

Gender Pay Gap Statistics

February 2021

This paper is an updated version of Working Paper 21 Gender Pay Gap Statistics published in January 2020. It provides the latest gender pay gap statistics for Scotland and revisits the complexities of measuring and reporting on the pay gap.

1. 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.

The ongoing COVID-19 crisis has had profound implications for Scotland's labour market, and women's employment has been disproportionately impacted by the pandemic.¹ Analysis by the ONS concluded that COVID-19 did not have a notable impact on the gender pay gap in 2020, and that changes in the pay gap instead reflect underlying employment patterns. However, as the ASHE data used to calculate the gender pay gap relates to April 2020, which is shortly after initial lockdown measures were announced, the full impact of COVID-19 on the gender pay gap is unlikely to be visible in this release. This is especially true as the gender pay gap is a lagging indicator. In the longer-term, the social, economic and labour market impacts of COVID-19 have the potential to reverse gender equality gains and exacerbate women's pre-existing inequality.

¹ Close the Gap (2020) *Disproportionate Disruption: The impact of COVID-19 on women's labour market equality*

2. What is the gender pay gap?

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 gender inequality. This is partly due to the fact that the gender pay gap, the difference between women's and men's average earnings, 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.

3. Annual Survey of Hours and Earnings

The UK Office for National Statistics (ONS) produces data on the average hourly earnings of women and men in the Annual Survey of Hours and Earnings (ASHE). Data on employees' 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.

The provisional ASHE results are released at the end of each year and contain the revised survey results for the previous year. The revised results include corrections identified during the period of validation as well as any late returns to the survey.² From the tables it is possible to calculate the gender pay gap for the whole of Scotland, for different occupational groups and also age groups at a UK level.

This year's ASHE data comes with reliability warnings with a quarter of the usual sample of employer pay data missing and the impact of COVID-19 job disruption on this data remains somewhat unclear. The achieved sample size on ASHE fell from around 180,000 responses per year to 136,000 in the 2020 sample. As a result, the ONS notes that the data comes with 'more uncertainty than usual as a result of the challenges faced in collecting the data.' This year's figures consequently require additional context, and it is unclear whether the changes visible in this year's figures will be sustained over the longer-term or whether these changes are a reflection of temporary changes to the labour market resulting from the ongoing crisis. Analysis by the ONS has concluded that while COVID-19 has had a substantial impact on working hours and pay, the pandemic has not had a notable impact on the gender pay gap in 2020. Instead, the ONS has stated that changes to the gender pay gap are a result of underlying labour market changes.

² ONS (2017) *Annual Survey of Hours and Earnings revised results*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/dataset/s/annualsurveyofhoursandearningsashegenderpaygaptables> Accessed February 2021.

4. 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.³ 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 Equality and Human Rights Commission, for example, uses the mean. The ONS reports ASHE with both the mean and the median measurements, but its statistical bulletin will ‘give prominence to the median’⁴. 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 and 2020.

Pay gap in Scotland	2019		2020	
	Mean	Median	Mean	Median
Combined figure (all women/all men)	13.3%	14.3%	10.4%	10.9%
Comparing women and men’s full-time hourly rates of pay (excluding overtime)	10.1%	7.1%	7.5%	3%
Comparing women’s part-time and men’s full-time hourly rates of pay (excluding overtime)	28.4%	32.3%	29.7%	24.4%

Source: ONS *Annual Survey of Hours and Earnings*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables> Accessed February 2021.

The *median average* 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 the very high paid people tend to be men, and the very low paid people tend to be women, its use can obscure some gendered differences.

³ Hicks, S., and Thomas, J. (2009) *Presentation of the Gender Pay Gap*, ONS

⁴ Ibid

The *mean average* 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 whilst still capturing the complexities within it, and affords comparison between EU member states.⁵

More women work in lower paid, part-time work, which in statistical reporting is referred to as the 'part-time effect'.⁶ The full-time figure of 7.5 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 (75 per cent)⁷ and just under half of employed women (41 per cent) are working part-time, compared to 13 per cent of men.⁸ Men are also less likely to be in part-time positions over a long period of time.⁹ Part-time work is usually in low-paid and undervalued work, and wages are more likely to be lower in female-dominated workplaces than male-dominated workplaces or workplaces which are more diverse. This is also true for the UK as whole.

Employment rates for women in Scotland increased from 68.4 per cent in 2008 to 71.4 per cent in February 2020.¹⁰ Latest data covering the period September to November 2020 shows that the female employment rate is 72.4 per cent, an increase of 1.8 per cent on the same period in 2019.¹¹ This may be a reflection of the increased demand for labour in female-dominated sectors such as essential retail, care and healthcare during the pandemic. This increase may also highlight that some women are working additional hours to protect household earnings as a result of their partner having lost hours, lost their job

⁵ European Commission (2014) Gender Pay Gap in EU Countries based on SES (2014) https://ec.europa.eu/info/sites/info/files/aid_development_cooperation_fundamental_rights/report-gender-pay-gap-eu-countries_october2018_en_0.pdf accessed February 2021

⁶ ASHE 2009 notes (as cited in Scottish Government (2010) Gender Equality Scheme Annual Report, Scottish Government, pg 82)

⁷ ONS Regional Labour Market Statistics Note: The split between full-time and part-time is based on selfclassification and excludes temporary workers

⁸ Scottish Government (2020) Economy and the Labour Market: Regional Employment Patterns in Scotland

⁹ 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

¹⁰ Scottish Government (2020) Scottish Labour Market monthly briefing: February 2020 available at <https://www.gov.scot/publications/labour-market-monthly-briefing-february-2020/>

¹¹ ONS (2020) Labour Force Survey, July-September 2020

or being placed on furlough. At the other end of the spectrum, some women will have been forced out of work as a result of additional caring responsibilities over the course of the pandemic, which highlights that the employment rate is not a particularly useful indicator in measuring the impact of COVID-19 on women's employment. Women's employment is also increasingly precarious with women accounting for two-thirds of workers earning less than the living wage and 55 per cent of workers on zero-hour contracts.¹² Ethnic minority women are over-represented in precarious work,¹³ and are more likely to be on zero hour contracts.¹⁴ Women's concentration in low-paid and precarious work ultimately contributes to women's higher rates of in-work poverty, and women are more likely to be underemployed than men.¹⁵ The rise in women's self-employment has also coincided with a rise in low-paid self-employment.

