Department for Education

UK GOVERNMENT’S RESPONSE TO THE WOMEN AND EQUALITIES SELECT COMMITTEE INQUIRY INTO THE GENDER PAY GAP

Executive summary

This Government is committed to eliminating the gender pay gap within a generation. We have made significant progress towards this landmark commitment in recent years – the current overall gender pay gap is the lowest on record and has been virtually eliminated for full-time workers under 40. However, we are aware that further progress must be made, particularly for women over 40 where, although it is closing, the overall gap is still 25.5%.

The gender pay gap measures the difference between men and women’s average salaries. The causes are numerous and varied. It cannot simply be explained by pay discrimination, which is unlawful, and has been since campaigners successfully won the right to equal pay over forty years ago. Causes include the concentration of women in lower paid occupations and the fact that women remain far less likely to progress to senior levels – still making up only 34% of managers, directors and senior officials.¹

To tackle this complex issue, we need to address the challenges that can arise throughout women’s working lives. Truly tackling the gap involves action in a number of areas:

- Starting out – continuing to raise aspiration among girls in school, and improve careers advice, to ensure that young women coming into the workforce have the same career options open to them as young men;
- Getting on – continuing to transform the workplace, to ensure that women have the same opportunities to advance as men;
- Staying on – ensuring that women over 40 are able to update their skills, manage caring responsibilities, and progress to the most senior posts; and
- Improving pay transparency – implementing the Government’s ambitious proposals for greater pay transparency, to shine a light on discrepancies and create the pressure we need to drive change.

¹ ONS Labour Force Survey 2015. Except where otherwise noted, this is the source for all employment figures in this document.
We note that the Committee is particularly interested in the challenges for women over the age of 40, many of whom may have had to take time out of the workplace because of childcare and/or caring responsibilities.

The Government has been proactive in systematically tackling the causes of the gender pay gap. Our comprehensive strategy to reduce the gender pay gap includes action in all of the areas set out above. However, given the Committee’s focus on women over 40, this paper does not extensively cover the changes the Government is making to schools and to careers advice, except to note that these will greatly help the next generation of women in their careers, throughout their adult working lives. Instead, it focuses on transforming the workplace, driving greater pay transparency, and supporting older women in work.

The Government is transforming the workplace by:

- Supporting parents with childcare. We have introduced 15 hours of free childcare, which we will be extending to 30 hours for working parents. We will also be introducing a system of Tax-Free Childcare, worth up to £2,000 per child, per year (£4,000 for disabled children) from early 2017;
- Giving 20 million employees the ability to benefit from flexible working;
- Rolling out shared parental leave to more couples and extending it to working grandparents;
- Working with business to ensure better representation of women in senior roles, including on FTSE boards. This includes continuing the work of Lord Davies and an ambition to see an end to all-male boards in the FTSE 350;
- Introducing a national living wage next April with 65% of beneficiaries being women; and
- Further increasing the income tax personal allowance, which will lift over 660,000 people out of income tax by 2017-18, of whom 60% will be women.

Many of these very significant measures will particularly help women over 40, who are still juggling work and family commitments, or have come back to the workplace into low-paid employment.

The Government is driving greater pay transparency by:

- Requiring UK-wide companies with 250 employees or more to publish information on the differences between men and
women’s pay. These regulations will cover around 8,000 employers, collectively employing around 11.4 million people;

- Forcing those employers to publish information about their bonuses for men and women as part of their gender pay gap reporting; and
- Extending our plans for gender pay gap reporting to include the public sector.

Greater pay transparency will help all women, including those over 40, by shining a light on unfair discrepancies and creating the pressure we need to drive change. The gender bonus gap reporting will in particular help women over 40 who in certain sectors are more likely to see bonuses form a significant part of their overall remuneration package. Extending pay reporting to the public sector will also benefit the 4.1 million women who work in the public sector.²

The Government is improving the employability of older women through:

- Getting more women on to company boards and into senior positions to improve diversity at the top and provide role models for other women throughout the organisation;
- Working with the Women’s Business Council and appointing a Business Champion for Older Workers, Baroness Altmann, to challenge stereotypes and address practical concerns;
- The Fuller Working Lives framework for older workers, which provides additional help to older people accessing Jobcentre Plus services;
- Adult apprenticeships and adult education (25% of all applications for Advanced Learning Loans are from people over 40, and 70% of applications approved are from women); and
- Specialist training for older women, such as that provided by the UK Council for Employment and Skills, which benefited around 1,400 women last year.

Tackling the gender pay gap involves action across Government. The key departments are:

- Government Equalities Office (GEO) – overall policy responsibility; legislation, including age/sex discrimination and new regulations on pay transparency; women on boards (joint lead with BIS); sponsorship of the Equality and Human Rights Commission (EHRC); specific, targeted projects such as Think, Act, Report, Your Daughter’s Future, and our work with the UK Commission on Employment and Skills (UKCES)

² Annual Survey of Hours and Earnings 2015
Department for Business, Innovation and Skills (BIS) – flexible working, shared parental leave, apprenticeships, adult education, higher education, further education, women on boards (with GEO), tackling occupational segregation and promoting STEM-related careers (with DfE)

Department for Work and Pensions (DWP) – Fuller Working Lives programme, older workers champion

Department for Education (DfE) – childcare; encouraging girls into STEM-related subjects and careers (with BIS)

Ministry of Justice (MoJ) – Employment Tribunals

HM Treasury (HMT) – National Living Wage

**Structure of the Government’s response to the Select Committee**

- The document begins with an introduction and analysis of the causes of the gender pay gap.
- Section one explains the Government’s ambitious proposals for increased transparency, addressing the Committee’s specific questions about this.
- Section two explains how the Government is transforming the workplace.
- Section three sets out measures specifically aimed at older women.
- Section four briefly sets out some longer-term measures to help the next generation of women.
- Annex A contains statistics about the pay gap for people over 40.
Introduction
Tackling the gender pay gap is an absolute priority for this Government. As the Prime Minister said at the Conservative Party conference, you cannot have true opportunity without real equality and we are clear that there is no place for a gender pay gap in today’s society. Women must be confident that their hard work and success in the workplace will be properly rewarded.

