

Gender Pay Gap Report 2024

Highlands and Islands Enterprise

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Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

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Executive Summary

This is the 2024 Gender Pay Gap Report for Highlands and Islands Enterprise (HIE), which analyses the organisational gender pay gap on the snapshot date of 31 March 2024. Whilst there is an improved gender pay gap of 11.85% since the previously reported gender pay gap of 12.2% in 2022, it was anticipated to see a larger reduction. This is because HIE is a female dominant organisation with 64.9% of the full pay relevant population being female and a significant female representation across all grades, with a 50.7% representation in quartile D (the highest paid roles).

The reduction in the gender pay gap does demonstrate that actions taken since the previous gender pay gap report have been effective to some extent. The aim of this most recent report is to build on these actions as well as consider what new measures can be put in place to support a further reduction in the gender pay gap.

The actions contained in the previous gender pay gap report were related to talent attraction, career progression and succession planning, and building an inclusive culture. It is encouraging to note that there has been activity in all three of these areas during the period since the 2022 and there are recommendations from this 2024 gender pay gap report to develop these actions further. This report makes the following recommendations to address the existing gender pay gap;

1. Hold discussions on strategies to address the gender imbalance at lower grades, using further analysis of recruitment data and consideration of options to improve recruitment of males at lower grades
2. Encourage employee voice through implementation of an employee survey to glean first-hand data around talent attraction and retention
3. Offer further development opportunities to aspiring managers and future leaders, aligned to succession planning efforts

Data analysis and insights in this gender pay gap report are aligned to the UK government guidance titled 'Closing your gender pay gap'. Overall, data analysis on each of the individual categories is positive and is reflective of an inclusive organisational culture. However, with a gender pay gap that remains above the mean average in Scottish organisations (most recently reported as being 10%), there is work to be done in attempt to reduce the gender pay gap further. It is highlighted that addressing the gender imbalance in quartile A (ref point 1 above) is likely to have the most notable impact on the gender pay gap at Highlands and Islands Enterprise. However, the reality of increasing the number of males in lower-level roles might not be straightforward. Future recruitment is dictated by both organisational need and budget. Ongoing budget restrictions continue to limit opportunity to recruit externally and, where budget allows, any recruitment will be driven by organisational need. It is also worth noting that the statistic – 11.85% - should not be the sole focus of this exercise and there is a very positive and strong presence of females working for HIE across all levels of the organisation, up to Director level.

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 there is a statutory obligation on HIE to complete a gender pay gap 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 2024

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 employees¹ and full pay relevant employees² have been identified on the snapshot date of 31 March 2024.

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.

2.1 Relevant and full pay relevant employees

On the snapshot date of 31 March 2024, there are 269 relevant employees at HIE. Of this total relevant employee population, there are 268 full pay relevant employees. The difference is a result of one employee receiving reduced pay due to a period of long-term sickness. Data analysis for the gender pay gap for HIE for 2024 is, therefore, based on the total full pay relevant employee number of 268.

Of the total full pay relevant population of 268, 174 employees (64.9%) are female, and 94 employees (35.1%) are male.

¹ **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

² **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

2.2 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	£25.06	£28.43

The difference in mean hourly pay is £3.37 per hour between male and female pay, equating to a gender pay gap of 11.85%. This is an improvement on the previously reported gender pay gap at HIE which was 12.2% in 2022.

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	£24.32	£26.59

The difference in median hourly pay is £2.27 per hour, equating to a median gender pay gap of 8.5%. This demonstrates an increase in HIE's median gender pay gap of 0.6% from 7.9% in 2022.

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 on the snapshot date of 31 March 2024, therefore has no data to return in this regard.

2.5 Quartile data

As required, the relevant full pay staff population has been split into quartiles to identify gender split within each quartile. Quartile A includes the lowest paid 25% of employees and quartile D shows the highest paid 25%. HIE's full pay relevant population of 268, has been split into quartiles of 67 employees per quartile. The table below shows the male and female representation within each quartile.

Quartile	Male Total	Male % of quartile	Female Total	Female % of quartile
A	11	16.4%	56	83.6%
B	24	35.8%	43	64.2%
C	26	38.8%	41	61.2%
D	33	49.3%	34	50.7%

It is apparent that there are considerably more females employed in roles falling within quartile A than males. There is a near equal split of male and female representation within HIE's highest paid roles at quartile D. Although this data demonstrates a strong female representation within the highest paid roles, best practice guidance on gender pay gaps suggests there should be female

representation within the highest paid role that is reflective of the total employee population. In HIE’s case, 64.9% of the total employee population is female, therefore, a future aspiration may be for 64.9% of the quartile D population to be female.

