

**Agenda Item 16: CHS-1920-77**

<b>Title</b>	Gender Pay Gap Report - 2 year update
<b>Purpose</b>	For consideration and approval
<b>Author(s)</b>	Sinead Lammie – HR/OD Lead
<b>Line Manager(s)</b>	Lynne Harrison – Head of Strategy, Development and DCE

**1. Background Information**

1.1 The specific equality duties in Scotland were created by secondary legislation in the Equality Act 2010 (Specific Duties) (Scotland) Regulations in 2012 as amended. Further new regulations were introduced in 2015 when CHS became a listed authority, and in 2016, the employee threshold for gender pay gap reporting was reduced from 150 to 20 employees and further introduced the requirement to publish equal pay statements. CHS published its first Gender Pay Gap report and Equal Pay Statement in April 2018.

1.2 This is our second Gender Pay Gap report and we will continue to meet our statutory requirements by reporting our gender pay gap every 2 years.

**2. Recommendations**

2.1 It is recommended that the Board approves the content of this report for publication by the 30<sup>th</sup> March 2020 deadline.

# CHS Gender Pay Gap Report 2020

## Executive Summary

CHS is committed to the principles of equal pay for work of equal value and operates a pay system that is based on objective criteria. We have a clear reference to Equal Pay in our Recruitment and Selection Policy and have consistently followed Scottish Government guidance on Equal Pay. CHS' pay awards are in line with the Scottish Government Public Sector Pay Policy for Staff Pay Remits.

Since CHS became operational it has used an incremental pay structure. The current pay remit and pay structure are underpinned by job evaluation. Equal pay for work of equal value is the cornerstone of job evaluation and CHS uses the Hay Job Evaluation process. All CHS roles when developed or amended go through the job evaluation process, which is administered by independent expert JE panel at our sister agency, the Scottish Children's Reporter Administration, supported by a member of the CHS HR team. An employee appeal process is also built into the process, if so required.

CHS' Chief Executive's pay is determined by the Scottish Government Senior Appointments Pay Policy but while CHS does *not* determine this pay, the Chief Executive's pay details have been included in the calculation of our equal pay figures.

When developing annual pay awards, CHS remains cognisant of the impact on all protected characteristics of any pay offer, ensuring that we improve the equalities position year on year i.e. by reducing the journey times from minimum to maximum level within each pay band.

All data contained in this report refers to salary figures only, as CHS does not operate a bonus scheme. The data is accurate as at 1 February 2020 but for direct comparison, the data from the 1 February 2018 report is also detailed.

CHS had 39<sup>1</sup> employees (excluding 1 employee on long-term career break). This is a 51% increase in headcount since 2018. Our workforce is 79.5% female (and increase of 14.5%) with CHS employed females now accounting for 75% of our senior management team.

There are two suggested methods to calculate our overall pay gap, for reasons that are explained more fully within the report – [Calculating the Gender Pay Gap for CHS](#). While there is no general consensus on which method is better and there are disadvantages in using either method, particularly for an organisation as small as CHS (due to vulnerability of data to be skewed in even the addition or deletion of one earnings figure), we have provided headline figures using both methods. In line with guidance from Close the Gap (Scotland's main research organisation looking at women's participation in the labour market), we have given preference to using the *mean* average in the rest of our pay gap analysis as it can give a deeper understanding of any pay gaps.

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<sup>1</sup> All data in the report is taken from snapshot date of 1 February 2020, exactly 2 years since the previous data was produced in order to make direct comparisons.

When using the *mean* average to calculate, our overall pay gap between male and female salaries is now **1.8%** (in favour of men), compared with 23% two years ago.

However, when using the *median* average to calculate, our overall pay gap between male and female salaries is now **-18.36%** (in favour of women), a widening of 1.36%.

Analysis of these figures is found in [Section One](#) of the report. Note the for ease of comparison, the figures from the 2018 Gender Pay Gap report are also included.

It is clear that the mean gender pay gap within CHS has dropped considerably in the past two years. The obvious explanation for this is the 51% increase in headcount, with females accounting for 87.5% of the new workforce and that of this female group, 57% of them are in senior roles/ top third earning roles in CHS.

To also give as wide and reflective a picture of the gender make-up of our organisation, we have included in addition to the required occupational segregation figures, a number of other different pay gap figures within the report including part-time pay gap figures.

# Pay Gap Reports

## Gender Pay Gap Reporting – the Regulations

The Equality Act 2010 describes nine protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief; sex (male or female); and sexual orientation.