We have made significant progress in recent years with the current gender pay gap the lowest on record: in particular, the national data for 2015 shows welcome falls in the gaps at older ages, especially the 40-49 group (see Annex A). However we are not complacent. That is why we have committed to eliminating the gender pay gap in a generation. This is not only the right thing to do but it is also important for the country. The UK economy is dependent on us better using the talent of women, capitalising on the wealth of skill and talent that women bring to the workplace.

That’s why we are taking bold steps to tackle gender inequality in pay, and why one of the first announcements following the election was the commitment to act on our manifesto pledge to require companies with more than 250 employees to publish the difference between the average pay of their male and female employees. This will cast a light on unfair discrepancies and create the pressure we need to drive change. Increasing transparency will enable the impact of workplace policies and practices to be monitored and discussed. By identifying those employers that are consistently and successfully ensuring that their female employees are achieving their full potential, we can recognise and disseminate good practice. This is not only beneficial for employees, it will help make sure companies get the most from their female employees’ skills and talents.

Moreover, with published information about their gender pay differences, many employers will be encouraged to establish an effective talent pipeline that helps women to fulfil their earning potential. Publication of a gender pay gap can ultimately increase employee confidence in the remuneration process and enhance an employer’s corporate reputation. Competition and peer pressure (especially within the same sector) will also drive employers to take constructive actions to tackle any workplace inequalities identified.

We have recently built on our manifesto commitment with a further pledge to include bonuses in our gender pay reporting strategy. One of the biggest drivers of gender pay discrepancy, especially at senior levels, is the bonus gap. Over £40 billion was paid in bonuses across the UK economy in 2014-15. Among full-time workers, there
was a 57% gap between the mean bonuses paid to men and women\textsuperscript{3}.

Business leaders acknowledge that this is an area where gender bias can creep in, as bonuses are amongst the least transparent forms of pay.

We will also extend our plans to the public sector, because what we expect of business we should expect of public bodies. In the public sector the pay gap is 18.5% and some public bodies, including all central Government departments, already publish pay gap data\textsuperscript{4}. We will ensure that this good practice spreads across all larger public authorities.

Transparency is important, but we are also determined to tackle the root causes behind the gap. We are being equally bold in tackling these, with a focus on improving skills, representation at senior levels, and tackling the barriers that can stop women progressing in work, such as childcare. We are working on getting more women into sectors traditionally dominated by men as well as ensuring that women are able to progress to the top of their fields. We recognise that the talent and achievements of women over 40 are vital to the success of our businesses and wider economy. Our goal is a national workplace fit for the 21\textsuperscript{st} century.

\textsuperscript{3} ONS Average Weekly Earnings - Bonus Payments 2014-15. Except where otherwise noted, all bonus figures in this paper come from this source.

\textsuperscript{4} Annual Survey of Hours and Earnings 2015. Except where otherwise noted, this is the source for all the gender pay gap figures in this document.
Causes of the gender pay gap

The gender pay gap measures the difference between men and women’s average salaries. There is often confusion about the causes of the gender pay gap. It is not simply about equal pay. Paying a woman less than a man for doing the same job is illegal, and has been for 40 years – this is not the primary reason for the gap in average pay. The causes are complex and overlapping, and can have a significant cumulative impact on a woman’s earning potential during her lifetime.

Starting Out

- Although girls often do well at school, they are less likely than boys to take A-levels or higher qualifications in the key areas of science, technology, engineering and maths (‘STEM’ subjects). This leads to an imbalance in the workforce as women can end up concentrated in sectors that can offer narrower scope for financial reward. Women make up 92% of secretaries and 94% of childcare assistants, but only 23% of architects and 9% of engineers.

- Many of the highest paying sectors are disproportionately made up of male employees, including information and communications technology (68%) and energy supply (74%).

- Even when women do have STEM qualifications, they are less likely than men to be working in relevant sectors. An analysis of the Labour Market Survey in 2013 suggested that as many as 70% of women with STEM qualifications were not working in relevant industries.

Getting On

- More women than men take time out of the labour market, either to have children or to look after other family members. Time out of the labour market altogether, or spells working part-time, have a negative effect on subsequent wages. One study suggested these factors account for 37% of the pay gap.\(^5\) Likewise, around three times as many women as men work part-time, which is considerably less well-paid than full-time work.\(^6\)

- Women who are keen to push on into senior or managerial roles are sometimes held back by conscious or unconscious

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\(^6\) Annual Survey of Hours and Earnings 2015; ONS Labour Market Statistics November 2015.
stereotyping – particularly assumptions about mothers not wanting or not being in a position to accept promotion.

- Women may also be held back by a lack of senior female role models in an organisation; a lack of suitable mentoring and networking opportunities; or other workplace cultures that have historically favoured men.

- This means that women are less likely to progress into senior positions. Women make up 47% of the workforce, but make up only 34% of managers, directors and senior officials. They make up only 38% of headteachers in secondary schools despite being 62% of the teaching workforce. Inevitably this is reflected in lower average pay.

Women over 40

- The gender pay gap for all employees over 40 is 25.5%.

- Many of the factors set out above particularly affect women over 40. They are less likely than younger women to have STEM-related qualifications; and they are much more likely to have taken significant time out of the labour market.

- We have made progress with the gender pay gap virtually eliminated among full-time workers up to the age of 40. The challenge is to ensure that we tackle the pay gap among women over 40 now and ensure that no pay gap emerges as the younger cohort of workers moves into their 40s and beyond.

Equal pay

- The gender pay gap is not primarily driven by women being paid less for doing equal work. However, it is likely that this remains a contributing factor. Paying women less than men for doing work of equal value is illegal, and has been for 40 years. However, in some cases neither the employers nor the employees may know that pay discrimination is occurring; and

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7 ONS Labour Force Survey
8 2014 School Workforce Census
9 Older women are less likely to have qualifications than older men, and much less likely to have qualifications than young people of either sex: http://www.ons.gov.uk/ons/rei/census/2011-census-analysis/local-area-analysis-of-qualifications-across-england-and-wales/sty-qualification-levels.html
http://www.jstor.org/stable/1050815?seq=1#page_scan_tab_contents
10 University of Manchester research already cited found that more of the gender pay gap could be explained by work history (such as time out of the labour market) by the age of 42.
11 The University of Manchester research suggested that – at most – this might account for around a third of the pay gap.
employers stress that pay discrimination is not necessarily deliberate.