5. How has the pay gap changed?

The ASHE results for 2020 indicate a decrease in the gender pay gap for Scotland when comparing women's and men's combined average hourly earnings, as highlighted in Table 1 above. These figures represent a narrowing of Scotland's gender pay gap from 13 per cent to 10 per cent. While the full-time pay gap has also narrowed by around 3 per cent, the mean part-time pay gap has actually increased by 1.3 per cent. Close the Gap is extremely cautious about the decrease in the gender pay gap because the full impact of COVID-19 is yet to be reflected in headline indicators such as the gender pay gap. In addition, ASHE data provides a snapshot of the labour market in the very early stages of the pandemic in April 2020 when the full labour market impacts were not yet visible. As discussed in more detail later in this paper, COVID-19 job disruption (including furlough, changes to working patterns and increasing demand in female-dominated sectors such as care and essential retail) is likely to have an impact on the gender pay gap. The reduction in the gender pay gap is very likely to be masking the gendered effects of COVID-19 on women's employment that will not yet be captured by the gender pay gap which is a lagging indicator.

Figure 1 shows how the pay gap has changed since 2006 and highlights how the pay gap has remained relatively stable over time. This data highlights the need to be cautious about the decrease in the latest data, which represents a more substantive decline than the overall trend.

¹² TUC (2014) Women and Casualisation: Women's experiences of job insecurity

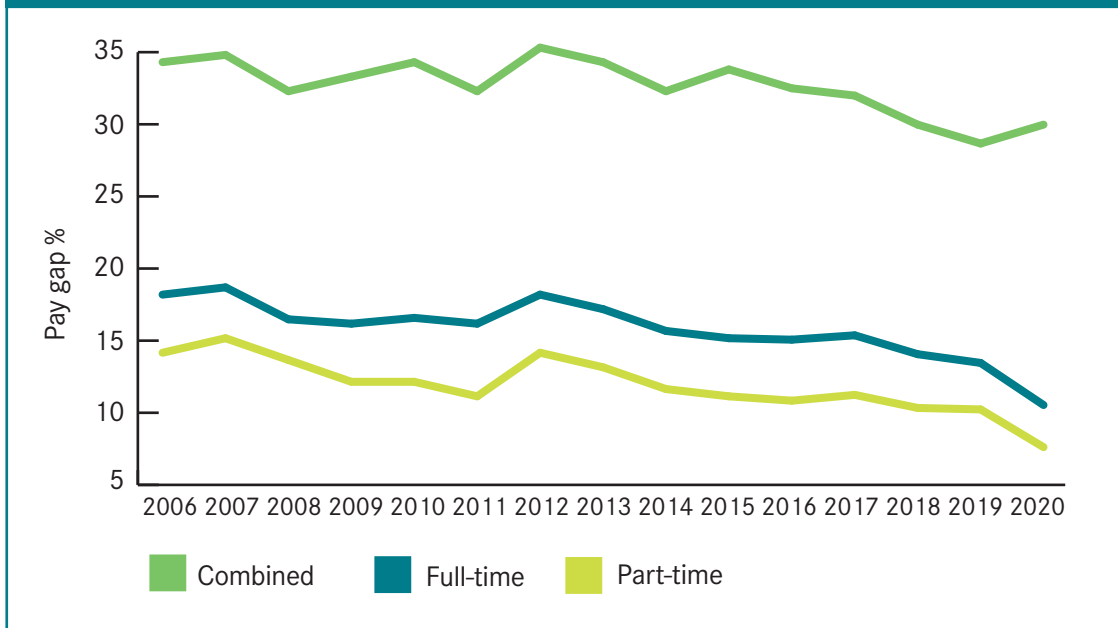
¹³ Longhi, S. & Platt, L. (2008) *Pay Gaps Across Equalities Areas: An Analysis of Pay Gaps and Pay Penalties by Sex, Ethnicity, Religion, Disability, Sexual Orientation and Age Using the Labour Force Survey*

¹⁴ TUC (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-tucanalysis-reveals>

¹⁵ Close the Gap (2018) Women, Work and Poverty

<https://www.closesthegap.org.uk/content/resources/1—Women-work-and-poverty-what-you-need-to-know.pdf> Accessed February 2021

Figure 1: Mean full-time, part-time and combined gender pay gaps in Scotland, 2006-2020



NB: In 2012 Standard Occupational Classifications 2000 (SOC 2000) were replaced by updated classifications in 2010, including a reclassification of Managers and Senior Officials. This graph is for illustrative purposes only and refers to the mean figures.

This graph illustrates 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 have been affected by the public sector pay freeze, job losses and reductions in the number of posts. 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.

Table 2 shows the percentage change in combined hourly pay, excluding overtime, for men and women. The increase in women’s hourly pay from 2019 to 2020 is greater than the increase experienced by men for both the mean and median measurement.

This year, the percentage increase in women’s mean and median pay is significantly higher than the increases visible in previous data releases. These substantial increases could be a result of men’s pay increasing at a slower rate than women’s over the last year and public sector pay settlements. Again, it is unclear whether this a temporary phenomenon and the reasons behind this increase may become clearer in future data releases.

Table 2: Percentage change in pay (excluding overtime) for men and women between 2019 and 2020

	Median pay excluding overtime			Mean pay excluding overtime		
	2019	2020	% Change	2019	2020	% Change
Men	£14.46	£14.94	+3.3	£17.71	£18.17	+2.6
Women	£12.39	£13.32	+7.5	£15.36	£16.28	+6

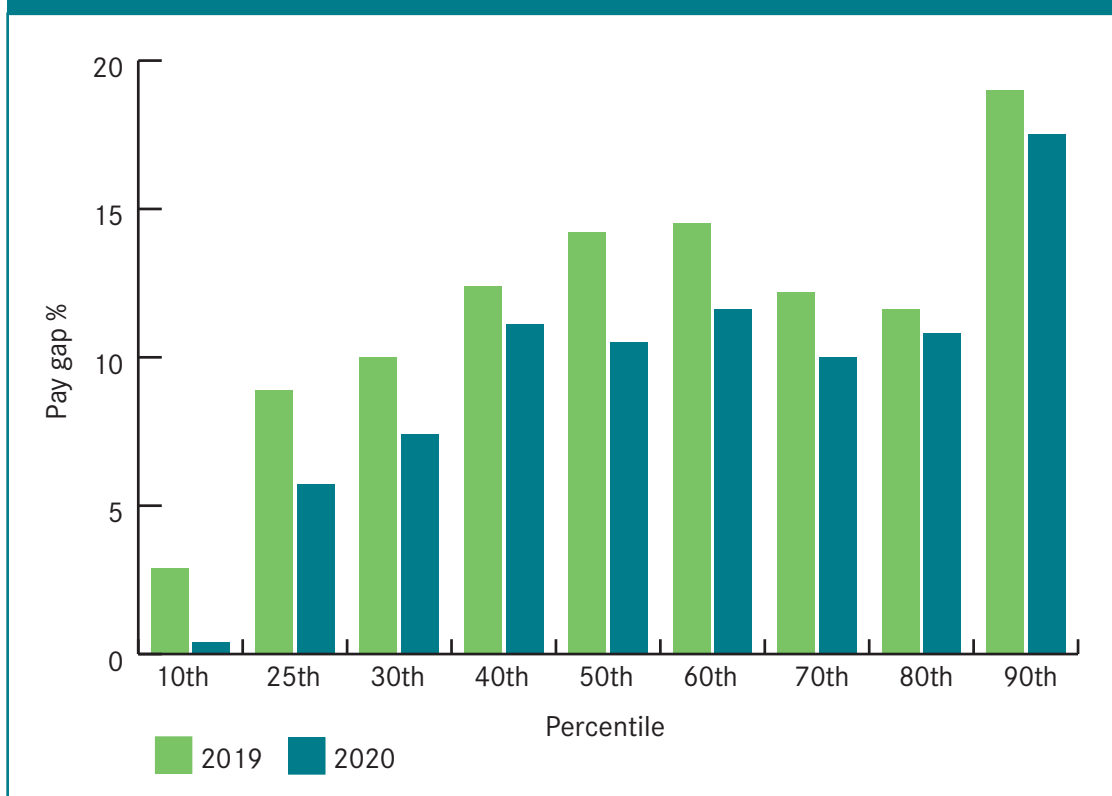
Source: ONS *Annual Survey of Hours and Earnings* Table 3.6a