The specific duties in Scotland were created by secondary legislation in the Equality Act 2010 (Specific Duties) (Scotland) Regulations in 2012 as amended. Further new regulations were introduced in 2015 when CHS became a listed authority, and in 2016, reducing the employee threshold for gender pay gap reporting and the publication of equal pay statements from 150 to 20 employees. As CHS has 39 employees, the organisation is required to be fully compliant with the regulations and undertake the required specific duties.

## Calculating the Gender Pay Gap for CHS

The methods for determining any pay gap is outlined in Close the Gap's publication, Close Your Pay Gap: <https://www.closeyourpaygap.org.uk/>

The gender pay gap is the difference in average hourly earnings between men and women.

CHS has used both the *mean* and *median* average figure for its headline pay gap figure. The mean average is calculated by adding all individual CHS employees' hourly rates of pay and dividing by the total number of employees. The median average is calculated by listing all the male and female salaries in order of amount and then finding the mid-point of each list.

The mean is considered by many organisations, including Close the Gap, to be a more useful measure as it includes the highest and lowest rates of pay and because those on the highest rates of pay tend to be men and those on the lowest are more likely to be women, it is an important measure of women's experience of labour market disadvantage as compared to men.

The median pay gap is considered more representative of "typical" pay. Those who advocate the use of the median, such as the Office of National Statistics (ONS) feel that the very high earners are the exception to the norm, but can disproportionately skew the pay gap figure.

As CHS has a small employee base, our figures are easily skewed regardless, by the inclusion of even one additional high salary figure. This means that by aligning with the Close the Gap preference and using the mean to calculate the average of a skewed distribution, such as ours, the calculations are highly influenced by those values at the upper end of the distribution and thus may not be truly representative. To help counter this we have reported a number of other different pay gap figures including part-time figures in order to give as wide and reflective a picture of the real situation within CHS and tried to draw out conclusions in the explanatory narrative below each table.

We have also taken care, due to the small number in our employee dataset to not publish *sensitive* data in this report in a way that might identify any particular individual employees.

## Who is included in our analysis?

All workers<sup>2</sup> engaged in a contract of employment with CHS are included in the analysis of gender pay gap analysis including CHS' Chief Executive, even though CE pay is determined by the Scottish Government Senior Appointments Pay Policy.

**NOTE:** Salary data for employees on long-term career breaks (and so are not currently on payroll) *is not* included in this report, however data for any employees on maternity or other absences, who are on payroll, *is* included in this report.

Also, it should also be noted that two members of senior management team are *not* paid employees of CHS, but are employees of the Scottish Children's Reporter Administration (SCRA) with whom we engage their services, through established shared service arrangements between both organisations. We have therefore not included their pay within this analysis but we have included their headcount, when reporting the gender composition of our Senior Management Team.

## Our gender pay gap findings

As noted above, we have reported a number of different pay gap figures in order to give as wide and reflective a picture of the real situation within CHS. These include:

1. The headline (overall) pay gap figure, (both mean average and median average figures)
2. The full-time pay gap figure (mean average)
3. The part-time pay gap figure (mean average)
4. The pay gap between male and female part-time employees (mean average)
5. The pay gap between male and female full-time employees (mean average)
6. Occupational segregation pay gap figures for:-
  - a. Horizontal segregation – by job **type** (mean average)
  - b. Vertical segregation – by job **level** (mean average)

*Following the Office of National Statistics reporting guidelines, a -% demonstrates a pay gap in favour of women.*

Our pay gap findings are reported in the tables below and each table has an explanatory narrative to accompany the findings.

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<sup>2</sup> CHS has not however included any temporary agency workers in its pay gap reporting as these individuals are not employed directly by CHS ( nor did CHS engage in any temporary agency contracts at 1 February 2020. CHS has also not included the hourly pay rates for the contractors it has engaged to carry out work, since the last report was published.

CHS National Team Headcount as of 1 February 2020 (2018 figures are below in grey text)

<b>Female part-time</b>	<b>Female full-time</b>	<b>Male part-time</b>	<b>Male full-time</b>	<b>Total Headcount</b>
5	26	2	6	39
	79.5%		20.5%	
3	10	1	6	20
	65%		35%	

## Overall pay gap figure for CHS

The single/overall pay gap figure includes all CHS employees, including those in senior management grades. It also includes all full-time and part-time employees and employees on permanent and fixed term contracts and provides the most complete picture in relation to gendered pay inequalities and is presented as both mean average and median average figures.