- Companies have told the Government that pay differences in average pay between men and women may reflect a whole range of other drivers. These include men’s different approach to negotiating pay rises; their tendency to move companies more often (or threaten to); past deals with trade unions or staff representatives; the unintended side effects of mergers and acquisitions; and the out-sourcing (or in-sourcing) of particular functions.

- The Government’s ambitious announcements in regard to pay transparency will force all large organisations to calculate and publish their gender pay gaps. This will focus attention on this issue, and should ensure that unequal pay, wherever it occurs, and for whatever reason, is identified and addressed.

- The Ministry of Justice announced on 11 June 2015 the start of the post-implementation review of the introduction of fees in the Employment Tribunals. The review is underway and will report in due course.

- Comprehensive advice for employees who feel they are being discriminated in terms of pay is available from the conciliation service Acas: [http://www.acas.org.uk/media/pdf/m/p/Asking-and-responding-to-questions-of-discrimination-in-the-workplace.pdf](http://www.acas.org.uk/media/pdf/m/p/Asking-and-responding-to-questions-of-discrimination-in-the-workplace.pdf)
Section one: using the law to promote greater pay transparency

This section addresses the following questions from the Committee:

- How adequate are the Government’s proposals for tackling the pay gap faced by women over 40?
- Should the regulations on gender pay reporting be extended to organisations with fewer than 250 employees?
- 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?
- 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?

Legislative framework

1. The UK has one of the world’s strongest legislative frameworks to prevent and tackle discrimination. The Equality Act 2010 (the Act) not only incorporated the existing provisions of the Equal Pay Act 1970, it also extended them in a number of ways.

2. The Coalition Government introduced section 139A of the Act to require employers who have breached equal pay law to undertake full equal pay audits. This means that they have to gather pay information relating to the men and women they employ; identify any differences in their average pay; and make that information public. This came into force last October.

3. This Government now intends to use two further sections of the Act to drive greater transparency about the gender pay gap.

4. Firstly, the Act includes specific provisions (section 78) to require private and voluntary sector organisations with at least 250 employees to publish information about any pay gaps between their male and female staff. The Government intends to commence these provisions shortly, and has been consulting on how best to do so.

5. Secondly, the Act includes a proactive duty on public bodies (section 149), known as the public sector Equality Duty (PSED), to consider equality issues when developing policies and delivering public services. The Government intends to use this to require public bodies in England and Wales to publish detailed
information about any pay gaps between their male and female staff.

Transparency proposals

6. We published our consultation *Closing the Gender Pay Gap* in July this year. This consultation put the Government on the front foot in tackling the gender pay gap – not only seeking views on the transparency proposals but also asking broader questions, including the causes of the pay gap among older workers. The Government engaged with individual companies, business groups, and a wide range of other stakeholders, to ensure that our proposals were robust and comprehensive.

7. We were very pleased with the positive responses we received. For example, the consultation found that around 80% of employers or business organisations that responded agreed to some extent that the publication of gender pay information will encourage employers to take actions that will help close the pay gap.

8. The consultation, continuing engagement and prior experience have given us a broad consensus on what should be included in regulations that are proportionate and effective. The reporting requirements must be clear and workable to ensure that employers comply as we transition from voluntary to mandatory reporting. We will ensure that appropriate guidance is in place to help employers create change and promote workplace equality.

9. The regulations implementing section 78 of the Equality Act 2010 will apply to employers in England, Wales and Scotland with at least 250 employees. We anticipate that the regulations will affect around 8,095 employers, employing around 11.4 million employees. This represents 40% of the total UK workforce. The table below shows how many private and not-for-profit employers will be covered by the regulations:^[12]

<table>
<thead>
<tr>
<th>Employees (thousands)</th>
<th>Percentage of total UK employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>250-499 employees</td>
<td></td>
</tr>
<tr>
<td>4,140</td>
<td>1,434</td>
</tr>
</tbody>
</table>

Note that, for statistical reasons, these figures include a small number of not-for-profit organisations in Northern Ireland which will not be covered by the regulations.
<table>
<thead>
<tr>
<th><strong>500 or more employees</strong></th>
<th>3,955</th>
<th>9,974</th>
<th>34.9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>8,095</td>
<td>11,408</td>
<td>40</td>
</tr>
</tbody>
</table>

10. Over half the employers and business organisations responding to the consultation agreed that the regulations should only apply to employers with at least 250 employees. The consultation responses highlighted that small and medium sized employers may find it more difficult to comply with the proposed regulations due to possible systems and data constraints. The Government can review this threshold when we review the regulations five years after commencement as part of the parliamentary process. Extending the regulations to employers with fewer than 250 staff will not be possible without primary legislation. As it stands, section 78 (2)(a) does not apply the gender pay information requirement to “an employer who has fewer than 250 employees”.

11. The Government will be setting out its proposed arrangements for compliance and enforcement of the gender pay gap information requirements in its response to the consultation to be published shortly.

12. We have already announced that we will be requiring large employers to publish information on the differences between men and women’s pay and bonuses. This is a very significant development, and illustrates the depth and breadth of the Government’s ambitious proposals. For those men and women who receive bonuses, the gender bonus gap is considerably wider than the gender pay gap.

13. Over £40 billion was paid in bonuses across the UK economy in 2014-15, including £13.6 billion worth of bonuses paid in the finance and insurance sector. Among full-time employees, the mean bonus paid to men across the whole economy was £6,719 and for women the mean bonus was £2,918. That is a 57% gender bonus gap.

14. Public sector employers in England and Wales will also be subject to the same requirement to report on their pay gaps as the private sector. This will apply at least to those public sector employers who have 250 or more employees. Over six million people work in the public sector in the UK, including 4.1 million women. This again demonstrates the breadth of the Government’s ambitious proposals.
15. Although section 78 of the Equality Act 2010 does not apply to the public sector, it is possible to make these requirements by imposing specific duties under the public sector Equality Duty contained in that Act. Further details will be announced in due course.

**Using transparency to drive action**

16. Greater transparency will encourage employers and employees to consider what more can be done to close any pay gaps. Organisations should use their published information to address any obvious anomalies and drive change within their organisations. This culture change within organisations will benefit women over 40 who may have childcare and/or caring responsibilities or who are looking to progress into senior positions. The gender bonus gap reporting will in particular help women over 40 who in certain sectors are more likely to see bonuses form a significant part of their overall remuneration package.