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3> Accessed February 2021

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.

In 2020 there was a decrease in the gender pay gap across all of the percentiles. The most notable decrease was among the 10th percentile (those who earn less than 10 per cent of other employees). ONS figures show that the vast majority of employees furloughed under the Coronavirus Job Retention Scheme were in the lowest-paying jobs, and the sharp decrease in the pay gap within the 10th percentile may be partially explained by men in this group receiving 80 per cent of their salary through the Job Retention Scheme. Prior to the crisis, women were the majority of low-paid workers in Scotland, accounting for two-thirds of those earning less than the living wage. While furlough data shows that women have been more likely to have been furloughed in Scotland since July 2020, men were initially more likely to be furloughed meaning that men accounted for the majority of furloughed workers in the period covered by this data. The impact of furlough is likely to have artificially and temporarily reduced men's wages in this percentile, bringing men's wages in this category in closer alignment with women. Low-paid women have also been more likely to have lost their job over the course of the crisis, which may also have been a factor in the substantial reduction in the gender pay gap for the 10th percentile.

Figure 2: Comparison of overall percentile pay gap by year



Source: ONS *Annual Survey of Hours and Earnings* 2018-9 Table 3.6a
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3> Accessed February 2021

6. Occupational groups

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

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	£18.17	£16.28	10.4%	£18.50	£17.12	7.5%	£13.98	24.4%
Managers, directors and senior officials	£25.08	£22.05	12.1%	£25.25	£22.41	11.2%	£18.76	25.7%
Professional occupations	£25.19	£21.26	15.6%	£25.26	£21.48	15%	£20.40	19.2%
Associate professional and technical occupations	£18.44	£16.42	11%	£18.52	£17.02	8.1%	£14.86	19.8%
Administrative and secretarial	£14.28	£12.83	10.2%	£14.37	£12.98	9.7%	£12.45	13.4%
Skilled trades	£13.39	£10.38	22.5%	£13.44	£10.39	22.7%	£10.35	23%
Caring, leisure and other service occupations	£12.16	£11.73	3.5%	£12.58	£11.65	7.4%	£11.85	5.8%
Sales and customer services	£11.64	£10.48	10%	£12.03	£11.05	8.5%	£9.69	19.5%
Process, plant and machine operatives	£12.19	£10.24	16%	£12.21	£10.29	15.7%	£10.10	17.3%
Elementary occupations	£10.86	£9.82	9.6%	£11.02	£9.81	11%	£9.82	10.9%

ONS (2019) Table 3.6A Work Regions by Occupation (2 digit SOC 2010) hourly pay (excluding overtime)

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3> Accessed February 2021

Overall, as per the 2019 data, four occupational groups have a pay gap which is below the national average (10.4 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.

When comparing full-time hourly pay gaps, the largest gaps are in skilled trades: professional occupations; and process, plant and machine operatives occupations. The largest pay gaps when women's part-time hourly pay is compared to men's full-time hourly pay are found in managers and senior officials, skilled trades and associate, professional and technical

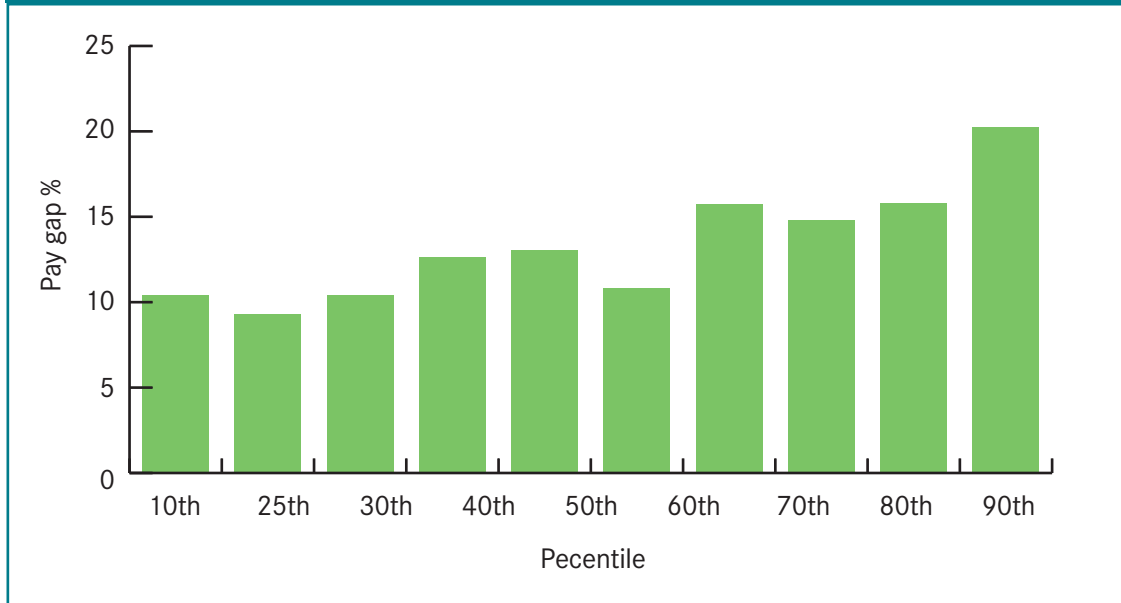
occupations. For these occupational groups, the part-time pay gap is higher than the combined figures. This can be partly explained by the relatively few women working part-time in those occupational groups compared to the proportion of male full-time employees. For example, the part-time pay gap in managers and senior officials (25.7 per cent) is 14.5 percentage points higher than the full-time figure (11.2 per cent).

