

# Gender Pay Gap Report 2022

Highlands and Islands Enterprise

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Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

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## 1. Highlands and Islands Enterprise

Highlands and Islands Enterprise (HIE) is the Scottish Government's economic and community development agency for the north and west of Scotland. Our purpose is to generate sustainable economic growth across the Highlands and Islands, ensuring that it is a highly successful and competitive region in which increasing numbers of people choose to live, work, study, visit and invest.

HIE is committed to being a fair employer; where employees work in an environment and culture in which they can be challenged and developed; reaching their personal career goals regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. HIE is proud to actively promote the Fair Work Agenda and applies its principles through its working practices, policies and procedures. HIE's Gender Pay Gap Report is compliant with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Although a requirement to report, HIE welcomes the opportunity to analyse the organisational gender pay gap with a view to identifying potential reasons as to why a gap exists, what this means to the organisation and what potential actions can be taken to pro-actively manage a reduction in the gender pay gap.

## 2. Gender Pay Gap Data

Prior to analysing data and drawing meaningful conclusions, there must be an understanding of HIE's employee population and which of those employees fall within the scope of the gender pay gap data. All calculations have been completed in line with standard methods outlined in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. As is required, **relevant employees**<sup>1</sup> and **full pay relevant employees**<sup>2</sup> have been identified on the snapshot date of **31 March 2022**.

It should be noted that the Chief Executive post has been excluded from HIE's gender pay gap data, consistent with previous reports. The rationale for this is that this post has an individual set of terms and conditions, negotiated with Scottish Government and HIE's Board. Jurisdiction for this post sits with Scottish Government and HIE Board, therefore, data will be incorporated into the relevant gender pay gap return from Scottish Government.

It is also highlighted that there is an external consultant included in HIE's gender pay gap data. Although not engaged for work through a traditional contract of employment, self-employed individuals are to be included in calculations where the individual performs the work themselves. This is the case for one external contractor working for HIE at the snapshot date, whose data has been included in the relevant employee calculation.

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<sup>1</sup> **relevant employees** are all employees employed on the snapshot date. All employees are counted on an individual basis and either have a contract of employment with HIE or are self-employed and performing work themselves for HIE

<sup>2</sup> **full pay relevant employees** are either; paid their full basic pay or paid less than their usual basic pay but not because of a period of leave (e.g. irregular working hours) during the pay period in which the snapshot date falls

## 2.1 Relevant employees

On the snapshot date of 31 March 2022, there are 276 relevant employees within Highlands and Islands Enterprise. Of this total relevant employee population, there are 273 full pay relevant employees. The difference is a result of one employee receiving reduced pay due to long term sickness absence and two employees on reduced pay due to a period of maternity leave. Data analysis for the gender pay gap for HIE for 2022 is, therefore, based on the total full pay relevant employee number of 273.

Of the total population of 273, 169 employees (61.9%) are female and 104 employees (38.1%) are male.

## 2.2 Mean data

Pay data has been collated for each full pay relevant employee. The mean hourly pay rate has been calculated, which is the average hourly pay rate of the total population. The table below shows a breakdown of the mean pay data:

	Female	Male
Mean Hourly Pay	£22.35	£25.46

The difference in mean hourly pay is £3.11 per hour, equating to a gender pay gap of 12.2%. This is an improvement on the previously reported gender pay gap at HIE which was 15.86% in 2021.

## 2.3 Median data

Pay data has been collated for each full pay relevant employee. The median hourly pay rate has been calculated, which is the middle hourly pay rate of the total population. The table below shows a breakdown of the median pay data:

	Female	Male
Median Hourly Pay	£21.78	£23.66

The difference in mean hourly pay is £1.88 per hour, equating to a median gender pay gap of 7.9%.

## 2.4 Bonus Pay data

There is a requirement under legislation to report on the gender pay gap associated with paid bonuses. HIE did not make any bonus payments to any relevant employee during the 2022 period and, therefore, has no data to return in this regard.

## 2.5 Quartile data

A requirement of the Gender Pay Gap report is to split the relevant full pay staff population into quartiles and identify gender split within each quartile. Band A includes the lowest paid 25% of employees (lower quartile) and band D shows the highest paid 25% (upper quartile). HIE's full pay relevant population of 273, has been split into quartiles of 70, 68, 68 and 69. The table below shows the male and female representation within each quartile;

Quartile	Female (%)	Male (%)
A	77.1	22.9
B	62.3	37.7
C	64.7	35.3
D	44.9	55.1

It is apparent there is a considerably higher percentage of female representation at quartile A (lowest paid employees) compared to quartile D (highest paid employees) and this is the opposite for males; with a substantial increase in representation from quartile A (22.9%) to quartile D (55.1%).

