Written evidence submitted by Fawcett Society

1. Overview

1.1. About the Fawcett Society
The Fawcett Society is the UK’s leading charity promoting gender equality and women’s rights at work, at home and in public life. Our work is evidence based drawing on independent research and robust data. We work to give voice to the concerns, needs and interests of women at the highest levels and across political lines. Our campaigns focus on women’s access to power, gender stereotyping and economic inequality. The gender pay gap (GPG) is a core issue for the Fawcett society and one which particularly affects older women. We welcome the Women and Equalities Select Committee inquiry on this important issue.

1.2. Fawcett welcomes the Government’s commitment to tackling gender inequality and aspiration to close the GPG in a generation. Whilst a focus on the outcomes for older women is essential, work to address the gap must start before women hit forty and tackle the diverse causes of the gap. At the current rate of progress it will take fifty years to close the pay gap for full time workers. Women cannot afford to wait that long. Action is needed to speed up the pace of change. Fawcett believes that in many cases making such changes voluntary will be insufficient to generate the shifts needed to close the GPG for older women.

1.3. Fawcett’s response outlines key evidence about the experiences of older women and the causes of the gap they experience. These fall into four main categories: unequal caring responsibilities, discrimination, labour market segregation by profession and men dominating the best paid roles. In each case tackling the root causes of inequality requires work to change women’s experiences before they reach their forties. In particular we draw the Committee’s attention to the need to rebalance caring responsibilities and ensure that care can be combined with high quality and well paid work.

1.4. Section 7 of our response considers how effective current measures will be in tackling the gap for women over forty. We welcome the government’s recent announcements on its approach to closing the gender pay gap. The introduction of shared parental
leave, progress on women on boards and the implementation of Section 78 of the Equality Act are important steps forward. However, with regards to Section 78 we are concerned that without more detailed regulations for pay audits, a requirement to publish a meaningful action plan and real penalties for those who do not comply progress may be too slow.

1.5. Section 8 of our response outlines Fawcett’s recommendations for closing the gender pay gap for women over forty. In order to achieve equal pay for women it is necessary to

- Understand the facts and commit to change
- Enable women and men to balance work and
- Develop and promote female talent across all ages
- Tackle discrimination

2. Measuring the Gender Pay Gap

Since 2010 the ONS has measured the gender pay gap using the median average. Fawcett, alongside the TUC continues to use the mean average. Both measures have merit. However, Fawcett argues that using the mean better reflects the ways in which wider pay inequality particularly impacts on women who are more likely to be low paid and less likely to be top earners. More information can be found here.

3. Understanding the gender pay gap

3.1. Forty years after the equal pay act women still earn less than men. On average women working full time in the UK earn 13.9% less than men, for all workers (full and part time) that figure is even higher at 17.5%.

3.2. The gap varies across ethnicities. Research from the EHRC highlights that it is particularly bad for Pakistani, Bangladeshi and Black African Women.

1 Fawcett Society calculations using ONS ASHE 2015 Provisional Results: http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-400803 Table 6.6a
3.3. The gap also varies across age ranges, increasing significantly for women over forty. For full time workers it reaches 17% by the time women reach forty and just under 20% for those over fifty.

3.4. Fig. 1 Hourly Mean Full Time Gender Pay Gap by Age Group³ (excluding overtime)

<table>
<thead>
<tr>
<th>Age</th>
<th>GPG</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-21</td>
<td>5.7%</td>
</tr>
<tr>
<td>22-29</td>
<td>1.3%</td>
</tr>
<tr>
<td>30-39</td>
<td>5.7%</td>
</tr>
<tr>
<td>40-49</td>
<td>17%</td>
</tr>
<tr>
<td>50-59</td>
<td>19.7%</td>
</tr>
<tr>
<td>60+</td>
<td>19.9%</td>
</tr>
</tbody>
</table>

Fig. 2 Hourly Mean Aggregate Gender Pay Gap by Age Group⁴ (excluding overtime)