17. Greater transparency will also help empower women, particularly in negotiating pay rises where differences can emerge simply from men’s greater willingness to negotiate. Working with the organisation everywoman the Government produced guidance in November 2014 which helps women recognise their worth within the workplace and negotiate their salaries. Greater transparency from employers will give women the information they need to successfully negotiate.

**Voluntary measures to support greater transparency**

18. The Government’s voluntary reporting initiative, *Think, Act, Report*, was launched in 2011 to help businesses tackle the underlying causes of the gender pay gap. It is a simple framework for building gender equality into your business planning for recruitment, retention, promotion and pay. It means analysing your work force and pay data by gender to identify potential challenges; acting to address those challenges; and reporting publicly on your progress.

19. *Think, Act, Report* has provided a powerful community of best practice with over 290 companies, collectively employing well over 2.5 million people, of all ages, signed up to the scheme and voluntarily leading the way on gender equality in the workplace.

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13 Many studies have found that women are less likely to negotiate their salaries than men, e.g.: [https://www.linkedin.com/pulse/women-do-benefit-from-negotiating-salary-penelope-trunk](https://www.linkedin.com/pulse/women-do-benefit-from-negotiating-salary-penelope-trunk)
20. We have been engaging closely with these companies in drafting the new regulations. Their experience is a useful resource for employers, in preparation for the new gender pay reporting requirements, providing good practice for other companies to draw upon once the new regulations have commenced. It will help shape how other companies implement them. Voluntary reporting can lead to practical actions. For instance, Ernst & Young recognised the challenge in their company on gender pay parity and wanted to fast forward the pace of change. They started by publishing their internal diversity goals in 2012 and using them to transform their business. By 2015, 30% of their new partners were women. This was a record for the company.

**Specific Committee questions**

The Committee asked whether the legislative proposals should be extended to organisations with fewer than 250 staff.

21. Section 78 of the Equality Act 2010, if enacted, specifically limits new reporting requirements to those companies with at least 250 employees.

22. This issue was discussed at length in Parliament during the passage of the Equality Act 2010. The figure of 250 was chosen for two reasons. Firstly, Parliament wanted to ensure that individuals were not identifiable when a company published its data (particularly if they provided a more detailed breakdown of it by grade, for example). Secondly, it was to ensure that small companies without access to large HR departments were not unreasonably burdened by the need to collate and publish data.

23. The figure of 250 had cross-party support in Parliament and wide support in the business community, as it marks the widely-accepted cut-off point for defining a large employer. It could not now be amended without introducing new primary legislation. For all these reasons, the Government would not support lowering it.

24. We are currently considering the relevant minimum size of the public bodies to be covered by the publication requirements. It will at least match what we expect of the private and voluntary sectors, so will at least cover organisations with over 250 employees.

The Committee asked whether voluntary measures regarding what organisations do with gender pay gap information are sufficient to
create change and what could be done to ensure that information about an organisation’s pay gap is translated into action.

25. The Coalition Government committed to use a voluntary approach to begin with (see Think, Act, Report – above). This approach has enabled valuable lessons to be learned and given us a pool of best practice. However, this Government believes that voluntary measures are sufficient, which is why it is taking forward its manifesto commitment to require companies to collect and publish this information. We believe that this publication will create a considerable force for change in organisations.

The Committee asked how we can best ensure that such mechanisms are fully complied with, and what we can learn from other countries and other policy areas.

26. The Government will be publishing details of the compliance regime for the new proposals in due course. In developing our proposals, we are taking account of what can be learnt from other countries and other policy areas. Our proposals will also be subject to further consultation.
Section two: transforming the workplace

This section addresses the following questions from the Committee:

- How adequate are the Government’s proposals for tackling the pay gap faced by women over 40?
- What actions would be most effective in improving recruitment, retention and re-training for women aged over 40?
- Is there any evidence that women aged over 40 face particular barriers to promotion? If so, what could be done to address this problem?
- 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?

27. In the modern workplace, working patterns are becoming increasingly flexible, allowing both women and men to combine work with childcare or caring responsibilities for an older or disabled relative.

28. The Government is committed to transforming the workplace and we are doing this in a number of ways. In particular, we are acting on our commitment to give an additional 15 hours free childcare to working parents (making 30 hours in total). We have already extended the right to request flexible working and introduced shared parental leave and pay for working parents. We will extend this to working grandparents and are aiming to introduce this by 2018. These important actions will further improve the recruitment and retention of women over 40 who often have childcare and/or caring responsibilities.

Childcare

29. Childcare is a critical issue, and once again the Government is taking bold, proactive measures to address this issue. As set out in the government’s productivity plan ‘Fixing the Foundations: Creating a more prosperous nation’, there are still too many people for whom there are unfair or distorting barriers to work. The government is doubling the free entitlement to childcare to 30 hours a week, from 2017, for working parents of three- and four-year-olds. This will reduce the cost of childcare and support parents into work or to work more hours, should they wish to do so. This is in addition to the existing 15 hours of free early education, which is available to all three- and four-year-olds and eligible two-year-olds.
30. The Government has also committed to implementing the additional 15 hours of free childcare from 2016, a year earlier than planned, for some families in some areas. As part of this early implementation, we will be looking at how we can generate models of flexible provision which match parental working patterns, supporting families to access or take-up more hours of work by reducing the burden of childcare costs during non-standard hours.

31. The Government is also introducing Tax-Free Childcare from early 2017. Around two million working families will be eligible, providing up to £2,000 of childcare support per child, per year (£4,000 for disabled children) via a new online system.

*Extension of the Right to Request Flexible Working*

32. Under the Coalition Government, the Department for Business, Innovation and Skills (BIS) took significant action to promote flexible working by extending the Right to Request Flexible Working to all employees with 26 weeks service on 30 June 2014. This extension has doubled the number of employees who are able to make a request to over 20 million. Flexible working includes part-time working (around 8.4 million people work part-time), shift working, remote working and job shares. Extending this provision demonstrates the Government’s desire to modernise the workplace and make it as flexible and accessible as possible.