In previous years, managers, directors and senior officials have had one of the largest combined pay gaps. In 2019, the combined pay gap for this occupational group (21.4 per cent) was 8.1 percentage points higher than the national average and 7.5 percentage points higher than the national average in 2018. This year's figures show that the combined pay gap for managers, directors, and senior officials (12.1 per cent) has fallen 9.3 percentage points over the last year. The managers, directors and senior officials group has previously been identified by ONS as having a notable impact on the gender pay gap, as this occupational group has the highest median pay of any occupational group. The ONS believe that an increase in women holding higher-paid managerial roles could account for the reduction in the pay gap for this occupational group, with this reduction contributing to the overall decrease in the gender pay gap at the national level. However, Scottish-level data from the latest annual population survey shows that women account for 38.8 per cent of managers, directors and senior officials. This represents a 0.7 per cent decline from the previous year (39.5 per cent). It is consequently unclear why the gender pay gap in managers and senior officials has reduced so substantially from 2019 at the Scottish-level. Some of the conclusions which align with UK-level data may, therefore, be less applicable at the Scottish-level.

At the UK-level, the gender pay gap decreased for all but two occupational groups from 2019. By contrast, the gender pay gap increased in five occupational groups in Scotland (professional occupations; skilled trades; sales and customer service; process, plant and machine operatives; and elementary occupations) and stayed the same in caring, leisure and other service occupations. This means that only three occupational groups saw a decrease from 2019, marking a stark contrast with the UK figures. As ONS conclusions around the impact of COVID-19 are based on UK-level data, some of these conclusions appear less accurate when analysing only Scottish data.

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 11.7 per cent, which is significantly lower than the mean measurement of 15.6 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 pay gap for the 10th percentile of professional occupations for women and men working full-time is 10.4 per cent, compared to 20.2 per cent for the 90th percentile. The 90th percentile pay gap is 8.5 percentage points higher than the median average for this occupational group.

Figure 3: Median full-time pay gap by wage percentile for professional occupations in Scotland



Source: ONS *Annual Survey of Hours and Earnings* 2020 provisional results
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3> Accessed February 2021

7. 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. When comparing the full-time pay gap for weekly and hourly earnings, the weekly figure is higher for all occupational groups barring caring, leisure and other services, and managers and senior officials. Women are more likely to work fewer paid hours per week than men, due to the burden of care disproportionately falling on women, but 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 2020

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	£634.70	£470.60	£164.10	25.9%	£705.80	£625.20	11.4%
Managers, directors and senior officials	£918.40	£764.80	£153.60	16.7%	£969.70	£828.40	14.6%
Professional occupations	£877.10	£649.90	£227.20	25.9%	£937.10	£774.60	17.3%
Associate professional and technical occupations	£668.70	£543.40	£125.30	18.7%	£699.30	£619.30	11.4%
Administrative and secretarial	£470.60	£363.00	£107.60	22.9%	£535.40	£469.10	12.4%
Skilled trades	£504.30	£307.00	£197.30	39.1%	£524.50	£385.10	26.6%
Caring, leisure and other service occupations	£363.90	£317.00	£46.90	12.9%	£472.20	£433.20	8.3%
Sales and customer services	£337.90	£262.00	£75.90	22.5%	£456.80	£406.50	11%
Process, plant and machine operatives	£454.50	£314.60	£319.90	30.8%	£485.90	£390.00	19.7%
Elementary occupations	£343.00	£212.30	130.70	38.1%	£434.20	£380.00	12.5%

Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2020* Table 3.2A Work Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)

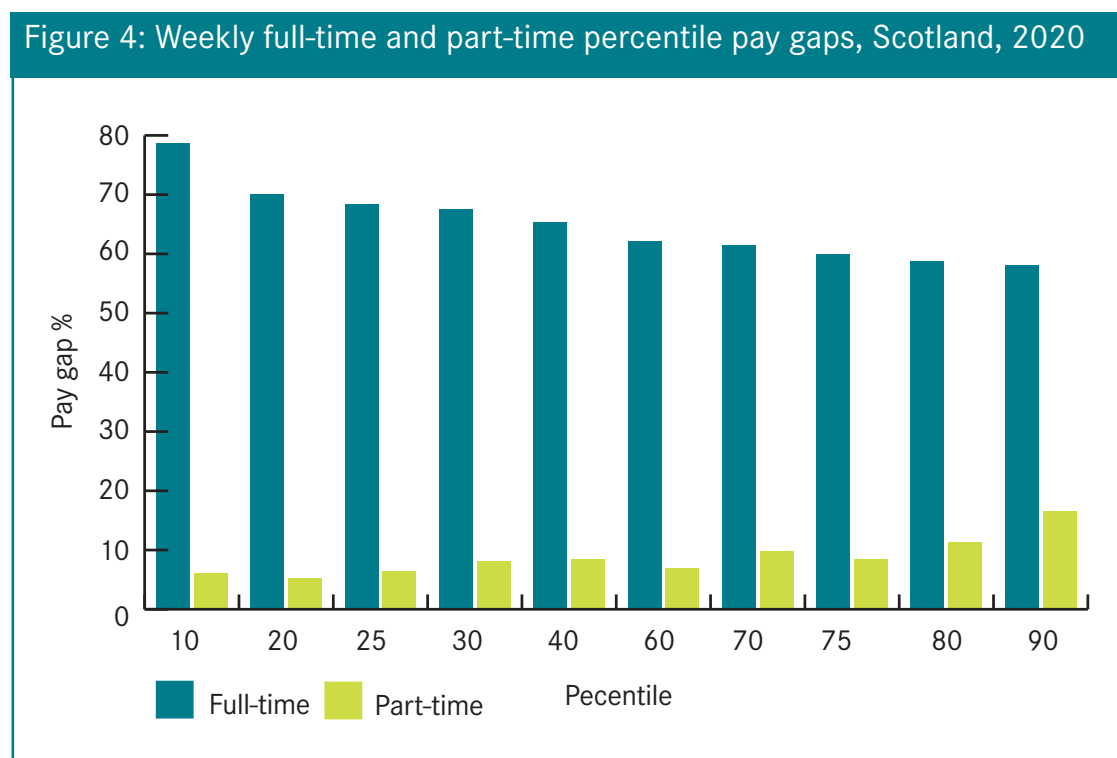
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3> Accessed February 2021

8. 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 displayed figures significantly lower when only full-time workers were considered, about three-quarters of women work part-time, in order to capture an accurate picture of the labour market it is important to include part-time workers. The mean combined weekly pay gap (25.9 per cent) is more than double of the full-time figure (11.4 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 (22.5 per cent) is over 11.5 percentage points higher than the full-time figure (11 per cent).