<table>
<thead>
<tr>
<th>Age</th>
<th>GPG</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-21</td>
<td>6%</td>
</tr>
<tr>
<td>22-29</td>
<td>3.2%</td>
</tr>
<tr>
<td>30-39</td>
<td>9.6%</td>
</tr>
<tr>
<td>40-49</td>
<td>21.7%</td>
</tr>
<tr>
<td>50-59</td>
<td>24.6%</td>
</tr>
<tr>
<td>60+</td>
<td>24.6%</td>
</tr>
</tbody>
</table>

3.4. Action to close the gap for women over 40 is essential if the government is to achieve their aspiration of eliminating the gender pay gap in a generation

4. The cost of the gender pay gap

4.1. Women make up 62% of those earning less than the living wage⁵ and of the 5.2 million people in low paid work 3.2 million are women.⁶ Earning less throughout their lives has a significant impact on women’s financial independence and security. There is a gender pensions gap of 40% - above the EU average of 38%, with

³ Fawcett Society calculations using ONS ASHE 2015 Provisional Results:
http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A3A77-400803 Table 6.6a
⁴ ibid
women saving on average £72 a month less than men\(^7\). Lower paid work is often associated with poor working conditions. Fawcett research with low paid women found that one in eight of our sample identified as being on a zero hours contract.\(^8\)

4.2. In addition to the costs to women themselves, the pay gap also represents a loss to the UK’s productivity. The Government Equalities Office has estimated this cost to run to £600 billion a year\(^9\). Fawcett’s own research with low paid women found that 37% of those surveyed described themselves as “over qualified and over skilled” for their current job.\(^10\) Closing the pay gap by ensuring women are able to access well paid jobs which maximise their potential and that feminised sectors are properly remunerated would be good for women but also good for our economy overall.

5. What are the causes of the Gender Pay Gap for women over forty?

There are a range of complex and interrelated causes of the GPG but broadly these can be understood as a combination of unequal impacts of caring; discrimination; labour market segregation by profession and the domination by men of the best paid roles. In each case there are particular manifestations of these issues for older women.

5.1. Unequal caring responsibilities

5.1.1. Women continue to provide the majority of unpaid work in the home and are more likely to be carers for family members who are not their partner. For older women this can see them pulled in multiple directions with responsibilities for ageing parents as well as children or grandchildren. Half of grandparents with grandchildren under 16 are under 65.\(^11\) Over seven in ten of grandparents in the sandwich generation with grandchildren under 16 and a parent still alive, are providing childcare for their grandchildren.\(^12\) Recent research has shown

---


\(^10\) Fawcett Society (2014) The Changing Labour Market 2; Women, low pay and gender equality in the emerging recovery

that 1.9 million grandparents have cut their hours, taken time of work or left their job altogether to look after grandchildren.\(^\text{13}\)
And it is younger grandmothers who are most likely to provide childcare.\(^\text{14}\)

5.1.2. For many women these responsibilities lead to them dropping out of the labour market altogether. But for others it can be a significant contributor to the pay gap. Women are more likely to work part time (42% of women versus 11% of men\(^\text{15}\)) and this likelihood increases as women get older. Half of women aged over fifty work part time,\(^\text{16}\) but this work tends to be lower paid with fewer opportunities for progression.

5.1.3. Many women will need to take a period of time out of paid work to meet their caring responsibilities and this hits their pay packets twice. First, through foregone wages during the time out of employment. Second, as they return to employment as older workers and find they have missed opportunities for training and promotion. Many women experience multiple periods out of the labour market as they have a second or third child or go on to care for grandchildren. This can lead to an accumulation of disadvantage with women repeatedly having to work their way back into the labour market.

5.1.4. There is a lack of support for these women when they return to the workforce. Many find that their skills are no longer current or their old jobs are no longer available. Funding should be made available to support training and development. Fawcett supports the proposals of Baroness Altmann in her former role as the Government’s Business Champion for Older Workers, including for apprenticeships for older workers.