## Mean overall pay gap (2018 figures are below in grey text)

MEAN Average female hourly rate (£)	MEAN Average male hourly rate (£)	Scotland (2018) Mean Pay Gap
21.72	22.12	
<u>22.12-21.72</u> x 100 22.12	CHS Pay Gap = 1.8%	
17.96	23.41	
<u>23.41-17.96</u> x 100 23.41	CHS Pay Gap = 23.3%	17.9%

CHS has experienced a significant drop in its mean gender pay gap. As is noted in the executive summary, the mean gender pay gap within CHS has dropped considerably in the past two years. The obvious explanation for this is the 51% increase in headcount, with females accounting for 87.5% of the new workforce and that of this female group, 57% of them are in senior roles/ top third earning roles in CHS.

## Median overall pay gap (2018 figures are below in grey text)

MEDIAN Average female hourly rate (£)	MEDIAN Average male hourly rate (£)	Scottish median pay gap
21.14	17.86	
<u>17.86 -21.14</u> x 100 17.86	CHS Pay Gap = -18.36%	
18.69	15.99	
<u>15.99 -18.69</u> x 100 15.99	CHS Pay Gap = -16.9%	15% ( UK = 17.9%)

Median pay for women in Scotland is higher than in the UK as a whole and is third highest of the nations and regions of the UK.

## Addressing our overall equal pay gap through recruitment

CHS ran a total of 14 recruitment campaigns over the past 24 months, (excluding internal secondments/promotions) and attracted a total of 471 applicants. Of those 14 campaigns, some of which consisted of multiple vacancies, 21 females were appointed, and 3 male. It should be noted that CHS followed through on its flexible working commitments by providing x4 job-share contracts which were filled by both male and female employees.

A full breakdown of our equality data for these recruitment campaigns is found in Appendix 2 of our Equality Mainstreaming Progress Report 2018-2020.

From our recruitment data and employee headcount figure (79.5% female), CHS can demonstrate that it is an organisation that attracts, appoints and promotes females at all organisational levels. We will continue to ensure that it maintains robust, fair and transparent recruitment processes that provide equality of opportunity for all protected characteristic groups.

## Full-time pay gap (2018 figures are below in grey text)

The full-time pay gap figure is calculated by comparing female full-time average hourly pay with male full-time average hourly pay. While useful to consider, they cannot be used as the overall/headline figure for the organisation as these figures omit the experience of CHS' part-time workers.

Total number of full-time females	Mean average full-time female hourly rate (£)	Total number of full-time men	Mean average full-time male hourly rate (£)
26	20.90	6	23.09
$\frac{23.09 - 20.90}{23.09} \times 100$		CHS full-time pay gap = 9.48 %	
10	17.9	6	25.04
$\frac{25.04 - 17.9}{25.04} \times 100$		CHS full-time pay gap = 28.5 %	

The gender pay gap for full time staff within CHS has also fallen significantly since the last figures were produced. Again, this can be explained by the significant increase in female appointments. Of the aforementioned 21 female appointments, 17 were full-time contracts.

Looking beyond CHS, the gender pay gap in Scotland is lower than in the UK average, at 8.6%<sup>3</sup> for full-time workers.

## Part-time pay gap (2018 figures are below in grey text)

The part-time pay gap figure is calculated by comparing female part-time average hourly pay with male full-time average hourly pay. (A negative pay gap figure demonstrates positive salary implications for women vs men)

Mean average <b>part-time</b> female hourly rate (£)	Mean average <b>full-time</b> male hourly rate (£)
25.98	23.09
$\frac{23.09 - 25.98}{23.09} \times 100$	CHS part-time pay gap = - 12.51%
18.13	25.04
$\frac{25.04 - 18.13}{25.04} \times 100$	CHS part-time pay gap = 27.59%

There may be an expectation that the part-time pay gap will be much higher than the combined figure (a part-time workers, tend to women working in lower grades), however in this report we see a reversal of this supposition, where mean female part-time hourly rates are actually 11.7% higher than mean male full time hourly rate. This can be explained again by the increase in new female joiners in the past 24 months who have been appointed into senior manager grades but who are also working part-time contracts.

<sup>3</sup> ASHE (ONS) 2018 Scotland Tables

## Pay Gap between part-time male and part-time female

(2018 figures are below in grey text)

Male/Female part-time employees	% of total employee group	Av hourly part-time	Pay Gap (%)
Male	5.12	19.18	-35.45
Female	12.82	25.98	
Male	14.28	13.66	-32.7
Female	23.07	18.13	

The pay gap shows that female part-time staff are paid higher average pay than male part-time staff and since the last report this pay gap is widening. 16% of females work part-time in CHS ( a drop of 7% since the last CHS Gender Pay Gap report) which is now less than the proportionate average of male part time employees which is 33.3% of total male staff.