By 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 57.1 per cent for managers and senior officials to a gap of 52.1 per cent for care, leisure and other service occupations.¹⁶

The increase in the gender pay gap when viewing 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, between 5 per cent and 17 per cent. The variance of part-time weekly pay gaps is wider, and ranges between 58 per cent for those on the highest earnings and 79 per cent for the lowest earners.



Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2020* Table 3.2A Regions by Occupation (2 digit SOC 2010) weekly pay (excluding overtime)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3>

9. Intersectionality and the pay gap

Disabled women, Black and minority ethnic (BME) women, lesbian and bisexual women, trans women, refugee women, young women, and older women experience different, multiple barriers to participation in the labour market, and to progression within their

¹⁶ ONS *Provisional Results Annual Survey of Hours and Earnings 2020* Table 3 Region by Occupation (2 digit SOC 2010) weekly pay (excluding overtime).
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation2digitsocashetable3> Accessed February 2021

occupation, which also contributes to the pay gap. Across the labour market, disabled women and some groups of BME women are more likely to be under-employed in terms of skills, and experience higher pay gaps.¹⁷ Disabled, BME, and lesbian, bisexual and trans women are also more likely to report higher levels of discrimination, bullying and harassment.¹⁸ For example, research by Close the Gap into the employment experiences of BME women in Scotland found that 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 BME woman.¹⁹

BME women have also been disproportionately impacted by COVID-19 job disruption. BME women are more likely to work in a sector that has been shut down; more likely to be in insecure work which puts them at increased risk of loss of hours and earnings; and are concentrated in low-paid service sectors which are more susceptible to redundancies over the course of the crisis. The economic and labour market impacts of COVID-19 therefore have the potential to further entrench labour market inequality for BME women who already face multiple barriers to good quality employment.²⁰

There remains a lack of intersectional data pertaining to gender pay gaps to fully illustrate differences. Data relating to disability, gender and pay are only available at a UK-level. The most recent data (2019) show that the pay gap for disabled women is nearly nine percentage points higher than the pay gap for women overall. The average pay gap for disabled women is 25.9 per cent when compared with non-disabled men and 12.3 per cent when compared with disabled men.²¹

There are also limited data relating to the ethnicity pay gap, which measures the difference in average hourly pay between different ethnic groups. The most recently available data is from the Labour Force Survey over the period of 2002-14. The data shows that there is a pay gap between women from all ethnic groups and white men. However, the pay landscape for women in the same period was more complex as there were clear differences in pay gaps across ethnic groups and migration status. The data therefore highlights that BME women cannot be treated as a homogenous group with British-born BME women experiencing pay advantages or smaller pay gaps than immigrants from the same ethnic group, except for Chinese and Indian women.

¹⁷ Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap* <https://www.closesthegap.org.uk/content/resources/The-Gender-Penalty-Feb-2018.pdf>

¹⁸ Ibid

¹⁹ Close the Gap (2019) *Still Not Visible: Research on Black and minority ethnic women's experiences of employment in Scotland*

²⁰ Ibid

²¹ TUC (2019) *Disability Employment and Pay Gaps 2019* https://www.tuc.org.uk/sites/default/files/201911/Disability%20doc%20%28003%29%20%28003%29_2.pdf Accessed February 2021

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, rising to 12.3 per cent for a Bangladeshi migrant woman.
- A British-born Black African 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.
- Indian women are the only other ethnic group to have a pay advantage over white women regardless of whether they are British-born (14.9 per cent) or migrant (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.²²

10. 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	£18.86	£16.10	14.6%
18- 21	£9.68	£9.45	2.4%
22-29	£14.46	£13.73	5%
30-39	£18.83	£17.20	8.7%
40-49	£21.91	£17.85	18.5%
50-59	£20.89	£16.82	19.5%
60+	£17.97	£14.26	20.6%

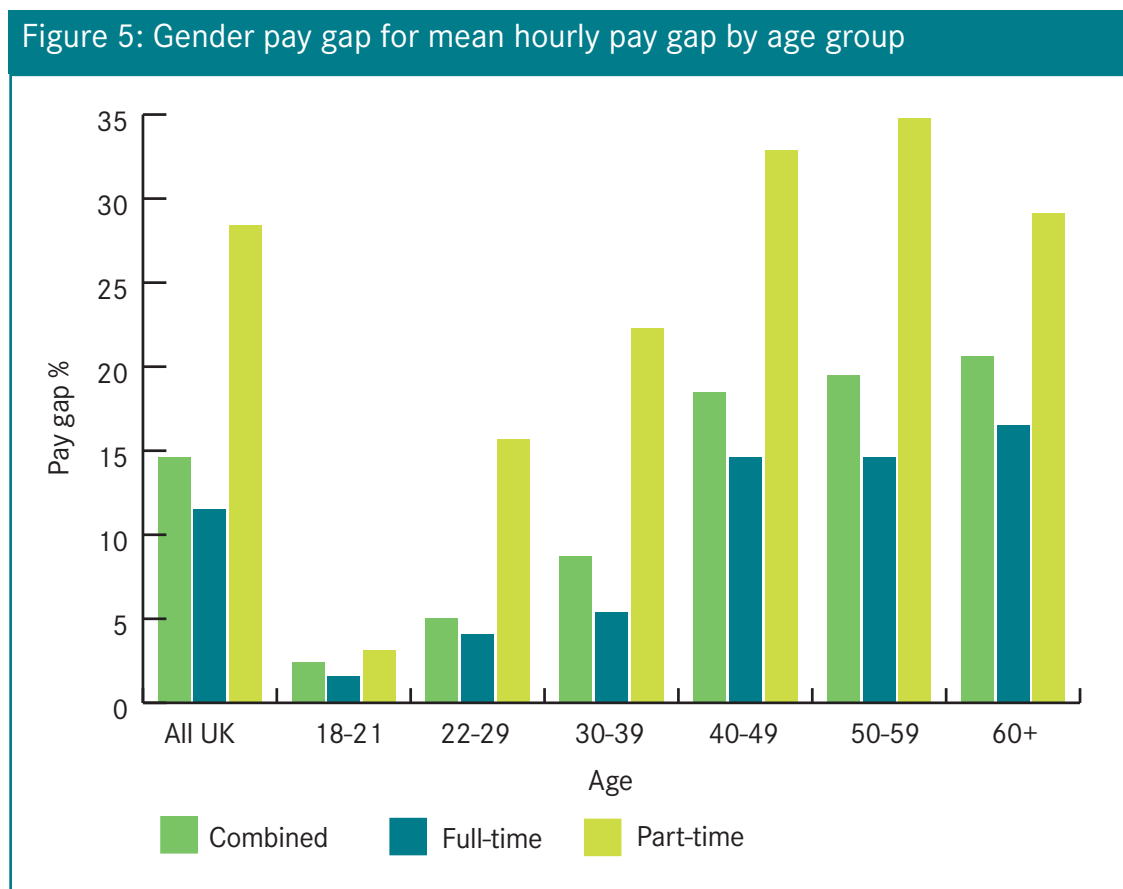
Source: *ONS Provisional Results Annual Survey of Hours and Earnings 2020* Table 6.6a hourly pay (excluding overtime) by age

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6> Accessed February 2021

²² EHRC Website. Ethnicity: what does the pay gap look like?

