precarious jobs such as care, childcare, nursing, and retail. Research by the Women's Budget Group found that women account for 98 per cent of key workers earning 'poverty wages'.<sup>66</sup> Although these workers were essential to a successful pandemic response, they remain undervalued, underpaid, and under-protected. Despite over 50 years of equal pay law, pay and grading systems continue to reward stereotypical male roles, behaviour, and characteristics.<sup>67</sup> The undervaluation of women's work drives women's higher levels of poverty, especially for racially-minoritised women, disabled women, and single parents, who experience poverty disproportionately. It also means that women who are already on low pay and at risk of financial insecurity are exposed to the harshest effects of the cost-of-living crisis.

The lack of quality flexible working remains a key cause of the gender pay gap. Inflexible work sustains women's concentration in low-paid, low-skilled work and results in women's under-representation at management level and in senior grades. There is a popular narrative that flexible working has become a workplace norm as a result of the pandemic but, in reality, there remain numerous barriers to flexibility. While there was an increase in access to remote working for some workers during the pandemic, data highlights that all other forms of flexible working declined during the crisis. In 2022, only 28 per cent of jobs in the Scottish labour market were advertised with flexible options, which is a very marginal one per cent increase from the previous year.<sup>68</sup> Looking at the availability of flexible working within the workplace, research from Flexibility Works found that while 61 per cent of Scottish workers have some form of flexible working in place, more than a third still do not have access to any flexible working arrangements.<sup>69</sup>

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<sup>64</sup> Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap*, available at: <https://www.closesthegap.org.uk/content/resources/The-Gender-Penalty-Feb-2018.pdf>

<sup>65</sup> Close the Gap (2020) *One year on and little change: An assessment of Scottish employer gender pay gap reporting*, available at: <https://www.closesthegap.org.uk/content/resources/One-year-on-and-little-change—An-assessment-of-Scottish-employer-gender-pay-gap-reporting.pdf>

<sup>66</sup> Women's Budget Group (2020) *It is women, especially low-paid, BAME & migrant women putting their lives on the line to deliver vital care*, available at: <https://wbg.org.uk/blog/it-is-women-especially-low-paid-bame-migrant-women-putting-their-lives-on-the-line-to-deliver-vital-care/>

<sup>67</sup> Close the Gap (2020) *50 years on, what will it take to realise equal pay for equal work?* available at: <https://www.closesthegap.org.uk/news/blog/50-years-on-what-will-it-take-to-realise-equal-pay-for-equal-work/>

<sup>68</sup> Timewise (2023) *The Timewise Scottish Flexible Jobs Index 2022*, available at: <https://timewise.co.uk/wp-content/uploads/2023/04/Scottish-Flexible-Jobs-Index-2022.pdf>

<sup>69</sup> Flexibility Works (2023) *Flex for Life 2023*, available at: <https://www.flexibilityworks.org/flexible-working-research/flex-for-life-report-2023/>

It is therefore easy to overstate the impact the pandemic has had in changing working practices, and it cannot be presumed that employers have drastically changed their approach to flexible working. A recent TUC survey highlighted that 87 per cent of women want to work more flexibly in the future.<sup>70</sup> The labour market is some distance from meeting that demand, necessitating both regulatory and cultural change. In its 2023 research report *Flex for Life*, Flexibility Works highlight that the growth in flexible working as a result of the pandemic has now stabilised.<sup>71</sup> The research found that nearly one in five employers who offer flexible work are expecting to reduce their flexible work options.<sup>72</sup> In addition, the findings show men are more likely to have flexible working arrangements than women, and higher earners are significantly more likely to work flexibly or have access to flexible working options compared to low earners,<sup>73</sup> who are mostly women. This lack of access to flexible working paired with women's unpaid care responsibilities will compound the labour market and socio-economic inequalities women face, as well as further entrenching the gender pay gap.

The UK Government recently announced new legal changes around flexible working. The Employment Relations (Flexible Working) Bill was recently passed, which will bring in new changes to the law on flexible working. The changes include a day one right to request flexible working rather than having to wait 26 weeks. Employees will also no longer have to set out how their flexible working request would impact their employer, and the number of requests for flexible working allowed to be made in a 12-month period will change from one to two. Employer response times are also being shortened, from three months to two months. Where flexible working requests are intended to be rejected, employers must consult with the employee before doing so.

Although these changes are welcomed, they are entirely insufficient to ensure flexible working is available to all women who need it. Making the right to request flexible working a day one right is a step in the right direction, however, ensuring that all employees have the right to flexible work options from day one will benefit women by increasing their access to the labour market, allowing them to move jobs more easily, and would support women's progression into higher-paying roles.<sup>74</sup> Women may also be reluctant to ask for flexible working, even if the ability to request flexible working is a day one right, due to concerns around discrimination.