Of those x7 employees within CHS who work on a part-time basis, 71% are female, which demonstrates that along with national data, females still dominate the part-time labour market with females workers still take on board the majority of childcare responsibilities during the working week. The UK also has one of the highest rates of part-time work among employed mothers in the EU.

## Pay Gap between all part-time employees and all full-time employees

(2018 figures are below in grey text)

Mean average hourly combined for male/female part-time (£)	Mean average hourly combined male/female full-time (£)	Pay Gap (%)
22.58	25.64	11.93
17.02	20.58	17.29

Combined Part-time staff average pay is lower than that of combined full-time staff. Although this pay gap is not based on gender but upon average (mean) hourly rate of pay between full-time and part-time staff, it is still useful to note.

<sup>4</sup>In 2018, the *median* average gender pay gap for full-time workers in Scotland was 5.7%. This means that if the male and female populations of full-time workers were each lined up in order of their hourly pay, the man in the middle of the male population would be earning 5.7% more per hour than the woman in the middle of the female population.

<sup>4</sup> figures from the Annual Survey of Hours and Earnings (ASHE) from Office for National Statistics. (October 2018).

## Flexible working arrangements

CHS can demonstrate that it is supportive in accommodating the <sup>5</sup>flexible working requests of **all** staff, regardless of gender, and believes that taking a more holistic view of the flexible arrangements that it offers including 4 day compressed working weeks or 9 day fortnights, rather than looking at part-time working in isolation, gives a truer reflection of its support (see table below).

### Part-time and Flexible working Comparisons (2018 figures are below in grey text)

As a percentage of employee group	Part-time working arrangements (%)	Flexible Working arrangements (inc. p-t) (%)
Female	12.82	20.51
Male	5.12	5.12
Female	23.1	38.5
Male	14.3	14.9

The table above shows that 12.82% of CHS' female employee group ( a decrease of 10.28%) and 5.12% of male employees work on a part-time basis. Once formal contractual flexible arrangements are taken into account the percentage of female employees then increases to 21%, which is still however a decrease of 17.5% from the previously reported figures on wider formal flexible arrangements.

CHS still maintains its commitment to give job applicants the option to tick if they wish to carry out the role on a job-share basis and will consider all applications for flexible working as favourably as possible. It also continues to operate a flexi-scheme, open to all grades, and has adopted smart working principles, which permit many employees to better combine their work and personal commitments.

## Occupational Segregation in CHS

Occupational segregation is one of the major causes of the gender pay gap. Horizontal segregation refers to the clustering of men and women into different *types* of work. Vertical segregation refers to the clustering of men and women into different *levels* of work.

The following pay gap reports attempt to give a wide and accurate representation of how salaries are reflected among the different grade band and in different types of work.

### Horizontal Segregation within CHS (2018 figures are below in grey)

In order to report on horizontal segregation in a meaningful way, our pay gap report splits roles into the three clear role *types* within CHS:- Management+, Officer and Admin. Management+ grades include Senior Manager, Depute CE and CE grades. Officer grades include Lower, Medium and Higher Officer grades. Admin grades include General Admin and Specialist Admin grades. The following tables show comparative data between these three role types.

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<sup>5</sup> Right to request flexible working as per the Employment Rights Act 1996 was extended beyond employees with defined caring responsibilities, in the Flexible Working Regulations 2014.

	<b>Management+ grade</b>	<b>Officer grade</b>	<b>Admin grade</b>
	Av. Hourly (£)	Av. Hourly (£)	Av. Hourly (£)
Male	33.49	15.29	n/a
Female	27.11	17.87	12.86
Combined	28.24	17.22	12.86
Male	35.42	14.40	-
Female	23.49	18.06	11.67
Combined	30.77	17.29	11.76

### Management + 'type' Pay Gap (2018 figures are below in grey)

	<b>Management type</b>	<b>Pay Gap (%)</b>	
Gender	Av. hourly		
Male	33.49	<u>33.49 - 27.11</u>	19.05
Female	27.11	33.49 x100	
Gender	Av. hourly		
Male	35.42	<u>35.42 - 23.49</u>	33.7
Female	23.49	35.42 x100	

The gender pay gap at management grade + in CHS has decreased by 14.7% since the last pay gap report. As with other findings earlier in this report, this pay gap decrease can be explained by the fact that of the 51% increase in new starts to the organisation since the last report, 57% were females at Management+ grade, with females now occupying 82% of management+ roles.

