Written evidence submitted by The Family and Childcare Trust

About the Family and Childcare Trust

The Family and Childcare Trust works to make the UK a better place for families. Our vision is of a society where government, business and communities do all they can to support every family to thrive. Through our research, campaigning and practical support we are creating a more family friendly UK.

The Family and Childcare Trust’s annual childcare costs survey is the definitive report on childcare costs and sufficiency in the UK and its data are used by the Department for Education and OECD. For further information, please go to www.familyandchildcaretrust.org.

We are grateful for the opportunity to respond to the consultation on closing the gender pay gap for older women.

Introduction

In recent years some progress has been made in closing the gender pay gap. While it is welcome that the pay gap for women aged 18-39 is narrowing, reflecting the employment opportunities and better access to childcare a younger generation of women have had, older women working full-time can earn up to 82 per cent less than men working full-time.\(^1\) And although both men and women face declining wages after 50 years of age the decline is worse for women.

Women are also more likely to work part time than men and the proportion of women working part time increases as they get older.\(^2\) The average salary of women aged over 50 is £15,000 and this decreases to £10,000 per year for women over 60.\(^3\) There are however, wider structural contexts that drive female disadvantage in work and wages and lead to the gender pay gap: lack of high quality part time jobs; taking time out for child rearing and the fact that caring for children and relatives still falls disproportionally on women.

Lack of quality part time jobs and flexible working

Women are still more likely to be in low paid and low skilled jobs, affecting labour market segregation. Some 80 per cent of those working

\(^{1}\) House of Commons Library (2015), Gender Pay Gap, House of Commons: London.
\(^{2}\) TUC (2014) Older women and the labour market, Trade Union Congress: London.
\(^{3}\) Ibid
in the low paid care and leisure sector are women, while only 10 per cent of those in the better paid skilled trades are women.

- Of the highest paid occupations in the UK such as chief executives, senior officials and finance managers, which pay an average wage of £43.17 per hour, only 6.6 per cent are done by part-time workers and only one in four are done by women.\(^4\)
- 1.7 million employees are female and 1.8 million work part-time in the lowest paid occupations such as retail assistants, cleaners and hospitality occupations such as waiting and bar staff where the hourly rate is £6.20 - £6.82.\(^5\)

The concentration of women in low paid work coupled with the fact that older women tend to be working in part time roles illustrates why there is such a large pay gap for this group of women. Evidence also suggests that low paid workers experience greater employment turnover and lower wage gains over time than workers in higher skilled jobs.\(^6\)

Flexible working practices can become stigmatised if they are promoted solely as an option for parents and carers. High performing employers understand the benefits of flexible working for all employees and ensure that senior staff signal the importance of work-life balance to their employees. The government can usefully promote flexible working as part of a suite of practices integral to effective modern workplaces.

We welcomed the Government’s policy to make every company with more than 250 employees being required by law to publish the difference between the average pay of their male and female employees but small to medium sized enterprises (SME) account for 59.3 per cent of private sector employment, employing an estimated 14.4 million people.\(^7\)

**Family and Childcare Trust recommends that:**

- The Department for Business Innovation and Skills should explore the feasibility of extending this above legislation to SMEs and in the meantime making tools and guidance available, such as those offered by the EHRC, for small and medium-sized businesses and promoting these.\(^8\)
- All jobs should be advertised as job share unless there is a strong business case not to.

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\(^4\) Ibid
\(^5\) Ibid
The Modern Workplaces programme is extended and renewed to strengthen flexible working entitlements whilst encouraging and supporting employers to adopt best practice and promoting positive attitudes to flexible working among employers and employees.

Interrupted career trajectories due to caring for families

Recent research shows that unfair treatment of women remains common, especially around maternity. 54,000 women are forced to leave their job early every year as a result of poor treatment after they have a baby. Negative experiences during pregnancy or maternity leave can have long lasting consequences for a woman’s future career prospects. We know that some mothers, disproportionately those on lower incomes or with the fewest qualifications, do not to return to work after maternity leave.9 Leaving a job to look after children has short-term and long-term consequences for a woman’s career trajectory.

Over a longer period of time there is a ‘motherhood penalty’ associated with interrupted employment. This wage disadvantage is proportionally higher for better qualified women but research suggests that even for women who had GCSE level qualifications or below (Level Two or below) and controlling for other factors, these women’s average hourly wages were 14 per cent lower if they had moved in and out of work after having children than if they had a stable career trajectory.10

Evidence shows that care is still a gendered role with women being far more likely than men to be carers for their families.11 One in four women over 45 are carers and there is a 50 per cent chance that, by the age of 59, a woman will have had at least one period of substantial caring responsibilities.12

Informal caring responsibilities increase the probability that an older person will leave work or reduce their hours.13 The pressure to leave work in order to care is also far more pronounced for women than it is for men. 17 per cent of unemployed women between 50 and state pension age left their last job to care for someone, compared with only one per cent of men.14 Older women, once unemployed, are also far more likely to turn

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9 Stewart, K (2014).
12 Carers UK (2012) Sandwich Caring: Combining childcare with caring for older or disabled relatives, London
down the possibility of paid employment due to caring responsibilities, with 37 per cent of unemployed women rejecting work compared with only 6 per cent of unemployed men. Older women on low incomes are also more likely than other income groups to say that they have given up work or reduced their hours because of caring responsibilities.

As older women earn less than men and tend to be employed in lower skilled occupations, this can lead to them having a weaker attachment to their jobs and careers than men. As a result, it can be less costly for an older woman to leave the labour market in order to care than for other family members. Older women’s weak attachment to jobs and carers relative to their male counterparts is partly a result of the ‘motherhood penalty’ imposed earlier in their lives.

**Family and Childcare Trust recommends that:**
- The Government monitor the uptake of shared parental leave by men, and take action to advertise this entitlement in sectors that have a low male uptake.
- That maternity, paternity and shared parental leave pay is increased and paid at least the national minimum or national living wage.

**Conclusion**

At present, Government policy to close the gender pay gap does not go far enough to help older women who are in work or want to work. We believe that the Government needs to do more for this group of women.

**4 December 2015**

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