3. Gender Pay Gap Comparison

In April 2024 the mean gender pay gap across UK organisations was reported as 13.1% (Office for National Statistics), which was a reduction from 14.2% in April 2023. Close the Gap report the gender pay gap for Scottish organisations and the most recent statistic shows a mean gap in Scotland of 10% and median gap in Scotland of 7% in 2021. HIE’s 2024 data (for pay period which includes 31 March 2024) shows an improvement on the 2024 UK average statistic but is higher than the most recent Scottish data for both the mean and median gender pay gap. The table below shows a summary comparison of this data.

UK Mean Gender Pay Gap 2024	Scottish Mean Gender Pay Gap 2021	Scottish Median Gender Pay Gap 2021	HIE Mean Gender Pay Gap 2024	HIE Median Gender Pay Gap 2024
13.1%	10%	7%	11.85%	8.5%

4. Understanding HIE’s Gender Pay Gap

Given the gender split of HIE’s employee population (approximately 35% male and 65% female), as well as having a significant representation of females across all grades up to Director level, it is surprising to see there is a gender pay gap of 11.85%.

In order to take action to address HIE’s gender pay gap, there needs to be an understanding of what is causing the existing gender pay gap. ‘Closing your gender pay gap’ guidance document, published by UK Government ³ has been used to analysis HIE’s gender pay gap information and to establish meaningful actions for the coming period in attempt to further analyse and address the pay gap.

4.1 Pay Levels

Analysis of pay levels requires more detailed consideration of the data shown in section 2.5 of this report. As previously highlighted, there is a strong female representation at all grades across HIE’s pay structure. It is noted, however, that there is a lack of male representation in quartile A, with just 16.4% compared with 83.6% females. The difference between these two percentages demonstrates a gender imbalance, which can lead to a higher gender pay gap. Although HIE is a female dominated organisation, the data demonstrates that there is not an equal representation of males across the quartiles at all levels. The majority of males are employed at more senior grades, which means the mean average and median average pay rates will be higher than for females. This will be a predominant factor in why HIE’s gender pay gap is not lower.

To demonstrate the impact the statistics in quartile A are having on HIE’s overall gender pay gap, the mean gender pay gap calculation has been re-run excluding quartile A from the figures. Removing only quartile A data and applying the gender pay gap formula, HIE’s mean gender pay gap would be reduced to 3.6%. This demonstrates the impact that a lack of male representation in quartile A is having on HIE’s current gender pay gap.

³ [Closing your gender pay gap - GOV.UK](#) updated 9 January 2024. Last accessed 27.01.2025

A recommendation from HIE’s 2022 gender pay gap report was to ensure ongoing commitment to appointing new hires on the minimum salary scale point. This is because it is commonly reported that men are more likely to negotiate on starting salary and this can have a detrimental impact on the gender pay gap. Of the thirty-three new hires appointed to roles at HIE since the 2022 gender pay gap report until 31 March 2024, twenty-six were appointed on the minimum salary scale point and seven were appointed to either step 1 or step 2 of the salary scale for their role. Of those seven appointed beyond the minimum point only one new hire was male. This demonstrates commitment to only appointing beyond the minimum salary point for exceptional reasons and highlights that the application of the process does not adversely impact on females joining HIE.

4.2 Promotions

Government guidance highlights that data from internal promotions should be used to identify whether the promotions process has an adverse impact on the gender pay gap. Between 01 April 2022 and 31 March 2024 (period since HIE’s last reported gender pay gap report) there have been a total of twenty-eight promotions⁴ within HIE. Of these promotions, four (14.3%) have been male employees and twenty-four (85.7%) have been female employees. Government guidance advises to compare gender split of promotional data against overall employee population. HIE’s total female population is 64.9%, therefore, the promotional data evidences a positive picture in relation to the gender pay gap. It is also pertinent to consider promotional data in relation to grades as well as gender. The table below shows a breakdown of promotions since HIE’s last reported gender pay gap in 2022;

Promotion breakdown by grade			
Grade	Total	Male	Female
C	4	0	4
D	7	0	7
E	8	2	6
F	2	1	1
EXC	4	1	3
DI	3	0	3

Data analysis shows that there is a good representation of promotions across all grades up to Director level, which is the highest grade included in HIE’s gender pay gap calculations. The data in relation to promotions is positive given that the majority of promotions (85.7%) were for female staff, therefore, there are no recommended new actions to be taken in this area.

4.3 Recruitment into lower paid roles

It is reported that a company’s gender pay gap could widen if females either join organisations at lower levels or are less likely to be recruited into more senior roles. In order to fully analyse this area, there needs to be data taken at all stages of the recruitment process; application, shortlisting, selection and appointed into a role. At present, HIE’s recruitment system is undergoing development to allow data analysis at this level. It is envisaged that this system will be implemented to allow some level of analysis in time for the next gender pay gap report with a snapshot date of 31 March 2026.