In addition to changes to the regulatory framework, *Close the Gap* reiterates the need to facilitate a wider cultural shift in the way employers think about and promote flexible working. Research on flexible working in Scotland found that 52 per cent of employers think flexible working creates more work for line managers, and 30 per cent felt that

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<sup>70</sup> TUC (2021) *The Future of Flexible Work*, available at: <https://www.tuc.org.uk/research-analysis/reports/future-flexible-work>

<sup>71</sup> Flexibility Works (2023) *Flex for Life 2023*, available at: <https://www.flexibilityworks.org/flexible-working-research/flex-for-life-report-2023/>

<sup>72</sup> *Ibid*

<sup>73</sup> *Ibid*

<sup>74</sup> *Ibid*

those working flexibly are less committed to their career.<sup>75</sup> Building a labour market that is characterised by high-quality flexible jobs is essential to realising women's labour market equality in the aftermath of the pandemic.

### Gender-sensitive, sex-disaggregated data

Gender-sensitive sex-disaggregated data is data that is broken down by sex, so that it is possible to compare and contrast differences between women and men. However, it is not merely about counting women and men, but also about using statistics and other information that adequately reflect gendered differences and inequalities in the situation of women and men.<sup>76</sup> In the context of women's employment, gender-sensitive sex-disaggregated data would not only present women's employment rate but also data that reflects why women's experiences of employment are different from men's including, for example, women's greater responsibility for unpaid care and occupational segregation. Gender-sensitive analysis and use of evidence must consider the gendered differences in women's and men's lives.

Gender-disaggregated data is necessary for policymakers, employers, and other stakeholders to understand and challenge gender inequality.<sup>77</sup> The cross-cutting and complex issues relating to the nature of women and men's access to education and training and their participation in the labour market can only be understood if the information provided is disaggregated according to gender, otherwise new and existing policies and practices will continue to perpetuate women's inequality. The publication of the Scottish Government's Gender Equality Index in December 2020 was an important starting point and provides a centralised hub of available gender-sensitive sex-disaggregated data. However, the process of developing the Gender Equality Index also highlighted many of the critical data gaps that continue to exist, including long-standing intersectional data gaps around the experiences of different groups of women. It is vital that policymakers and service designers design data-gathering systems that build upon this work in order to address data gaps that the Index has exposed. The Gender Equality Index is being updated in late 2023, which provides an opportunity to invest in the gathering and analysis of gender-sensitive, sex-disaggregated data, and in particular intersectional data.

This would align with existing Scottish Government commitments on improving the range and quality of equality data. In its 2019 report, the First Minister's National Advisory Council on Women and Girls recommended that Scottish Government allocate adequate

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<sup>75</sup> Flexibility Works (2021) *Flex for Life*, available at: <https://www.flexibilityworks.org/flexible-working-research/flexforlife-report-2021/>

<sup>76</sup> Engender (2020) *COVID-19: Gathering and using data to ensure that the response integrates women's equality and rights*, available at: <https://www.engender.org.uk/content/publications/Covid-19-Gathering-and-using-data-to-ensure-that-the-response-integrates-womens-equality-and-rights.pdf>

<sup>77</sup> Close the Gap (2021) *Response to the UK Statistics Authority Inclusive Data Consultation*, available at: <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-reponse-to-the-UK-Statistics-Authority-Inclusive-Data-Consultation—March-2021.pdf>

resourcing to enable the collection and analysis of robust intersectional data.<sup>78</sup> Scottish Government accepted this recommendation in 2021 citing planned work to develop an equality and human rights mainstreaming strategy, which will be underpinned by improvements in data collection and analysis.<sup>79</sup> Scottish Government's recently published equality evidence strategy 2025-2026<sup>80</sup> identifies "more robust and comprehensive data and evidence will be gathered on the intersecting characteristics of people in Scotland across a range of outcomes" as the first principle of the strategy. The strategy makes a number of commitments to enable the gathering and use of new intersectional data both within Scottish Government and in the wider public sector. Delivery of these commitments is essential if improvements are to be made so that women's lives are visible.

Covid-19 further illuminated the challenges in accessing good quality gender-sensitive, sex-disaggregated labour market data. Intersectional labour market data also remains almost entirely non-existent for Scotland. In particular, there is no intersectional data relating to unemployment rates, inactivity rates, and occupational segregation. The lack of data makes it extremely difficult to achieve a granular understanding of how labour market shifts and economic uncertainty affect different groups of women.