*Introduction of Shared Parental Leave and Pay*

33. The Coalition Government also took the significant and forward-looking step of introducing shared parental leave and pay. This came into effect for working parents who were expecting or adopting a child from 5 April 2015. It allows them to decide who will be their child’s primary carer or share the responsibility between them. We estimate that around 285,000 couples will be eligible for Shared Parental Leave per year. Employers now have access to the widest possible pool of talent, and the ability to recruit and retain this talent helps contribute to the UK’s skilled and flexible workforce.

*Extending shared parental leave and pay to working grandparents*

34. We are aware that many parents rely on grandparents for childcare when they return to work after having a baby, enabling them to return to work sooner. A 2014 study by Ipsos MORI
suggests that, of those who provide informal childcare, it is grandparents who do the most (around 10 hours of care per week) and that around two million grandparents have given up work, reduced their hours or taken time off work to look after their grandchildren.\textsuperscript{15}

35. Allowing working grandparents to share leave and pay with the parents will enable more parents to return to work sooner and more grandparents to stay in work. This is particularly important for low to middle income families who may not be able to afford the cost of childcare.

36. On 5 October 2015 the Chancellor announced the Government’s plans to extend shared parental leave and pay to working grandparents. The extension will enable eligible grandparents to share up to 50 weeks of leave and up to 37 weeks of pay with parents to help care for their grandchildren in the first year of the child’s life. We will be consulting next year and aim to introduce the policy in 2018.

\textit{Caring for older relatives}

37. The Government understands that caring responsibilities do not just apply to children. Women are also disproportionately more likely to care for older relatives. According to the 2011 UK census, women aged 50-64 are the group with the highest proportion of carers, with almost one in four providing some sort of caring. Around one in every six inactive people aged between 50 to State Pension Age cite caring responsibilities as the reason for inactivity. The Carers in Employment Task and Finish group highlighted the significant problems that can be faced by working carers looking to continue in employment. People with more time-consuming caring responsibilities are less likely to be in employment with only 40 per cent of those caring for 20 hours or more per week still in work.

38. The Government is committed to helping carers remain in work should they want to. As part of the Carers in Employment initiative, jointly funded by the Government Equalities Office, the Department for Work and Pensions, and the Department for Health, the Government is investing £1.7 million in nine pilot projects to explore how carers can be supported to stay in paid work alongside their caring responsibilities. These pilot projects

\textsuperscript{15} Time to care: generation generosity under pressure- July 2014 research by Ipsos MORI, jointly commissioned by Grandparents Plus, Save the Children and the Family and Childcare Trust. The research investigates the impact of being a grandparent on people’s attitudes and choices, and whether these are further influenced by the amount of time spent caring for their grandchildren.
support local businesses to make the best use of flexible working arrangements, maximise the use of assistive technology, improve access to information and resources, and support carers to set up micro-businesses that will expand the local care market.

**Specific Committee questions**

The Committee asked if there are particular difficulties in narrowing the gender pay gap for women working in predominantly female sectors and non-professional roles.

39. This question raises two separate issues. One is the pay gap within female dominated sectors, the other is the pay gap between those sectors and other sectors which are male dominated.

40. In regard to the first issue, there is no clear pattern. Some sectors with a predominantly female workforce, such as the education sector, have a higher than average gender pay gap (25.5%). Others, such as the accommodation and food services sector, which is one of the largest employers of women, have a much lower than average pay gap (6.4%). Conversely, there is some evidence that sectors where men dominate have higher than average pay gaps. These include the finance and insurance sector (40.2% gap), and electricity, gas, steam and air conditioning supply (31.4% gap).

41. In regard to the second issue, there is good evidence that sectors and jobs where women dominate – particularly those that employ a lot of women in non-professional roles, such as cleaning, caring, and retail work – are less well paid overall than those where men dominate. For example, women make up nearly 80% of employees working in human health and social work, but the average weekly pay in that sector is nearly £40 per week less than the UK economy average.16

The Government’s strategy for addressing this second issue includes:

- Raising the minimum wage;
- Providing opportunities for up-skilling so people can move into better paid positions (such as through apprenticeships, adult education, and our work with UKCES); and
- Encouraging more young women to go into more financially rewarding careers.

16 The figures in this section are from the Annual Survey of Hours and Earnings 2014
Further details on these points are set out in this document.

The Committee asked what actions would be most effective in improving recruitment, retention and re-training for women aged over 40.

42. These issues are addressed in the course of this evidence. The Government has measures in place to help women to re-train; and transforming the workplace is the key way to address issues around recruitment and retention.

*Is there any evidence that women aged over 40 face particular barriers to promotion? If so, what could be done to address this problem?*

43. The particular barriers to promotion faced by women were set out in detail in the evidence papers commissioned by the Women’s Business Council (WBC), which were produced by the GEO WBC secretariat and analysts. These provided the evidence base for the WBC’s report, and were published alongside it.17 We commend these to the Committee, particularly the papers *Staying On* and *The pipeline to Senior Management*. The latter identified two main types of barriers:

- Workplace-related barriers include masculine corporate cultures; the UK’s long-hours culture; the relative unavailability of flexible working; high childcare costs; and the concentration of women in “functional” roles such as HR and marketing, which offer fewer opportunities for promotion.
- Aspirational barriers – identified in the many studies and surveys cited by the WBC – include women’s lower levels of confidence at work, lower work expectations, and greater reluctance to apply for jobs. The paper stresses that these may well be caused by the other barriers that women face, rather than any innate differences between men and women.

44. The *Staying On* paper is specifically focused on older women, and identifies a series of general barriers that they face in the workplace. These include caring responsibilities; lower qualification levels; concentration in certain sectors (especially those which are poorly-paid and/or shrinking); and particular problems in re-entering the labour market after redundancy or career breaks. The Government is tackling all these issues, and details are set out in the course of this document – including transforming the workplace and raising girls’ career aspirations.

17 https://www.gov.uk/government/groups/124#evidence-base-to-inform-the-wbc
Section three: supporting women over 40

This section addresses the following questions from the Committee:

- 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?
- What actions would be most effective in improving recruitment, retention and re-training for women aged over 40?
- Is there any evidence that women aged over 40 face particular barriers to promotion? If so, what could be done to address this problem?

45. The Government is determined both to get more women over 40 into the workforce, and to ensure that those already in the workforce are able to reach senior positions. We are working closely with the Women’s Business Council and other organisations on these important issues. Encouraging women into senior positions improves diversity at the top, provides role models for other women, and can have a hugely positive impact on the whole workplace.