<https://www.equalityhumanrights.com/en/paygaps/ethnicity-what-does-pay-gap-look> Accessed February 2021

While table 5 shows that there is a pay gap for all age categories, the gap is above average for those aged 40 and over. This is further illustrated in figure 5. The ‘motherhood penalty’²³ contributes significantly to the increased pay gap. 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, which are characterised by low pay. At the same time, there are fewer women working part-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.



Source: ONS *Provisional Results Annual Survey of Hours and Earnings 2020* Table 6.6a hourly pay (excluding overtime) by age
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/agegroupshetable6> Accessed February 2021

²³ ‘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 that women work on a part-time basis and 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).

Demographic-specific surveys can reveal differences in pay for young women and 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 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.²⁴

Data from the UK Government Department for Education, covering the financial year 2016-2017, also found that the gender pay gap starts from graduation. The research, based upon English data, shows that one year after graduating women were earning about £1600 less than their male counterparts, meaning male earnings were 8 per cent larger than female earnings. Five years after graduation, this rises to 15 per cent and reaches 31 per cent ten years after graduation.²⁵

11. Public, third and private sector

Table 6 shows the gender pay gap in the public, third and private 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
Public sector	£20.64	£18.20	11.8%	£20.87	£19.10	8.5%	£15.71	24.7%
Private sector	£17.06	£14.15	17.1%	£17.37	£14.90	14.2%	£12.09	30.4%
Non-profit body or mutual association (Third sector)	£19.38	£15.23	21.4%	£20.42	£16.11	21.1%	£12.99	36.4%

Source: ONS *Annual Survey of Hours and Earnings*

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbypublicandprivatesectorashetable25> Accessed February 2021.

The combined and full-time pay gaps figure for the public, private and third sectors are above the national average. While the public sector full-time and combined figures are above the national average, the part-time figure is below the national average. By contrast, all three gender pay gap figures for the private sector and third sector are above the national average. The third sector has the highest pay gap across the combined, full-time and part-time figures. The full-time figure in the third sector is 13.6 per cent 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.

²⁴ Higher Education Statistics Agency (2020) *Higher Education Graduate Outcomes Statistics: UK, 2017/8 - Summary*

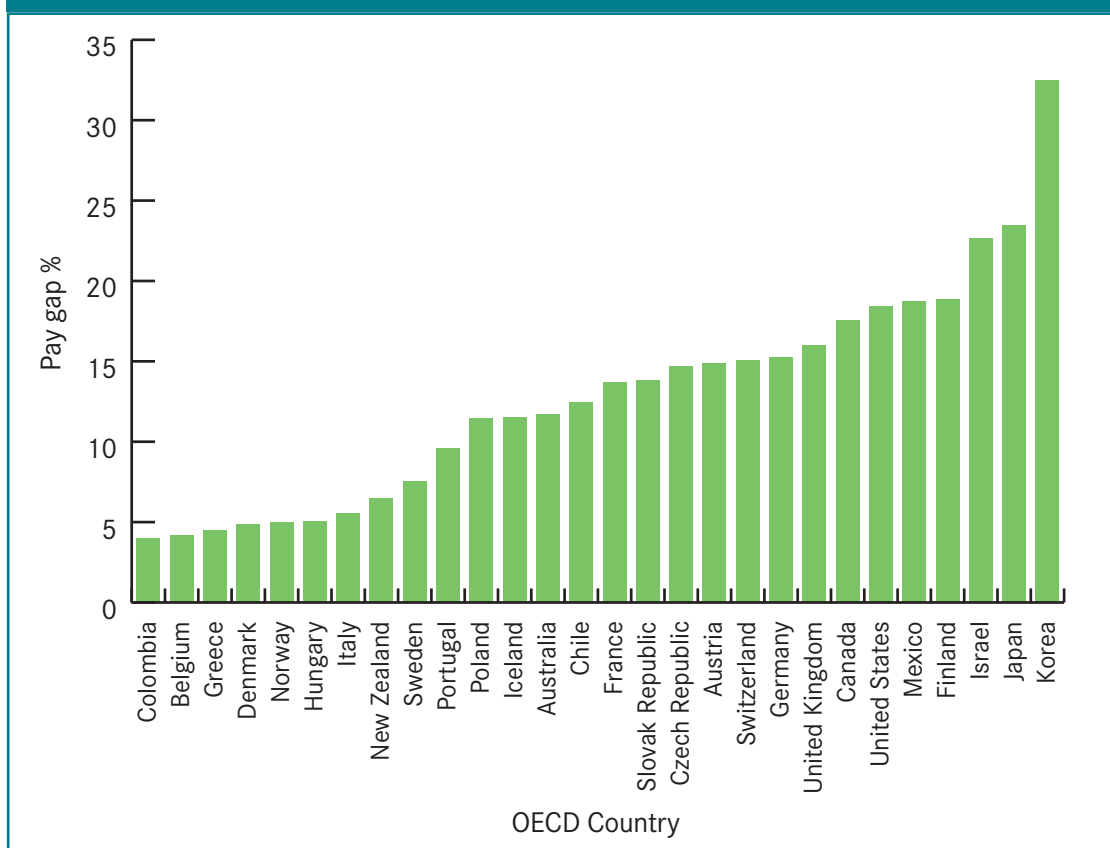
²⁵ Graduate outcomes (LEO): Employment and earnings outcomes of higher education graduates by subject studied and graduate characteristics in 2016/17
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/790223/Main_text.pdf Accessed February 2021

12. Global gender pay gap

The pay gap is a worldwide phenomenon and is symptomatic of the undervaluing of women's participation in social and economic spaces of production. The International Trade Union Congress, when analysing the global gender pay gap, have reported that the average gender pay gap stands at 20 per cent.²⁶

Figure 6 illustrates the OECD's estimates of the median gender pay gap of its 34 member countries. The gap ranges from 4 per cent to over 32 per cent across the different countries, and the overall gender gap in earnings is 12.9 per cent. This set of data is limited as it compares only full-time employees, but in some cases, countries have submitted information about all employees who work over 15 hours per week. 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.²⁷

Figure 6: The gender pay gap in average earnings of full-time employees (median) across each of the OECD countries²⁸