5.2. **Discrimination**

\(^{12}\) *Ibid*

\(^{13}\) Polling by Ipsos Mori for Family and Childcare Trust, Grandparents Plus and Save the Children


\(^{14}\) Wellard, S. *Doing it all? (2011) Grandparents, childcare and employment*, Grandparents Plus


\(^{16}\) TUC (2014) *Age Immaterial: Women over 50 in the workplace*  
5.2.1. By its nature the impact of discrimination is difficult to measure but there is good evidence that it plays a substantial part in women’s lower earnings.

5.2.2. Recent research from the EHRC highlighted that, despite legislation, pregnancy discrimination remains a common occurrence. They estimate that up to 54000 women could be forced to leave their jobs early each year as a result of being sacked, made redundant or poor treatment following pregnancy or giving birth.\textsuperscript{17} Whilst the majority of these women will be under forty the effects of experiences such as these are long lasting with women having to work their way back up to a previous position following a job loss or demotion. For many they will never be able to regain their former position in the labour market.

5.2.3. Older women are also vulnerable to the dual discrimination of ageism and sexism. Research by AGE UK has found that 60\% of older people believe age discrimination still exists in the workplace.\textsuperscript{18} A survey conducted by the teaching union NASUWT in 2010 of members over the age of 50 found that nearly two fifths of respondents had encountered job adverts which suggested that older teachers were discouraged from applying. Ten per cent of respondents reported that they had been told by senior management that their age would be a barrier to their future professional progression.\textsuperscript{19}

5.2.4. Other indications that discrimination continues can be found in differences in pay for work of a similar type. The average male in an executive role earned a basic salary of £40,325 over the 12 months to August 2012, compared to £30,265 for a female in the same type of role.\textsuperscript{20} Women are less likely to receive a bonus at work – and when they do it is likely to be smaller than one received by a man. The Chartered Management Institute found that in 2012 the average bonus for

\textsuperscript{17} EHRC (2015) Is Britain Fairer; The state of equality and human rights in 2015
\textsuperscript{18} Harrop and Jopling (2009) One Voice: Shaping our ageing society, Help the Aged and Age Concern http://www.ageuk.org.uk/documents/en-gb/for-professionals/research/one%20voice%20%282009%29_pro.pdf?dtrk=true
\textsuperscript{19} NASUWT (2010) No Experience Necessary: A survey of the experience of age discrimination of older teachers in the UK
\textsuperscript{20} Chartered Management Institute evidence to Business Innovation and Skills Committee (2013) http://www.publications.parliament.uk/pa/cm201314/cmselect/cmbis/342/342iii.pdf
a male executive was £7,496, compared to £3,726 for a female executive. 21

5.2.5. Countering discrimination has been made more difficult by the introduction of tribunal fees and the subsequent collapse in sex discrimination tribunals from 6,017 to 1,222 over the first quarter of 2013 through to the start of 2014, a fall of 80%. 22

5.3 Labour market segregation

5.3.1 Our labour market remains highly divided with sectors dominated by women tending to be the lowest paid. For both men and women the most common ONS occupation category is “professional” but within this there are very clear differences in the roles undertaken by men and women. For instance, the most common occupation for women in 2013 was nursing, whilst for men it was the higher paid role of programmers and software developers. The roles where men constitute the majority tend to be the higher paid. 23 In 2015 nurses earned an average of £16.73 per hour whilst programmers earned £20.57. 24

5.3.2 Women are more likely to work in low skilled jobs (47% compared to 18% of men). 25 In addition female graduates are more likely to work in less highly skilled roles – despite the fact that overall women tend to have higher class degrees. 26 The IFS has found that there is a 23% pay gap ten years after graduation. 27

5.3.3 The reasons for this divide are complex encompassing the persistent power of traditional gender norms, the needs of many women to undertake work that offers the flexibility to

26 ibid
care and working cultures that prevent women accessing non traditional sectors. But it’s clear that addressing the divide requires action before women reach forty.