### Gender pay gap reporting regulations

In 2018, large private and third sector organisations were required to report their gender pay gap information for the first time. The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 requires private and third sector employers with 250 or more employees to report a range of information including mean and median gender pay gap figures; gender gap in bonus earnings, and the proportion of men and women receiving bonuses; and the proportion of men and women in each pay quartile. This pay transparency measure is a welcome start, however, Close the Gap's most recent assessment<sup>81</sup> which looked at reporting over the past five years reveals that the pay gap remains an intractable problem, with no end in sight.

While there has been a slight increase in employers publishing actions to tackle their pay gap, this is still just a minority at just over a third (36 per cent).<sup>82</sup> Furthermore, the assessment found that the majority of actions are unlikely to result in positive change. Similarly, more employers are publishing a narrative on their pay gap, but the vast majority of these provided poor or inaccurate analysis. In 2022, only around one in ten (11 per cent)

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<sup>78</sup> National Advisory Council on Women and Girls (2019) *2019 Report and Recommendations*, available at: <https://www.generationequal.scot/app/uploads/2022/03/2019report.pdf>

<sup>79</sup> Scottish Government (2021) *National Advisory Council on Women and Girls 2019 report and recommendations: Scottish Government response*, available at: <https://www.gov.scot/publications/scottish-governments-response-first-ministers-national-advisory-council-women-girls-nacwg-2019-report-recommendations/documents/>

<sup>80</sup> Scottish Government (2023) *Scotland's Equality Evidence Strategy*, available at: <https://www.gov.scot/publications/scotlands-equality-evidence-strategy-2023-2025/documents/>

<sup>81</sup> Close the Gap (2023) *Positive shifts, persistent problems. A five year analysis of Scottish employer gender pay gap reporting*, available at: <https://www.closethegap.org.uk/content/resources/Positive-shifts-persistent-problems-A-five-year-assessment-of-Scottish-employer-gender-pay-gap-reporting.pdf>

<sup>82</sup> Ibid

employers published targets, and 11 per cent of employers published evidence of action taken since the last reporting deadline.<sup>83</sup> These findings reaffirm Close the Gap's concerns about the limitations of the gender pay gap regulations. While pay transparency measures are an important first step in addressing the systemic inequality women face at work, the fundamental weakness is that employers are not required to take action that will close their pay gap. The lack of action also aligns with research published by both Close the Gap and the Government Equalities Office on employer action on gender equality, which shows that employers are unlikely to voluntarily take action on the causes of the pay gap.<sup>84</sup>

Covid-19 resulted in a clear deprioritisation of gender equality exemplified by the suspension of pay gap reporting by UK Government. It was also unnecessary, as pay gap reporting itself was unlikely to have a significant impact on large employers' ability to operate. Indeed, much of the work to report was likely to have been in progress, as evidenced by the fact over 5000 employers had reported on their gender pay gap in April 2020.<sup>85</sup> Moreover, in 2021, employers were given a six-month extension to report their data. These decisions represent a clear deprioritisation of women's labour market equality by the UK Government, and sent a message to employers that gender equality does not matter in periods of economic crisis. Gender pay gap reporting has since resumed its normal schedule, with the first post-pandemic pay gap reports published by April 2023.

Challenges remain around employer complacency and a continued lack of gender mainstreaming in labour market policymaking. The deprioritisation of equalities work by employers, public bodies, Scottish Government and UK Government during periods of economic crisis is likely to further reinforce that complacency. Without a gendered response to labour market disruption, and economic crises such as the cost-of-living crisis, a key impact will be the exacerbation of women's inequality with medium- and long-term impacts for the gender pay gap.

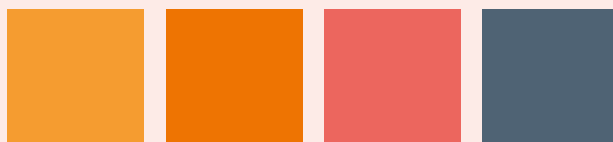
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<sup>83</sup> Ibid

<sup>84</sup> See Close the Gap (2013) *Missing out on the benefits*, available at: <https://www.closethegap.org.uk/content/resources/Missingoutonthebenefits-CTG.pdf>; IFF Research (2015), *Company Reporting: Gender pay data*, Government Equalities Office

<sup>85</sup> Close the Gap (2022) *Gender Pay Gap Statistics*, available at: <https://www.closethegap.org.uk/content/resources/Gender-pay-gap-statistics-paper-2022.pdf> and Business in the Community (2020) *Half of businesses choose not to report 2019-2020 gender pay gap*, available at: <https://www.bitc.org.uk/news/half-of-businesses-choose-not-to-report-2019-2020-gender-pay-gap/>





Close the Gap works in Scotland on women's labour market participation. We work with policymakers, employers and unions to influence and enable action that will address the causes of women's inequality at work.

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Close the Gap

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