### Officer 'type' roles - Pay Gap (2018 figures are below in grey)

	<b>Officer type</b>		<b>Pay Gap (%)</b>
Gender	Mean average hourly (£)		
Male	15.29	<u>15.29 - 17.87</u>	-16.87
Female	17.87	15.29 x100	
Gender	Mean average hourly (£)		
Male	14.40	<u>14.40 - 18.06</u>	-25.4
Female	18.06	14.40 x100	

75% of employees in Officer type roles are female. There is also a pay gap in favour of females in Officer type roles of 16.87% which has narrowed since the last report by 8.5% ( i.e. male salaries in Officer grade are catching up with female Officer grade salaries). A further breakdown of officer roles into grades (which illustrates differences in job levels) is illustrated in the grade comparison table on page 11.

## Admin 'type' roles – Pay Gap (2018 figures are below in grey)

	<b>Admin type</b>		<b>Pay Gap (%)</b>
Gender	Mean average hourly (£)		
Male	n/a	n/a	n/a
Female	12.86		
Gender	Mean average hourly (£)		
Male	n/a	n/a	n/a
Female	11.67		

Due to the significantly small data set we are analysing for admin 'type' roles and the fact that we currently have no males holding admin positions, it is not feasible to produce gender pay gap data or draw any meaningful conclusions on the data presented. C

## Vertical Segregation

In order to report on vertical segregation in a meaningful way and to illustrate where male and female employees may be clustered into different levels of work, CHS has presented two different set of figures i.e. quartile salary figures and grade figures.

## Quartile Salary Figures (2018 figures are below in grey)

The table below shows all the salary figures ranked into quartiles. The gender comparisons for each quartile are shown as gender against total own gender, and as gender against total CHS employee group.

Quartile 1 = highest quartile 4 = lowest quartile	Male as % of all CHS employees	Male as % of all male employees	Female as % of all CHS employees	Female as % of all female employees
1	5.12	25.0	20.51	25.81
2	2.56	12.5	23.07	29.03
3	5.12	25.0	20.51	25.81
4	7.69	37.5	15.38	19.35
1	15.0	42.85	10.0	15.38
2	0	0	25.0	38.46
3	5.0	14.28	20.0	30.77
4	15.0	42.85	10.0	15.38

While in the previous report, male employees are clustered at both the highest and lowest quartiles, and female employees dominated the middle two quartiles within CHS, the figures in this report suggest that females are well represented across all quartiles implying that there is not a significant vertical segregation issue within CHS.

## CHS Job Levels/Grades Pay Gap (2018 figures are below in grey)

The table below shows the composition of all male and female staff with their salaries plotted against the CHS grading structure, noting that DCE and CE grades are aggregated due to the small staff numbers at both grades. This again helps to illustrate vertical segregation between genders.

<b>CHS Grade</b>	<b>Combined gender as % of all CHS employees</b>	<b>Male as % of all CHS employees</b>	<b>Female as % of all CHS employees</b>
DCE and CE ( aggregated)	12.82	5.12	7.69
Senior Management	30.76	2.56	28.2
Higher Officer	23.07	2.56	20.51
Medium Officer	12.8	2.56	10.25
Lower Officer	15.38	7.69	7.69
Specialist Admin	5.12	0	5.12
Admin	n/a	n/a	n/a
DCE and CE ( aggregated)	10	10	0
Senior Management	25.0	15.0	10.0
Higher Officer	35.0	0	100
Medium Officer	20.0	50	50
Lower Officer	10.0	100	0
Specialist Admin	10.0	0	100
Admin	n/a	n/a	n/a

Apart from Specialist Admin grade ( where its composition is 100% female), both male and female staff are represented at all grades within CHS with female staff being predominantly represented at Senior Management and Higher Officer level. To note, female staff now account for 7.69% of DCE/CDE grades when in the previous report they represented 0%.

## Summary

CHS has significantly reduced its mean gender pay gap from 23% to 1.8%, meaning that at a headline level, men receive only marginally more in average pay across the organisation of women. In terms of median gender pay gap figures, which for a smaller organisation like CHS, can produce a less skewed results, the gender pay gap is increased to -18.36%, meaning that female salaries on the whole are more on average than their male colleagues, and that this gap is widening.

The obvious explanation, as has been noted at several points in the previous table narratives is due to the 51% increase in headcount, with females accounting for 87.5% of the new workforce and that of this female group, 57% of them are in senior roles/ top third earning roles in CHS.

CHS is not however complacent in the need to continue to monitor gender pay gaps and will work to ensure that its pay awards and flexible working policies in particular are managed fairly equally for all staff, regardless of gender. It will take into account all the commitments it made in its Equal Pay Statement 2018 as well its statutory general and specific duties under the Equality Act 2010.

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