5.3.4 We are currently recreating and reinforcing traditional roles through education and skills. For example men continue to dominate apprenticeships in fields with the best earnings potential: In 2013 nearly 13,000 men started engineering apprenticeships while only 400 women did. The Young Women’s Trust have identified a pay gap amongst apprentices of 21% - equating to women earning on average £2000 less per year

5.3.5 Fawcett supports the WISE (Women in Science and Engineering) Campaign calling for more women to study STEM subjects at A Level and degree and for more women to enter STEM careers. Their research highlights that despite near equal percentages of boys and girls being entered in STEM subjects in 2014 and the fact that girls achieved higher or equal A*-C GCSEs in almost all STEM subjects, the proportion of girls doing STEM at A level drops off dramatically – women make up only 21% of those studying Physics at A level.

5.4 Men at the top

5.4.1 Men continue to dominate the top and highest paying jobs – for example only 19.6% of FTSE 250 directors are currently women. ONS estimates demonstrate that women make up just 32% of all corporate managers and directors aged 40-59. Women’s underrepresentation in the highest paid roles results in women making up just 27% of higher rate tax payers.

---

5.4.2 Fawcett welcomes the recent focus on Women on Boards in the FTSE 100 following the Lord Davies’ Review and the progress made. However, we note that women still only make up 9.6% of the more powerful executive board members. We are supportive of all moves to increase the proportion of women in decision making roles. This will lead to more talented and diverse leadership teams as well as helping to create the culture change in organisations which supports women working at all levels. However, whilst a voluntary approach has seen real progress on some quarters it has also permitted laggards to continue with poor practice: 45 FTSE 100 firms have still not met the target of 25% women.

5.4.3 Too often women are not able to access promotion or the top jobs. This reflects an accumulation of disadvantage in the workplace culminating as women reach the peaks of their careers, often in their forties. The need for women to take periods of part time work contributes to this, with many finding that they have to take a step back in order to gain the flexibility they need or that their opportunities for progression are capped once they break from the five day a week norm.

5.4.4 Evidence around the lower bonuses women receive and lower pay for female manager cited in paragraph 5.2.5 also indicates that female achievements may be less likely to be recognised and valued. Unconscious bias often plays an important part in decisions to reward or promote with people naturally tending to prefer those they identify as like themselves. As long as men dominate the top roles they are likely to under promote older women.

6. A problem across the board
6.1. It is important to note that these are issues affecting women across the income and skills spectrums. Whilst lower income and part time work may be associated with flexibility Fawcett research with low paid women (earning less that £7.44 per hour or £1128 per month) found high numbers experienced pregnancy

---

33 Davies Review (2015) Improving the Gender Balance on British Boards; Five year summary October 2015

34 Ibid
discrimination and poor treatment after maternity leave. One in ten of the low income women Fawcett surveyed who had recently returned from maternity leave had been given a more junior job. \(^{35}\) We also found that 22% of the low paid women interviewed were educated to degree level. This figure was similar across those with and without children. The most common reason given for this underemployment was a lack of jobs. Whilst caring and the need for flexibility are important there are barriers to women with and without children accessing high quality work.

7. **How adequate are the Government’s proposals for tackling the pay gap faced by women over forty?**

7.1. Fawcett welcomes the implementation of Section 78 and the government’s adoption of Fawcett’s recommendation that pay gap calculations should include bonus payments and the requirements should be extended to the public sector. However, we are concerned that without clear guidance about how to calculate the pay gap and a requirement for transparency about the background to a final figure there is a risk that numbers will not provide the insight needed for employers to close the pay gap. Fawcett’s response to the Government Equalities Office consultation on Section 78 outlined our recommendations that:

- regulations should require organisations to conduct a full pay audit in line with the Equality and Human Rights Commission’s guidance
- the final figure should be accompanied with publication of the background to the calculations and an action plan to address the gap identified
- employers of over 50 staff should be included in the regulations
- there must be meaningful penalties for those who do not comply

7.2. Also welcome is the work of Women on Boards. Progress on women’s representation on boards is welcome. It’s great that so many businesses have committed to changing the balance of their boardroom. But the voluntary approach means that some companies have got away with dragging their feet. 45 FTSE 100 companies still have less than a quarter of women on their boards.