Getting more women into senior positions

46. Women make up half the workforce in Britain, but are disproportionately under-represented in more senior positions. If we want to harness the full potential of the country we need to remedy this imbalance and waste of talent.

47. Government is working, alongside business, to improve gender balance both in the boardroom and at executive levels of management in the private and public sector, as well as in other sectors such as academia and the charitable sector. For example, we support the WomenCount reports which contribute to transparency about ‘where’ the women are (and are not) in the top roles in these sectors. The reports look at the top academic institutions and charities and provide analysis on gender variations.

48. We have made excellent progress with more women on FTSE 350 boards than ever before. In both the FTSE 100 and FTSE 250 female representation is more than double what it was in 2011. There are now no all-male boards in the FTSE 100, and as of last month, only 14 remained in the FTSE 250 (down from 131 in 2011). This shows that a voluntary, business-led approach can work.
In October 2015, Lord Davies launched his fifth and final report. We support Lord Davies’s newly proposed business-led 33% target for FTSE 350 boards by 2020, and we agree that more action needs to be taken to increase the number of women making it through the executive pipeline. Supporting the executive pipeline is an important means of supporting women over 40, and developing the talent pool available. We have therefore accepted Lord Davies’s recent recommendation to establish a new review focusing on the executive layer in FTSE 350 companies. We will announce further details in due course.

The Lord Davies steering group anticipated that increasing the numbers of women Executive Directors would take longer, as these are the highest ranking and highest paid roles in any FTSE company. With the average of FTSE 100 directorships being around 56 years of age for women, it is clear that having a better gender balance at these levels will no doubt have a positive impact on the gender pay gap for women over 40.\(^\text{18}\)

Executive Search Firms have played a key role in driving forward progress on the women on boards agenda. As soon as the Davies Review was published in 2011, the search community drafted their own ‘Standard Code of Conduct’ for recruiting women to FTSE Boards. This is now endorsed as best practice by over 80 firms involved in Board level search.

The aim of the Code is to help bring forward a wider range of candidates for appointment and support chairmen in looking at the composition of the whole board, not individual hires. Elements of the Code include diversity goals, clearly defined briefs, an agreement that the first list of possible candidates for a job should be 30% female, succession planning and a move away from prior experience to proven capabilities.

Women have rich and diverse skills and experience to offer – they’re excellent role models for our next generation of leaders, both men and women. Having more women in visible positions across all sectors will provide positive role models for future generations.

We know that across all employment sectors, women are still less likely to progress up the career ladder: women make up 47% of the workforce, but make up only 34% of managers, directors and senior officials. UK Labour Force Statistics (October

18 Age: From Lord Davies Oct 2015 report. The average age of the 204 new appointments between 2011 and 2015 (for whom Cranfield had data) is 55.5. The average age of all FTSE 100 directorships held by women is not significantly different at 56.1 years. The average age of all FTSE 100 directorships held by men is 58.9 years. It is not surprising that this is higher as there are a number of very long-standing male directors.
2015) show that there are 1,059,000 female managers (7.3% of all female employees), compared with 2,123,000 male managers (12.9% of all male employees).

Championing older workers

55. The Women’s Business Council was set up in 2012 to look at ways to maximise women’s contribution to economic growth and reported in 2013. The Council has remained in place and has been extended (to 2018) to oversee the delivery of the business recommendations in its report.

56. The report focussed on four discrete areas of women’s lives: starting out; getting on; staying on; and enterprise. In staying on, the Council examined the position of older women in the workplace and found that this group of women offered a lot of untapped potential.

57. Older women contribute a significant amount to the UK economy. For instance women working beyond State Pension Age are estimated to have contributed £13 billion to the UK economy in 2013; up from £10 billion in 2003 and if 0.6 million more older women worked part-time, that could add up to £9 billion to UK GDP.\(^{19}\)

58. Older women also face a challenge to keep their skills updated and relevant for the modern workplace and find opportunities to learn new skills. Others have to accommodate increased caring responsibilities for children, grandchildren and ageing parents.

59. The Council made several recommendations for the Government and business community in this area, including:

- Working with others to test assistive technology and IT for carers;
- Funding for schemes to assist the low skilled;
- Reviewing flexible working opportunities;
- Joining industry bodies that support carers to share best practice; and
- Appointing an Older Workers Business Champion to promote the business benefits of recruiting, retraining, and retaining this age group.

60. The Women’s Business Council has established a Working Group on Older Workers as part of its new Strategic Operating Model 2015. Headed by Lynn Atkins, HR Director at Barclays Bank, it

\(^{19}\) Figures from the Department for Work and Pensions, cited in Baroness Altmann’s report, below
will consider what business can do to support older workers, encourage a greater use of flexible working and provide practical support.

61. As part of the response to the recommendations of the Women’s Business Council, in June 2014 the Coalition Government appointed a Business Champion for Older Workers – Dr Ros Altmann (now Baroness Altmann, Minister for Pensions). Baroness Altmann is a former director-general of Saga and an expert on later life issues.

62. Baroness Altmann published her report *A New Vision for Older Workers: Retain; Retrain, Recruit* in 2015. The well-received report included a chapter setting out her findings on difficulties faced by older people in the labour market. The report includes recommendations to government, businesses and employers, media and older workers themselves for further action.

63. Baroness Altmann’s report suggests that business can do more to tackle age discrimination by: conducting age audits; tackling recruitment bias; upskilling older workers; revisiting talent management schemes, and, critically, offering a greater number of flexible working positions. These measures would particularly benefit women.

*Fuller Working Lives*

64. Increasing the number of older women in work is essential both for the health of the economy as a whole, and to ensure a choice for women themselves. The Government has made excellent progress on this, with the number of female employees over the age of 40 increasing by 350,000 in the last year alone.

65. However, employment rates still decline sharply once people get past 50. Around 80% of 50 year olds are in work, but this decreases to around 60% of 60 year olds and just 30% of 65 year olds. There is a clear challenge to encourage more over 50s to stay in work rather than retiring early, if they would like to remain working; and to provide sufficient roles for this cohort to fill, including women, who may have had more absences from the labour market and who are more likely to have ongoing caring responsibilities.

