1. Introduction

1.1. Young Women’s Trust is pleased to respond to the Women and Equalities Select Committee’s important inquiry into policies to close the gender pay gap. We recognise the Committee’s concern that the gender pay gap is most apparent for women over 40, and are convinced that the varied situations of women of all ages must be considered by the Committee if we as a society are to make meaningful inroads into tackling pay inequality for all age groups.

1.2. Young Women’s Trust are best placed to speak about women in the age group we support – 16-30 year olds. Accordingly we have summarised our research about young women’s employment status, skills and pay and put it in context with wider evidence about the pay gap, to make recommendations in addition to those already announced by the Government Equality Office.

1.3. In sections 4, 6, 7 and 8 we recommend that Government build on their current policies for pay transparency by:

- extending them to smaller and medium enterprises in all sectors
- attaching penalties to non-compliance; and
- drafting supportive guidelines so published pay data is accurate, easy to understand and comparable between organisations.

1.4. In section 5 we further recommend that if Government are serious about closing the gender pay gap, they consider the particular inequalities faced by the lowest paid women. These young women will be able to access better quality, better paid work if:

- their situation is understood and addressed based on regular national and regional data gathering about NEETs, cut by age, gender and ethnicity
- Employers and providers of information, advice and guidance encourage young women into non-gendered career choices
- Pay and entrance requirements are adjusted to make vocational education accessible and affordable

2. About Young Women’s Trust

2.1. Young Women’s Trust is a small, dynamic charity that aims to improve lifelong opportunities for young women aged 16-30 by addressing the poverty, inequality and discrimination that many of them face. We have a
proud history, having been founded over 150 years ago as YWCA England & Wales.

2.2. We are particularly concerned about young women who have few or no qualifications; are unemployed or in precarious or insecure employment; and are on very low or no pay.

2.3. Our vision is of a society which respects and listens to young women, actively encourages their self-confidence and where they have the opportunity to be financially independent and participate fully. We aim to demonstrate the reality of young women’s lives, gathering their views and voices to promote good practice and good policy.

3. The context: labour market inequality at of all ages

3.1. The gender pay gap begins to manifest itself as a particular problem when women reach the age of 40. Based on median hourly gross earnings, women aged 40-49 working full-time earn 12.2% less than men. For the 50-59 and 60 and over age groups the full-time gender wage gap is even higher: 17.2% and 13.2% respectively.

3.2. Up to this point, the full-time wage gap is small. For 18-21 year olds the full-time wage gap is 3.9% and the part-time gap is 1.4%. Among 22-29 year olds, women earn more than men but the gap is much smaller: -0.8% full-time and -2.8% part-time. As women move into their thirties they earn more part-time (10.8% more than men) and the full-time gap is negligible at 0.6%.

3.3. But even if the pay gap is not obvious, we should not assume that everything is fine for women in the labour market. The IFS suggest that men’s pay has fallen at a steeper rate than women’s since 2008. Mean earnings falls have been smaller in the public sector, where female employees are significantly more likely than men to work. In this case, there is no indication that employers are doing more to pay women fairly, help them work flexibly, or promote them further in their twenties. It is more likely that economic forces have squeezed men’s earnings to the level of women’s.

3.4. In addition, Young Women’s Trust polling of apprentices aged 18-30 shows the pay gap beginning in training. Young women are earning just £4.82 an hour compared with young men’s £5.85 an hour. We think this is most

---

1. Annual Survey of Hours and Earnings, 2015 Provisional Results Release


likely to be explained by the gendered occupational segregation that we see even in apprenticeships (see section 5), which will not be addressed by current government proposals to close the pay gap.