⁴ Promotions is a reference term for the purposes of this document, which refers to job evaluation regrading and temporary promotions, as well as permanent promotions into new roles

During the period 01 April 2022 to 31 March 2024 thirty-three individuals commenced employment with HIE. Of these thirty-three individuals, six were male (18.2%) and twenty-seven were female (81.8%). Similarly to the promotion data, these figures demonstrate a positive picture in terms of HIE recruiting females into the organisation. A breakdown of new employees by grade is shown below.

Breakdown by grade			
Grade	Total	Male	Female
A	1	0	1
B	3	0	3
C	11	1	10
D	11	1	10
E	6	3	3
F	1	0	1

It is noted from the data above that most males recruited into HIE have been into more senior roles. This confirms evidence shown in section 5.1, whereby a lack of male representation in lower grades can lead to a larger gender pay gap. This is an area that should be explored if HIE is committed to reducing its gender pay gap.

4.4 Leaver data

In addition to new hire data analysis, there should also be analysis of employees leaving employment with HIE. Where females leave employment in higher numbers than males, this can have a negative impact on the gender pay gap. As with other data sources, data is analysed by grade. Between 01 April 2022 and 31 March 2024 there were fifty leavers from HIE's employment. Of these fifty leavers, twenty-one (42%) were male and twenty-nine (29%) were female, broken down by grade as follows;

Breakdown by grade			
Grade	Total	Male	Female
A	3	0	3
B	3	0	3
C	6	2	4
D	10	5	5
E	17	5	12
F	8	6	2
EX	1	1	0
EXC	1	1	0
DI	1	1	0

The data does not cause particular concern, however, with seventeen more leavers than new hires since the last reporting period, retention and development of existing employees should be a priority over the coming period.

4.5 Flexible working options

It is commonly reported that women are more likely to work on a flexible working arrangement (including part time working) than men. HIE is an advocate of both hybrid working for all employees and formal flexible working arrangements to ensure work opportunities are available to all. Through adoption of a formal grading structure, HIE is confident that there is no discrepancy

between full and part time hourly rates for employees working in the same roles/on the same grades. However, guidance highlights that if flexible working arrangements are not accessible equally across all roles and grades in an organisation, this can negatively impact on the gender pay gap because men are likely to be employed in senior roles. Evidence shows that females are more likely to remain with an organisation if they feel well supported and afforded opportunities to progress. The positive position in relation to promotions has been discussed in section 4.2, but in order to analyse the accessibility of senior roles on a part time/flexible basis, there needs to be further analysis.

Two different types of data have been considered. First, there is analysis of formal flexible working applications between 01 April 2022 and 31 March 2024. Secondly, there is analysis of the overall working pattern make-up of HIE (this data cannot be extracted from the HRIS over a specific date range, therefore, is used as at 31 January 2025).

During the period 01 April 2022 and 31 March 2024 there were forty-six flexible working applications submitted. Of these, one was declined and forty-five were approved. Fourteen (30.4%) applications were received from male employees and thirty-two (69.6%) applications were received from female employees. A breakdown of applications over the period 01 April 2022 to 31 March 2024 is shown below.

Breakdown by grade			
Grade	Total	Male	Female
B	1	1	0
C	5	0	5
D	9	2	7
E	21	5	16
F	5	4	1
EX	2	1	1
EXC	1	1	0
DI	2	0	2

The data shows that there is favourable representation across grades of employees seeking flexibility up to Director level. There is no evidence to suggest that a lack of flexibility within senior roles at HIE could be leading to the existing gender pay gap.

It is recognised that the data shown above relates only to applications received since the previous gender pay gap report. To fully explore this area data analysis of the total employee population has been completed. The table below shows part time representation at each quartile on the snapshot date of 31 March 2024.

Part time employees by quartile			
	Total	Male	Female
Q1	12	0	12
Q2	14	3	11
Q3	18	4	14
Q4	8	1	7

Furthermore, as at 31 January 2025, HR data shows that of the total employee population of 259, 143 (55.2%) employees work a standard working pattern, 54 (20.9%) employees are part time and 62 (23.9%) employees work a compressed working pattern. With 55% of the total employee

population working a standard work pattern, there is strong evidence to show that HIE is supportive of flexible working arrangements and makes these accessible across the full range of grades and roles, as seen from the data below.