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20 A New Vision for Older Workers: Retain; Retrain, Recruit https://www.gov.uk/government/publications/a-new-vision-for-older-workers-retain-retrain-recruit
21 ONS Labour Force Survey (Q1 2014)
66. There is a range of factors which mean older workers often find it hard to get back into work. Baroness Altmann’s report found evidence that older workers were more likely than young people to be affected by disability or caring pressures, out of date skills or qualifications, and age discrimination by employers.

67. That’s why in June 2014, under the Coalition Government, the Department for Work and Pensions published *Fuller Working Lives: a framework for action*. The framework explains how working longer can benefit individuals, businesses, society and the economy and sets out the actions Government has and will take to help people have fuller working lives. A number of government departments contribute to this initiative.

68. Actions set out in the Framework include:

- Jobcentre Plus pilot projects offering tailored provision for older jobseekers in some offices;
- Jobcentre Plus initiative to identify and understand particular barriers to employment for carers, with the aim of designing specific interventions to support them into work;
- Development of a guidance toolkit for employers to help them support older staff in the workplace;
- The launch of a new Fit For Work Service which will give workers with long-term health problems the support they need to stay in or return to work; and
- Greater flexibility to combine pension income with earnings, and therefore plan a gradual retirement.

69. The Department for Work and Pensions (DWP) produced sector specific guidance with the Age Action Alliance, *Employer Toolkit: Guidance for Managers of Older Workers*, to ensure employers have the guidance they need to support the on-going productivity of older workers and to adopt flexible approaches to work and retirement.

70. To help older workers return to work, two trials were announced in the Autumn Statement last year. These trials are based on our current sector-based work academies and work experience programmes, but tailored to the needs of older claimants. The trials, involving 3,000 older claimants, will test how we support older people where age is a barrier to them finding work.

71. From May 2015, two further small-scale *Proof of Concepts for Older Claimants* were introduced to further explore what may be effective support for older people trying to find work. The first is trialling an enhanced approach to career reviews and the second
provides IT and digital support that will be helpful in supporting people with modern job search techniques.

72. In April 2015, Jobcentre Plus introduced Older Claimant Champions in each of its seven Groups. The Older Claimant Champions work with Work Coaches and employer facing staff to raise the profile of older workers, highlight the benefits of employing older jobseekers and share best practice.

Adult Apprenticeships

73. Apprenticeships are full time paid jobs with training. High quality apprenticeships are essential to support our employers and to help our economy to prosper in the years to come.

74. We are committed to reaching three million apprenticeship starts in England in 2020 and we will ensure they provide the skills employers and the economy need for growth. This follows on from the 2.4 million apprenticeship starts over the previous Parliament.22

75. Provisional data from the Skills Funding Agency indicates that there were 871,800 learners participating in apprenticeships in the 2014/15 academic year with 499,900 starts. Women made up 53% of apprenticeship starts in 2014/15. The number of women starting engineering and manufacturing technologies apprenticeships has increased threefold from 1,600 in the 2009/10 academic year to 4,800 in the 2013/14 academic year.

76. However, it is still the case that a much larger proportion of female apprentices are in childcare and hairdressing, and a much smaller proportion are in engineering, manufacturing, and construction. The Government is working to address this through a range of STEM-related initiatives (see p.27-28), and has increased the number and range of case studies highlighting successful female apprentices.

77. We are taking action to support the growth of apprenticeships to meet our three million commitment. We are working with both large and small businesses to begin or expand their programmes, setting new expectations for public sector bodies and through public procurement.

78. We will roll out many more Degree Apprenticeships, combining a high quality degree with an apprenticeship. They involve

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22 Figures on apprenticeships, adult education, Advanced Learning Loans, and university places from the Department for Business, Innovation and Skills (BIS)
employers, universities and relevant professional bodies co-designing apprenticeships to meet full occupational competency where the apprentice must complete a degree (bachelor’s or master’s) as part of their apprenticeship. Degree Apprenticeships are live in sectors such as Automotive and Banking, Digital Industries, Chartered Surveying, Aerospace and Nuclear.

79. The latest Apprenticeship Pay Survey (2014) estimates that the median hourly pay for level two and three apprentices across Great Britain is £6.31. For males this was £6.19 and for females it was £6.36.

Adult Education

80. Funding for adult education through the adult skills budget is primarily focussed where it has the greatest impact, where barriers to learning are greatest, and where the case for government intervention is strongest. In practice this means: apprenticeships; funding for people who have failed to achieve a GCSE grade C in maths and English; second chances for young people (aged 19-23) to achieve a Level 2 or 3 qualification; and support for the unemployed to find work. Women over 40 account for approximately a fifth of all classroom based learners.

81. We also offer community learning, which is designed to help people of different ages and backgrounds acquire a new skill, re-connect with learning, pursue an interest, prepare for progression to formal courses, and/or learn how to support their children more confidently. By being flexible, local and accessible Community Learning can attract and engage older people who are furthest from learning, training and the job market, particularly older women who may lack confidence or who are socially isolated. While public funding supports those furthest from the labour market, and the most disadvantaged, adults of all ages and backgrounds can take part in this non-formal learning, paying according to their means. In 2013/14, 34% of those participating were women aged 45+.

82. Advanced Learning Loans, provided by the Student Loans Company, are currently available to those aged 24 and over to help with vocational qualification fees costs at colleges and training organisations.

83. The qualification must be an eligible Level 3 or 4 course (e.g. A Levels). From 2016/17 the loans will be available as a fees-funding option to those aged 19 and over undertaking vocational provision from Level 3 up to Level 6. Published
data for the 2014/15 academic year showed that over 70% of the approved 56,870 Advanced Learning Loans applications were from women. The same data showed that 25% of male and female applications were from those aged over 40.

**Supporting older women to retrain**

84. Women still dominate many lower paid jobs, which are concentrated in certain areas of the economy, including in the cleaning, commercial catering and adult social care industries.

85. An early scoping exercise by the UK Council for Employment and Skills (UKCES) heard employers of cleaning, commercial catering, and care staff report difficulties in attracting and retaining good workers. Low pay in these areas can combine with insecurity of hours or tenure to reduce the attraction of important jobs to good workers and heighten turnover rates. In addition, prevailing models of working hours and patterns can limit the options for women with family/caring responsibilities. This means businesses are losing out on opportunities to develop talented women in frontline or more senior supervisory or management roles who could be a long-term business and economic asset.