3.5. There are also difficulties with using one statistic alone to summarise a complex social problem. The pay gap measured using median hourly gross wages has become commonly understood and cited concept, but like all statistical measurements it has its limitations. It cannot express the numerous causes of the pay gap that exist in the UK. The recent UK Commission for Employment and Skills (UKCES) report *Opportunities and outcomes in education and work: Gender effects* neatly summarised these as:4

- An economy-wide gap that comes about because of the undervaluation of the jobs that women do and because part-time workers (who are more likely to be women) are less well paid than full-time workers on an hourly basis.
- This is linked to occupational segregation, where men and women are funnelled into jobs based on traditional gendered notions about what will be right for them. Often the ‘masculine’ jobs – e.g. engineering, manufacturing, skilled trades – pay more than the ‘feminine’ ones.
- Pay gaps for equivalent or equal work that come about because of gender bias or direct discrimination.
- Pay gaps that come about because women do not progress to senior or managerial roles with the highest pay.

3.6. The statistical pay gap cited for women over 40 is affected by all of these factors. To close it will require not only policy interventions targeted at women over 40, but those that equalise the job market for women of all ages. For instance, young women aged 16-24 are more likely to be not in education, employment or training (NEET), and they suffer significant wage scarring.5 Women who have previously been NEET will earn 17% less aged 34 than women who haven’t been NEET.6 Further solutions targeted at younger women – but which would positively affect pay for women of all ages – are proposed in section 5 of this response.

4. How adequate are the Government’s proposals for tackling the pay gap faced by women over 40? What additional measures would be most effective in reducing the pay differentials faced by this group?

---

4 UKCES (2015) *Opportunities and outcomes in education and work: Gender effects*
4.1. The Government’s current proposals seem to be aimed primarily at closing those gaps in pay which arise because of gender bias or direct discrimination.

4.2. The Government has proposed that:

- Every company with more than 250 employees is required by law to publish the difference between the average pay of their male and female employees
- There are new steps to compel larger employers to publish bonus information by gender
- Gender pay reporting rules are extended to include the public sector, as well as private and voluntary organisations

4.3. As in our consultation response to the Government Equalities Office in September 2015, Young Women’s Trust welcome the Government’s proposals. We are pleased to see that they have extended the first and original proposal to incorporate bonuses and the public sector. With appropriate sanctions or requirements for action attached to gender pay reporting (see section 8) we envision that the policies will reduce pay gaps that arise when men and women get paid differently for doing exactly the same job within the same organisation. Organisations will also be more aware of average gendered pay differences and may use the data to support women to progress to higher levels within their organisation.

4.4. With so much to gain, Young Women’s Trust would still like to see Government consider how they might support SMEs and large organisations with fewer than 250 employees to report their gender pay data (see section 6). Given that women’s age is significant in their pay and their employment situations, we would urge the GEO to require large public, private and voluntary organisations to publish gender pay data cut by age.

4.5. Young Women’s Trust are also mindful of the risk of distortion to gender pay data and would like to see reporting guidelines that acknowledge and prevent this. In our consultation response to the Government Equalities Office we observed that reporting to government through the existing PAYE system might limit the cost for employers, but it would risk inaccuracies in published pay data. External contractors and freelancers will not be on companies’ PAYE systems and their pay data would be omitted from calculations. For instance, cleaners will usually be women and among the lowest paid in all organisations; yet rather than employ cleaners directly, organisations will usually outsource cleaning services.

---

7 Young Women’s Trust (2015), *Consultation response: Closing the gender pay gap.*
4.6. However, even if all our extensions to the government pay transparency policies were implemented, Young Women’s Trust do not expect them to fully close the gender pay gap. On its own pay transparency will not change the gendered societal stereotypes that lead to the undervaluation of the work women do, occupational segregation or the societal expectation that caring responsibilities fall to women.

5. **Are there particular difficulties in narrowing the gender pay gap for women working in predominantly female sectors and non-professional roles? Are there any evidence-based measures which could effectively address these issues?**

5.1. Young Women’s Trust represent and support young women aged 16-30 on low or no pay. In practice, this means that we provide services and campaign with young women who have few qualifications, are not in employment, education or training (NEET), or are working or training in low-paid non-professional roles. Often the lowest paid jobs and apprenticeships are those in the predominantly female ‘5 Cs’: cleaning, caring, cashiering, catering and clerical.