There is a near balanced split between males and females in the highest paid quartile of staff, with 55.1% and 44.9% respectively. However, given that 62.3% of the total staff population at HIE is female, it would be more encouraging to see a higher percentage of females in quartile D.

## 3. Significance of Gender Pay Gap

HIE is committed to the Fair Work Agenda and being an employer of choice within the Highlands and Islands region. One mechanism used to ensure consistency of approach and equality at HIE is by adopting a structured pay grading and job evaluation structure. HIE is confident there are no issues of equal pay, which is different to gender pay gap. Legally, men and women must receive equal pay for;

- The same or broadly similar work;
- Work rated as equivalent under a job evaluation scheme; or
- Work of equal value

The strict pay grading structure adopted at HIE ensures equal pay grade application for all employees in all job roles regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. There is a clear policy around job evaluation at HIE and clear process for appointment of new employees to ensure the principles of equal pay legislation are adhered to. By way of monitoring the application of these policies and processes, HIE conducts:

- Regular pay audits;
- Regular job evaluation training for all staff involved in job evaluation panels

- Use of an external job evaluation consultant where there is not consensus or where there is benefit to an external assessment of a particular job description
- Swift evaluation of new roles or roles where duties have been significantly changed
- Fair assessment of the requirement for job evaluation where an employee submits a request for review

HIE is confident that the existing gender pay gap is not because men and women are paid differently for the same or equivalent work, but exists because men and women work in different roles and those roles attract different salaries. Ultimately, the aim of gender pay gap reporting is to reduce the gap to 0%, or as close to 0% as possible, therefore a pro-active approach needs to be taken to creating a culture where all job roles are accessible equally to men and women, and all job roles are seen as viable career opportunities to both groups. HIE places great importance on promoting equality of opportunity for all employees, regardless of gender or any other characteristic. Ensuring the right people are in post is paramount and this means HIE is run as efficiently and effectively as possible. This approach, however, will not necessarily result in a gender pay gap of 0%.

#### 4. Gender Pay Gap Comparison

In 2020 the mean gender pay gap across UK organisations is reported as 15.5% (Office for National Statistics) and in 2021 the mean gender pay gap reported in Scotland was 10% (Close the Gap). HIE's 2022 data (for period 01 April 2021 to 31 March 2022) shows an improvement on the 2020 UK average statistic, but is slightly higher than the most recent Scottish statistic with a mean gender pay gap of 12.2%. Despite still being a significant gap between male and female pay, the data does show a downward trend with a reduction of 3.66% from HIE's previous gender pay gap report and reduction of 3.3% on the 2020 UK national mean gender pay gap. Although there are no conclusions on the exact reasons for gender pay gaps, there are a number of widely accepted contributing factors. By understanding why the gender pay gap exists, HIE is better equipped to take action to reduce the existing gap and bring future data returns closer to the ideal 0%.

A widely drawn conclusion, and historically the one that has been considered to be the greatest contributor to the gender pay gap, is that men are more likely to be employed in senior roles in organisations than women. The data from HIE's 2022 report reflects this national data. In 2022 there were 104 full pay relevant males and 38 of these males sit within quartile D (the highest paid population of employees). This equates to 36.5% of the total male population at HIE. By comparison, 31 females of the 169 total full pay relevant female population sit within quartile D, which equates to 18.3% of the total female population. This is a significant difference of representation and is likely to be the most impactful influence on HIE's gender pay gap.

Another substantial contributor to the gender pay gap is that women are more likely to work part time. The importance of this is that opportunities for part time work tend to be in lower-level roles. HIE data does not entirely reflect this. Of the total full pay relevant male population (104), 11 males work part time, equating to 10.6% of the male population. Of the total full pay relevant female population (169), 50 females, 29.6%, work part time. This data return demonstrates that a higher proportion of females work in part time roles than males. Although there is a significant difference between the male and female data associated with part time working, there could be a positive interpretation drawn from this data that suggests the flexibility offered

through the availability of part time roles within HIE allows a higher proportion of females to remain in employment. It is also important to note that there is part-time worker representation at each quartile in respect of both male and female employees. The table below shows a breakdown by quartile and an even distribution can be seen;

Quartile	Number of Part Time Males	Number of Part Time Females
A	2	17
B	3	14
C	3	12
D	3	7

The last commonly reported reason considered to have the most influence on the gender pay gap is that women are more likely to take long breaks from work and this limits the speed of and/or accessibility to career progression. HIE data reflects this national position. In section 2.0 of this gender pay gap report, it was stated that there was a total relevant employee population of 276 and there is a total full pay relevant population of 273. This difference of three employees is a result of one employee being on reduced pay due to long term sickness absence and two employees being on reduced pay due to periods of maternity pay. All three of these employees are female, which is reflective of the national generalisation that women are more likely to take long breaks from employment. The impact on career progression cannot be definitively confirmed, however, it is reasonable to assume that a long period away from the workplace limits opportunities both during the periods of absence as well as on return to work where there may be new, external influences on an individual's career.