86. UKCES together with the Government Equalities Office ran a programme to address low-pay in the sectors outlined above. This work with Sector Skills Councils in the STEM, retail, hospitality management, and agricultural sectors benefited around 1,400 women.

**Tackling age discrimination**

87. The Government is committed to tackling age discrimination in the workplace. The Equality Act 2010 prohibits age discrimination (including in pay) in employment unless such differential treatment can be objectively justified.

88. An older worker who feels that they have been unjustifiably discriminated against may, if needed, make a complaint against the employer; access the Acas early conciliation service; and ultimately bring a claim at employment tribunal.

89. Where the older worker is a woman, it may not be clear whether their alleged detrimental treatment is due to age or sex discrimination. An employee may bring parallel equal pay, sex discrimination and age discrimination claims. This ensures that
the tribunal can consider the case on the basis of both protected characteristics and draw its conclusions accordingly.
Section four: improving female representation in male-dominated sectors

90. The concentration of women in different occupations or job types than men – known as occupational segregation – has long been known to be responsible for a substantial element of the gender pay gap. The University of Manchester research, cited previously, suggested that it might account for 22% of the gap.

91. Part of our strategy to ensure we close the gender pay gap in a generation involves ensuring that today’s girls and young women progress into as broad a range of careers as possible. We are making good progress with a record number of girls taking STEM A-levels. We are breaking down the traditional belief that some careers are only ‘for the boys’ through initiatives like the ‘Your Life’ campaign and the Your Daughter’s Future programme. However, there is still a long way to go.

92. Stereotypes about “men’s work” and “women’s work” are a strong influence even at primary school, and by GCSE level gendered career ambitions are clearly evident. This gender difference carries on to higher education, apprenticeships, and other career choices.

93. Of university places accepted, only 13% of engineering places, 18% in technology and 22% in mathematics and computer science are taken by women, whilst women make up 89% in nursing, 85% in education, 73% in linguistics and classics and 72% in languages and literature.

94. Careers in science, technology, engineering and maths can offer women creative and high-paying opportunities – and increased female participation can help address a significant skills shortage in growth sectors.

95. Many of the highest paying sectors are disproportionately made up of male employees, including information and communications technology (68%) and energy supply (74%). Similarly, as already noted, women are still often concentrated in lower paid occupations or job types than men. For example, women make up 92% of secretaries and 94% of childcare assistants, but only 23% of architects and 9% of engineers.

96. To help skills development and support wider career choices, the Department for Education announced the establishment of a new Careers and Enterprise Company for employers and schools, to inspire young people about the world of work. In addition to this,
we are working closely with a number of external organisations to encourage young people, and particularly young women, to take science and engineering subjects, and consider careers in these areas. Recent interventions include:

- **Tomorrow’s Engineers Week (TEWeek).** Launched in response to the Perkins’ Review of Engineering Skills, this is an annual week of media and stakeholder activity to address a shortfall in the number of qualified engineers, and to encourage young people, particularly young women, to consider a career in engineering.

- **Your Life.** This is a campaign to ensure the UK has the maths and science skills it needs to succeed in a competitive global economy. It works by inspiring young people to study maths and physics as a gateway to exciting and wide-ranging careers, and by helping employers recruit and retain talent, particularly women.

- **STEM Ambassadors programme.** This involves a nationwide network of over 28,000 DBS-checked volunteers from science, engineering and technical companies or academia, who work with schools across the UK. 40% of STEM ambassadors are women. It involves raising awareness amongst children of the range of careers that science and technical qualifications offer and provide stimulating scientific activities to increase their interest in STEM subjects.

97. In March this year, the Department for Education published revised statutory guidance for schools on careers, which includes raising aspirations and challenging stereotypes. We also published an online guide for parents, *Your Daughter’s Future*, to help their daughters make subject and career choices, regardless of gender stereotypes.

98. We are also working closely with business to support three million additional apprenticeships over the next five years. In addition to this we are investing £200 million to improve teaching facilities and £185 million to support teaching of high-cost subjects such as science and engineering where institutions demonstrate a commitment to diversity and equality. We are also providing £10 million to support ‘Developing Women Engineers’ which will enable companies to establish training programmes to develop future engineers.

99. BIS funds and works with partners on a number of programmes to encourage more people and a more diverse range of people into STEM. The department established a programme jointly run
by the Royal Society and Royal Academy of Engineering aimed at understanding and addressing issues of diversity in the STEM workforce. As part of this programme the Royal Academy of Engineering set up a Diversity Leadership Group. The Group, which is made up of senior leaders from around 40 engineering employers and employer-led organisations, co-ordinates action in stimulating demand for, and retention of, a diverse talent base. Its focus is on practical, collective action to establish and encourage greater inclusion in the engineering workforce, reflected through recruitment and retention.

4 December 2015
Gender Pay Gap analysis for age groups over 40:

**Gender Pay Gap (all over 40)**

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**Gender Pay Gap (FT over 40)**

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**Gender Pay Gap (PT over 40)**

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<tr>
<td>40-49</td>
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*Annual Survey of Hours and Earnings (ASHE)*

The gender pay gap (GPG) has fallen for those in the 40-49 and 50-59 age groups since 2010. There seems to be more of a downward trend for the group 40-49; it is now 2.5 percentage points lower than in 2010. However, more noteworthy is the very substantial decreases in the GPG among both full-time and part-time workers. Particularly striking is the GPG for part-time workers being 0.6% in 2015, which is a very strong improvement since 2010.

In contrast, the pay gap for those aged 50-59 seems less predictable and has been displaying an upward trend in recent years (it has increased by 1.1 percentage points since 2013). There has not been much change in the pay gap among full time workers. However, the pay gap among part-time workers aged 50-59 has fallen by almost nine percentage points since 2010.

For those women who are over 60 the gender pay gap is now two percentage points greater than 2010. This group represents just over 7% of all female workers and, of these workers, only about one third are full-time workers (ASHE, 2015). However, with an
ageing population, this age group is representing more and more of the workforce.

For all ages over 40, the GPG remains substantially above the average for all employees and is much larger than the pay gap among younger workers. Moreover, although there have been dramatic improvements in the pay gap for part-time workers in the age categories 40-49 and 50-59, these are still larger than the pay among part-time workers of all ages (-6.5% in ASHE 2015).