5.2. Our recent research, about young women who are NEET and about those undertaking apprenticeships, sheds some light on how the pay gap might be narrowed for women in non-professional roles and in predominantly female sectors.

5.3. For instance, Young Women’s Trust’s *Scarred for Life?* report showed that young women aged 18-30 are more likely than young men to be out of work, and that this damages their future pay and prospects.\(^8\)

   - More young women than young men are NEET. In the third quarter of 2015 436,000 18-24 young women were NEET compared with 362,000 young men.\(^9\) On average they are NEET for longer – three years compared with two.
   - Women are more likely to be economically inactive (EI) than men: that is not actively seeking work and not claiming Job Seekers’ Allowance. In July-September 2015 68% of 18-24 young women who were NEET were EI, compared to 42% of NEET young men.
   - This difference in the numbers is often dismissed on the assumption that it can be accounted for by young carers and mothers who do not want to work. But 95% of those who are NEET want to work, with no difference between those who are mothers or not.

5.4. These circumstances have lasting effects on young women:

---

\(^8\) Young Women’s Trust (2015) *Scarred for Life?*

\(^9\) Office for National Statistics, [Young people not in education, employment or training (NEET)], November 2015
Women who have previously been NEET are more likely than those who haven't to be unemployed. They will spend 10 weeks a year on average out of work, compared to eight, and they will earn 17% less aged 34 than women who haven’t been NEET.

Young women are more likely to get stuck in low-paid and/or insecure work – 79% of those who have only had minimum wage jobs in the last 10 years are women.

5.5. *Scarred for life?* had several recommendations to reduce the numbers and suffering of young women NEET. In the context of the question of the pay gap and “women’s” or non-professional roles, the most relevant recommendations are:

5.6. **Collecting and making use of the data on why women are in low or no pay**

- We would like to see data at national and regional level about NEETs (both unemployed and economically inactive) published by age, gender and ethnicity. This data will complement the gender pay data and give government the information to act in order to help young women into work and equalise their labour chances with men.

5.7. **Encourage women into a wider range of non-gendered career choices**

- Employers in science, technology, engineering and mathematics (STEM) industries should share best practice in supporting and enabling young women to enter occupations where they are currently under-represented.

- All providers of information, advice and guidance must be trained and encouraged to deliver careers advice supporting young women to retrain or to enter jobs which are available locally, are secure and pay sufficiently. Providers should be measured against successful delivery of this.

- The National Careers Service (NCS) should be widely publicised, particularly in areas with high numbers of young people who are NEET. NCS should place much greater emphasis on supporting young women who are currently economically inactive. Intensive, personalised and tailored information and guidance should be available.

5.8. **Making vocational education possible and worthwhile for young women**

Young women we talked to were deterred from taking up apprenticeships because they did not have adequate qualifications and apprenticeship pay was too low to support themselves.
Employers should remove formal qualifying criteria for apprenticeships so that young people who do not achieve five A*-C GCSEs at 16 are still able to access quality work and training.

Make work and apprenticeships pay. Abolish the minimum apprenticeship wage and simplify the National Minimum Wage so that everyone working or undertaking an apprenticeship over the age of 18 receives the same minimum rate of pay.

5.9. Throughout 2015-16 Young Women’s Trust are focusing on apprenticeships as a valuable route into the job market for disadvantaged young women. Incidentally, our polling with ComRes to support this campaign shows the pay gap beginning early. Young men doing apprenticeships are earning 21% more on average than young women apprentices. According to the poll, on average young women are earning just £4.82 an hour compared with young men’s £5.85 an hour. Young Women’s Trust think this is most likely to be explained by the gendered occupational segregation that we see in apprenticeships, where women predominate in subjects like Children’s Care and Health and Social Care but only 3% of engineering apprentices are women. We are working with BIS and other stakeholders to develop solutions that will make apprenticeships more inclusive for young women.