## 5. Action to Address Gender Pay Gap

In understanding the data gleaned from the gender pay gap calculations together with some of the most commonly agreed reasons for the existence of the gender pay gap, HIE can consider what action can be taken to address the gender pay gap over the coming year.

There is an organisational commitment to the Fair Work agenda, and this could be greater emphasised across the organisation and in the work that we deliver. This will help to promote a culture and environment where the principles of Fair Work are embedded and at the forefront of all employee minds. With some of these employees in influential roles and making decisions around succession planning, talent attraction, career progression, there will be a culture that truly encourages equality of opportunity.

### 5.1 Talent Attraction

There are several initiatives associated with talent attraction that could be adopted or improved upon in order to improve the gender pay gap at HIE.

Firstly, the application process for all job applicants, whether internal or external vacancies, includes submission of an application form that details the applicant's full name. Using an anonymous application process whereby there is no disclosure of full name on application forms is widely recognised as a way to reduce recruitment bias and could subsequently help to reduce the gender pay gap. Making the necessary

changes to the application process to allow anonymous applications requires a change to the existing recruitment system but could be easily installed and will have minimal cost implications. With work anticipated to HIE's online recruitment system, AMRIS, and process during the 2022/23 financial year it is recommended that anonymous applications are included as part of this work scope.

It has been highlighted in this report that there is a structured pay grading system in place at HIE. This ensures a fair and consistent pay structure, including progression through incremental pay points. In attempt to minimise the gender pay gap it is worth noting that there should be ongoing commitment to appointing new hires on the minimum point of the relevant salary scale for the post. Historically there has been a degree of flexibility around appointment to secure talent for specific posts; perhaps due to the specialist nature of the post or the location of the role being in a hard to recruit/remote geographic area. With the widespread use of a hybrid working model at HIE, there is a reduced need to recruit locally to the base location for the post, which negates the need to be flexible on starting salary. Generally, it is understood that men are more likely to seek a greater starting salary which can contribute to the gender pay gap. Over recent years there has been less flexibility on starting salary and revised guidance has been issued to ensure consistency of approach, which is helping to reduce the gender pay gap but there needs to be continued importance placed on this point and a commitment to continue this moving forward.

A final action under talent attraction is the adoption of targeted recruitment strategies, where appropriate. These should be considered where it is identified that a certain group is missing from a particular job role. In the case of HIE, greater awareness and advertising of the hybrid working model and the flexible/accepting culture could assist the reducing the gender pay gap.

## 5.2 Career Progression and Succession Planning

HIE has an ageing staff population in many areas, which historically has hindered improvements in the gender pay gap due to limited staff movement (particularly in higher paid roles). Robust succession planning models could help to support a reduction in the gender pay gap. Identification of high potential talent and use of coaching and mentoring systems already in place will assist HIE in developing the existing talent pool into more senior roles in the future. A dedication to youth development and outlining clear career progression will also have a long-term impact on the staffing profile and gender pay gap in future years.

## 5.3 Building an Inclusive Culture

HIE adopts an inclusive culture and has successfully adopted a hybrid working model in recent years. Recognition of the diverse needs of the modern workforce and advertising HIE's policies and practices that support these needs will have a positive and long-lasting impact on HIE's desire to remain a local employer of choice. There are a number of internal policies that afford employees flexibility of working practice and accommodate a vast range of needs. Individual needs are always at the heart of HIE policy and practices and it is this inclusive approach that will make long term and lasting impact on the current gender pay gap.



## 6. Summary

In summary, we continue to see an improved gender pay gap at HIE, as summarised in the table below:

	Dec 2009	April 2010	Nov 2012	Aug 2014	Aug 2016	Aug 2018	March 2021	March 2022
Pay Gap	22.54%	21.61%	18.25%	15.94%	14.25%	14.35%	15.86%	12.2%

HIE's commitment to reducing the gender pay gap and continually evaluating and improving influential policies and practices will have a positive impact in future years.