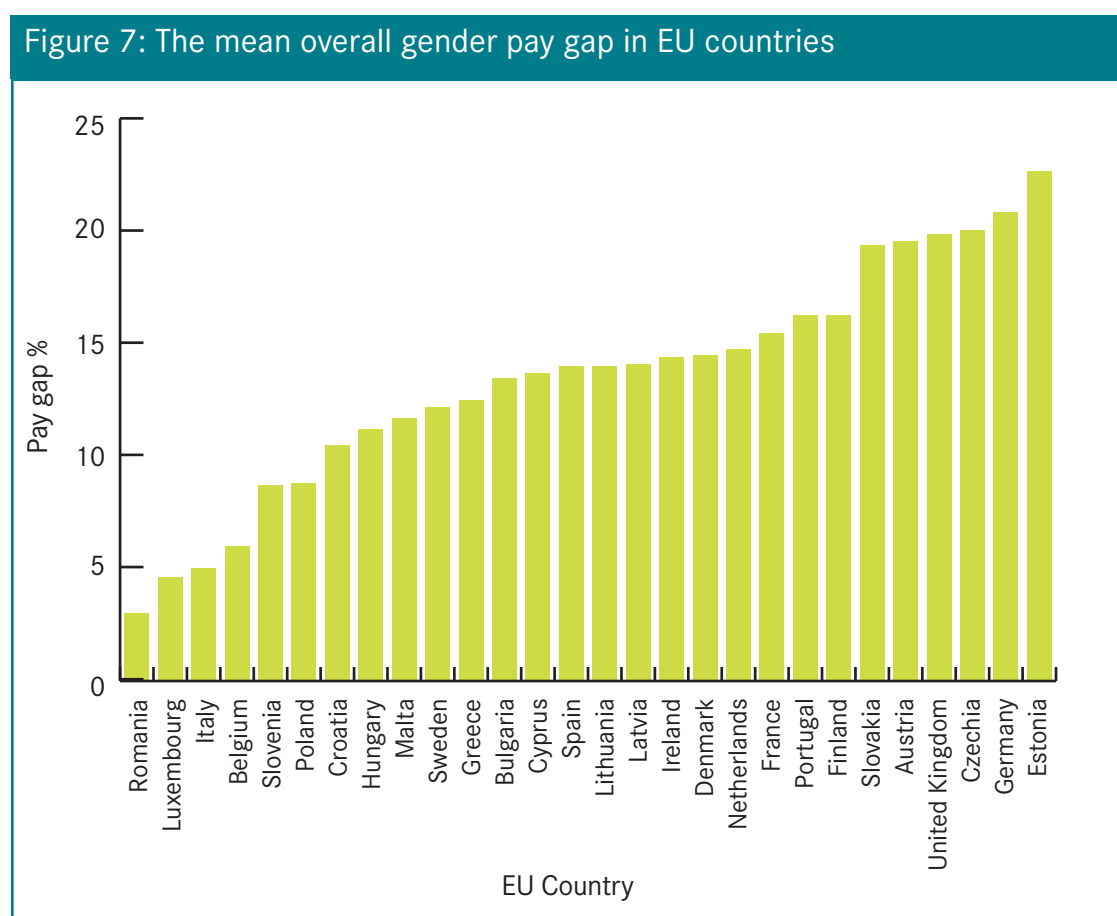
Source: OECD Employment Database 2020, accessed February 2021
<https://data.oecd.org/earnwage/gender-wage-gap.htm>

²⁶ ITUC (2019) Closing the Gender Pay Gap: What role for Trade Unions? Available at https://www.ilo.org/wcmsp5/groups/public/—ed_dialogue/actrav/documents/publication/wcms_684189.pdf Accessed February 2021

²⁷ OECD (2019) Employment Database <https://data.oecd.org/earnwage/gender-wage-gap.htm> Accessed February 2021

²⁸ In the most recent OECD release, not all OECD member states are represented in the data. There is no available data for Estonia, Ireland, Latvia, Lithuania, Luxembourg, Netherlands, Slovenia, Spain and Turkey.

The European Commission publishes annual reports on the pay gaps in EU member states and uses the mean combined figure. The Commission does however not have annual figures for each member state. Similar to OECD figures, in the European Union the gap ranges vastly from as low as 3 per cent to over 22 per cent, with an average gap of 14.8 per cent (Figure 7). The European Commission highlights that the 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’.²⁹ Countries such as Italy have a relatively low figure (5 per cent) however this is likely to be a reflection of the small proportion of women in its workforce.³⁰



Source: European Commission accessed February 2021 https://ec.europa.eu/eurostat/statistics-explained/index.php/Gender_pay_gap_statistics

²⁹ European Commission (2014) Gender Pay Gap in EU Countries based on SES (2014) https://ec.europa.eu/info/sites/info/files/aid_development_cooperation_fundamental_rights/report-gender-pay-gap-eu-countries_october2018_en_0.pdf accessed February 2021

³⁰ Ibid.

13. Discussion

These figures represent a narrowing of Scotland's gender pay gap from 13 per cent to 10 per cent. While the full-time pay gap has also narrowed by 3 per cent, the part-time pay gap has actually increased. Women working full-time earn 7.5 per cent less than their male counterparts, while part-time women earn on average 29.7 per cent less than men working full-time illustrating the systemic undervaluation of "women's work" which continues to be concentrated in part-time, low-paid jobs.

The gender pay gap has remained relatively stable over time. Data from 2015 to 2019 shows a slight narrowing of the gender pay gap year-on-year of around 1 per cent. From 2019 to 2020, the gender pay gap has seen a more substantial decrease of 3 per cent which is out of line with the expected trajectory of the gender pay gap. This highlights that the decrease in the gender pay gap may reflect short-term labour market conditions rather than underlying pay trends.

The impact of COVID-19

While the ONS have concluded that the pandemic has not had a notable impact on the gender pay gap, the economic and labour market consequences of COVID-19 are likely to have had some impact on the data. For example, changes to women's and men's earnings as a result of furlough and the fact low paid women have been more likely to lose their job are key factors which could influence the pay gap in the short to medium term. In addition, the pandemic is very likely to have a more substantial impact on the gender pay gap in the longer term.

The period covered by this data includes April 22nd, whereby approximately 8.8 million employees were furloughed under the Coronavirus Job Retention Scheme. Estimates by the ONS concluded that approximately half of these employees received only 80 per cent of their normal pay, which has the potential to artificially impact the gender pay gap estimates in 2020. The ONS concludes that lower earners, particularly those in the bottom 10 per cent of earners, were substantially more likely than the average employee to be furloughed on reduced pay. As a result of low earners being particularly impacted, the ONS have concluded that the Job Retention Scheme will have had a small impact on the gender pay gap, particularly on the median measure. Instead, the ONS points to the majority of the reduction in the gender pay gap being caused by underlying changes in pay, evidenced by the pattern of change in the pay gap within occupational groups and across earner deciles. However, while UK-level figures, upon which ONS conclusions are based, highlight changing patterns of pay in the occupational groups, this conclusion is less applicable at the Scottish-level. Indeed, in comparison with UK-wide figures, the pattern of change in the pay gap within occupational groups in Scotland is less pronounced. The differing changes in the pay gap at the Scottish and UK-levels may therefore point to COVID-19 having a more substantial impact on the pay gap in Scotland.