Part time employees				Compressed employees			
Total	Male	Female		Total	Male	Female	
54	8	46		62	19	43	
Part time breakdown by grade				Compressed breakdown by grade			
	Total PT	Male	Female		Total Comp	Male	Female
B	1	0	1	B	1	1	0
C	9	0	9	C	3	0	3
D	14	3	11	D	11	2	9
E	24	4	20	E	24	6	18
F	4	1	3	F	15	8	7
EX	2	0	2	EX	3	1	2
EXC	0	0	0	EXC	4	1	3
DI	0	0	0	DI	1	0	1

The data shows that flexible working is accessible at all levels within HIE. Although there are not currently any part time employees within the two most senior grades, the data shows there has been representation previously and that there is currently flexibility by way of compressed hours. Staff movement will impact on this data over time, but the key message is that HIE is an accommodating and supportive employer; therefore, there is no evidence to show there is an issue with females being able to access to the most senior roles within the organisation.

5. Recommendations and actions

The breakdown of data in line with the current UK Government guidance on how to close the gender pay gap shows a generally positive picture within HIE. It is disappointing that the gender pay gap remains relatively high at 11.85% and is higher than the last reported Scottish average of 10%. However, the data analysis conducted has identified key contributors to the existing gap which allows development of future strategies. The individual sections within this report evidence a strong representation of female employees within HIE, across all grades and roles. There are very positive conclusions drawn from the data analysis which demonstrates HIE is an inclusive and supportive employer for all. Identifying the right people with the right skills is central to HIE's workforce planning strategy and is proving effective; this should remain the focus in future.

5.1 Address gender imbalance in quartile A

The overall employee data shows a dominant female representation at HIE. However, as detailed in section 5.1, there is low male representation in quartile A. This imbalance in quartile A is negatively impacting on HIE's gender pay gap and consideration should be given to potential strategies and actions that could be taken to recruit more males at lower-level roles. Budget restrictions could impact on the short-term ability of HIE to recruit externally, but when there are opportunities at lower grades, it is recommended there is a discussion around how to attract more male applicants.

5.2 Employee Voice

It is reported that improvements around employee voice can support a reduction in the gender pay gap, namely via exit interviews and staff surveys. HIE is proactive in encouraging employee

voice through a variety of methods, such as Staff Forum, pulse surveys, HR clinics as well as seeking feedback throughout the onboarding process and following any learning and development

HIE currently dedicates significant attention to the exit interview process and there is thorough analysis of the information received from both exit surveys and face to face interviews. There are no intentions to remove this mechanism, which plays a key role in gleaning important data.

Conducting a staff survey would be a welcome addition to the existing employee voice tools. Whilst staff feedback is regularly sought on various topics, this only provides anecdotal evidence, and whole staff surveys conducted in relation to the ‘All staff conference’ event, do not allow analysis of feedback specifically to address matters of an HR nature. Conducting an employee survey tailored to the purposes of HR analysis is, therefore, a recommended action from this report.

5.3 Leadership development and mentoring programmes

The implementation of both leadership development and mentoring programmes are widely recognised as effective ways to retain and develop employees for future roles. Since the snapshot date of 31 March 2024 HIE has implemented both line manager training and a mentoring programme. A recommendation from this report is to further develop the internal, HR-led development modules to incorporate all staff. This will allow the ‘aspiring manager’ population to attend learning and development modules aligned to their career aspirations, which should support retention and succession planning. A specific ‘leadership development programme’ is also recommended for current middle managers to prepare them for future potential leadership roles.

As previously stated, a mentoring programme was established within HIE in 2024. It is anticipated that there will be data available from this programme at the time of the next gender pay gap report that can be used in a meaningful way.

Both succession planning and mentoring were identified as recommendations from the 2022 gender pay gap report. Whilst progress has been made on both, it is too early for the impact of these mechanisms to be identified. HIE is committed to continuing work on both programmes and outcomes should become more apparent as time moves on.

6. Summary

HIE continues to see an improvement in company gender pay gap data, but with a good representation of females at all levels of the organisation and a supportive approach to accommodating flexible working requests at all levels, it is disappointing there has not been a greater reduction in the gender pay gap since the 2022 report. The table below shows the progress that has been made since HIE’s first gender pay gap analysis in 2009;

	Dec 2009	April 2010	Nov 2012	Aug 2014	Aug 2016	Aug 2018	March 2021	March 2022	March 2024
Pay Gap	22.54%	21.61%	18.25%	15.94%	14.25%	14.35%	15.86%	12.2%	11.85%

The reasons for the gap have been explored in line with best practice guidance from UK Government and this provides foundations for taking actions that will support further reductions.

However, it should be noted that whilst the gender pay gap calculation remains higher than expected, there is significant evidence of positive working practices to support females within the workplace at HIE.

HIE is committed to promoting an inclusive workplace culture for all employees and is proactive in cultivating this culture. There is commitment to continual evaluation of working practices and influential policies that support the inclusive culture at HIE. Ultimately, the focus is on the internal culture and attracting and recruiting the right people with the right skills into the right jobs. This is central to HIE's strategy and organisational values and will continue to take precedence.