6. Should the regulations on gender pay reporting be extended to organisations with fewer than 250 employees?

6.1. Young Women’s Trust understands that it may appear most manageable to Government to begin regulation of pay by gender by beginning with that portion of organisations which have 250 employees or more. However, they could make a greater positive impact on women’s lives and society as a whole if they considered how other employers might report and act upon gender pay data.

6.2. In the UK there are 9,315 organisations in the combined private and voluntary sectors and central and local government which employ 250 employees or more. Altogether they account for 56.4% of UK employees. Small and medium organisations account for the remainder of employees: a substantial figure of 12,465,000, among whom the gender pay gap is being ignored under current proposals.

6.3. The Young Women’s Trust understands that SMEs and large organisations will need different regulation and support in order to tackle their gender pay gaps. In particular, SMEs may be concerned about reporting being

---


burdensome on their resource. However, if the government is serious about closing the gender pay gap for more than half the working population, it will need to explore ways of working with employers of all sizes. For instance, access to software might lighten the workload of SMEs.

7. **Would voluntary measures regarding what employers do with gender pay gap information be sufficient to create change within organisations? What could be done to ensure that information about an organisation’s pay gap is translated into action?**

7.1. Young Women’s Trust doubt that voluntary measures regarding what employers do with gender pay information would be sufficient to create change within organisations. We are aware that the voluntary initiative *Think, Act, Report* attracted 280 signatories but only 5 companies who published pay data. Access to gender pay information at a sufficiently detailed level *may* encourage employers to take actions to close any pay gap *within their organisation* – but only with sufficient penalties enforced by government will employers be pushed to tackle their own gaps.

8. **Which mechanisms would most effectively ensure that policies designed to narrow the gender pay gap are fully complied with? Is there evidence from other countries or policy areas of what might work best?**

8.1. In August 2015 Young Women’s Trust surveyed 169 young women about their attitudes to the gender pay gap and how gender pay data would affect their employment and consumer decisions. The results indicate that comparability is very important to young women.

8.2. Young women are aware of the gender pay gap. 94% said that before doing the survey they knew that on average women earn less than men.

8.3. As employees or future employees, the majority of young women said they would want to see companies’ gender pay data.

- 96% said they would read the gender pay data published by the company that employed them.
- 84% said they would consider an organisation’s gender pay data when applying for a job with them. 11% said they didn’t know, and 5% said they would not.

---

13 Young Women’s Trust (2015), *Survey results: The difference between men and women’s pay – what do young women think?*
• 80% of young women said that they would compare organisations’
gender pay data when looking for work. 10% said they wouldn’t and 10%
said they didn’t know if they would.

8.4. As consumers, young women would also compare companies’ gender pay
data.

• 76% of young women agreed or strongly agreed that they were more
likely to buy goods and services from a business that has a small or non-
existent gender pay gap.
• A minority – 16% - said that how much a business pays women
compared with men would make no difference to their spending choices.

8.5. As comparability is important to young women, the Young Women’s Trust
would like to see regulations specify where and how employers publish their
gender pay information. Gender pay information should be published
prominently, signposted on websites, and easily accessible for diverse
groups. For instance, gender gaps should be expressed clearly and
engagingly, with background explanation, so that young women who may
not be highly numerate or educated about statistics can understand and
interpret them. Government should produce guidance for employers to this
effect.

8.6. The young women who answered our survey had some useful views about
this:

• The majority of young women – 76% - thought that companies should
publish gender pay data in a prominent place on their website.

• 48% of young women said companies should publish gender pay data in
their annual report.

• 38% of young women said companies should publish the data in a
specific report about women.

• Young women also suggested that companies should publicise their
gender pay data in reports to all staff, or in job advertisements and in
application packs.

8.7. In our consultation response to the Government Equalities Office in
September 2015, the Young Women’s Trust asked that employers be
required to publish pay data annually. We agreed with the GEO suggestion
that civil enforcement procedures would help ensure compliance.

27 November 2015