Over the course of the pandemic, there has been a sharp increase in the number of women working full-time. The latest ONS data covering the period September to November 2020 show that 47,000 more women are working full-time than the same period in 2019.³¹ This is a slight decrease from the last data release which showed 53,000 additional women working full-time over the period of August to October 2020 when compared with last year. The latest data also shows that the increase in full-time working is coupled with 14,000 fewer women working part-time. These changes in women's working patterns are likely to have a narrowing effect on the gender pay gap. These changes may be driven by growth in demand from key sectors such as social care, healthcare and childcare where women account for the majority of workers. In addition, increases in public sector jobs, where women also dominate, could play a part in the increase in full-time working among women and some women may have increased their working hours in response to their partners losing hours and pay as a result of the pandemic. It is therefore likely that the increases in full-time working result from demand arising from COVID-19 and are thus likely to be temporary.

Tackling the gender pay gap

The pay gap has a range of complex, inter-related causes which require a cohesive and strategic response. 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. We also welcomed the recent commitment to review the plan's actions to ensure they are fit for purpose in the context of the COVID-19 response and economic recovery. The plan commits 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. It is critical that the ambition in the plan is realised, particularly given possibility that the economic and labour implications of the pandemic may reverse gender equality gains.

Gender-disaggregated data is necessary for policy-makers, employers and other stakeholders to understand and challenge gender inequality. The cross-cutting and complex issues relating to the nature of women's and men's access to education, 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 gender inequality. COVID-19 has 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. The lack of

³¹ Scottish Government (2020) Scottish Labour Market monthly briefing: January 2021 available at <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2021/01/labour-market-monthly-briefing-january-2021/documents/labour-market-monthly-briefing-january-2021/labour-market-monthly-briefing-january-2021/govscot%3Adocument/Labour%2BMarket%2BMonthly%2BBriefing%2B-%2BJanuary%2B2021.pdf>

data makes it extremely difficult to achieve a granular understanding of the impact of COVID-19 on different groups of women, and the effect on women's and men's labour market participation. UK Government data relating to the Job Retention Scheme contains minimal gendered data, and Scottish Government data on job disruption does not contain sufficient data on the gendered experiences of COVID-19 and work. Moreover, the analysis which accompanies these data releases is not gendered, which not only creates an additional challenge in interpreting the data, but also serves to highlight the lack of gender analysis in labour market policymaking.

Close the Gap's research, *The Gender Penalty*, published in 2018, modelled Scotland's gender pay gap to identify the causes, and highlighted the solutions necessary to close the gap. The research found that there are four main drivers of Scotland's pay gap: bonus earnings, the size of company a woman works for, occupational segregation, and the "gender residual" which is most commonly attributed to gender discrimination in the labour market. The research found that occupational segregation remains an intractable problem. 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 and there has been no work to address the inherent undervaluation of women's work.³²

Although the causes of a gender pay gap, whether nationally, or at sectoral or organisational levels, are context specific, there are commonalities across all labour markets. Studies consistently identify that 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.³³ 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 has further illuminated the undervaluation of women's work. The majority of key workers are women, working in often low-paid and increasingly precarious jobs such care, childcare, nursing and retail. Although these workers are essential to a successful pandemic response, they are undervalued, underpaid, and under-protected.

2020 marked the 50th anniversary of the Equal Pay Act, which aimed to correct the undervaluing of women's work and ensure equal pay for 'like work' or 'work of equal value'. Despite 50 years of this legislation, pay and grading structures continue to reward stereotypical male roles, behaviour and characteristics.³⁴

³² Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap*

³³ Ibid.

³⁴ 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/>

Gender pay gap reporting regulations

In April 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 require 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; 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 assessment³⁵ of employer reporting in 2019 reveals that the pay gap remains an intractable problem, with no end in sight.

Less than a third of employers had published actions they will take to close the gender pay gap, the majority of which were unmeasurable and unlikely to result in positive change. Less than two in five employers had published a narrative to explain the causes of their gender pay gap, with the majority providing a poor level of analysis. Only 6 per cent published targets; and only 4 per cent had published evidence of action taken in the past year. Overall, 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 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.³⁶

In 2020, the UK Government suspended gender pay gap reporting in response to COVID-19. This was unnecessary as pay gap reporting itself was unlikely to have a significant impact on large employers' ability to operate, given 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 2020.³⁷ However the message to employers, regardless of whether they chose to report or not, is that gender equality does not matter in periods of economic crisis and the decision therefore represents a clear de-prioritisation of women's labour market equality. The House of Commons Women and Equalities Committee called for gender pay gap reporting to be urgently reinstated and for employers to be required to publish data for 2019/20 and 2020/21 in April 2021, highlighting that the pandemic has necessitated additional transparency around pay.³⁸ The UK Government

³⁵ Close the Gap (2020) *One year on and little change: An assessment of Scottish employer gender pay gap reporting*

³⁶ See Close the Gap (2013) *Missing out on the benefits and IFF Research (2015) Company Reporting: Gender pay data*, Government Equalities Office

³⁷ 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/>

³⁸ House of Commons Women and Equalities Committee (2021) *Unequal Impact? Coronavirus and the gendered economic impact*

has announced that 2020/21 gender pay gap reporting will go ahead, but enforcement proceedings have been delayed by six months. This grace period means that while companies should report by the deadline if possible, the EHRC will not begin enforcement proceedings until 4th October 2021.³⁹

Issues remain around employer complacency and a lack of gender mainstreaming in labour market policymaking. This year's figures, combined with the de-prioritisation of equalities work by employers, public bodies and Governments during periods of economic crisis, is likely to further reinforce that complacency. Close the Gap is cautious about the decrease in the gender pay gap, and while various hypotheses exist for this, clarity on the impact of COVID-19 and whether this year's figures represent a temporary decline will not be visible until future releases of ASHE data. Without a gendered response to COVID-19 labour market disruption and economic recovery, a key impact of the crisis will be the exacerbation of women's pre-existing inequality in the labour market with medium- and long-term impacts for the gender pay gap.

³⁹ EHRC (2021) 'Gender pay gap regulation enforcement to begin in October' available at <https://equalityhumanrights.com/en/our-work/news/gender-pay-gap-regulation-enforcement-start-october>