7.3. Going forward Fawcett calls for greater ambition – getting to 33% for FTSE350 companies would actually be a slow down in progress. FTSE 350 companies increased the number of women on

\(^{35}\) Fawcett Society (2014) *Changing Labour Market 2*
boards by over 12 percentage points over the last five years to 21.9%. If we want real change we need to speed up the rate at which women are getting access to these positions – not slow it down.

7.4 The expansion in free child care provision will support many women to balance work and care although it is vital that this commitment is properly funded. The introduction of Shared Parental Leave is an important step forward. However, take up is likely to be very low with the government itself predicting that only around 2-8% of fathers will access this entitlement.36 Research into the first six months of the policy by law firm Hogan Lovells found that cultural perceptions that taking time off for fatherhood would be frowned upon or career limiting was the most commonly cited reason for not taking the time. They also found though that employers not offering enhancements to statutory benefits played an important part. Fawcett believes that real progress towards closing the gender pay gap, particularly for older women, requires a much more ambitious approach to realigning caring responsibilities. International evidence makes clear that fathers play a greater role in care where there are dedicated periods of leave and higher earnings replacement rates.37 Only then are we likely to see a real culture change; with fathers as likely to take time out to care as mothers and employers supporting both genders to do so.

8. What additional measures would be most effective in reducing pay differentials faced by this group

8.1. In order to speed up the pace of change and support more older women to achieve their earning potential the Fawcett Society recommends:

8.2. Understand the facts and commit to change
- Fawcett recommends the regulations for Section 78
  - Reflect the Equality and Human Rights Commission’s guidance on pay audits
  - Are extended to organisations over with over fifty employees

37 ibid
o Require the publication of an action plan to address gaps identified
o Include proper penalties for those who do not comply

8.3 Balancing work and care

- Many women will continue to have caring responsibilities in their later working life. Rights to request flexible working are important for facilitating that. We also call for families to be able to transfer unpaid parental leave to grandparents with caring responsibility where it has not been taken by parents.
- For those who have exercised the right to request flexible working and who have reduced hours there should be a right to request increased hours once their circumstances change. So that a temporary break or decrease in hours does not mean a permanent step down
- Increase the quality of part time and flexible work with support for employers on job design. Jobs should be advertised as flexible, part time or job share as a default unless there is a strong and genuine business case not to
- It is vital too that we encourage more men to take on the responsibilities of care work. Shared parental leave is an important step forward but more needs to be done to ensure that women do not become carers by default- that means “use it or lose it” paternity leave and support for employers to facilitate men as well as women who need to balance work and care
- The Government should consider requiring employers to ensure earnings replacement rates for men taking shared parental leave match those for women taking maternity leave. The option for employers to offer statutory parental leave pay whilst offering enhanced benefits only to women who take maternity leave sends a very clear message about who is expected to undertake child care responsibilities. The discrepancy creates significant disincentives to fathers taking up their leave entitlement
- A recognition of the importance of childcare as infrastructure supporting the efficient functioning of our economy

8.4 Develop and promote female talent across the age range

- Work is required in schools and universities to encourage more women to undertake STEM subjects and A level and degree
Apprenticeships are publicly funded, as such there should be a requirement to ensure women are able to access the most lucrative opportunities.

More support is needed for women who take time out of the labour market. Fawcett supports the recommendation of Baroness Altmann in her former role as Business Champion for Older Workers including funding for mature apprenticeships and mid career reviews.

Fawcett recommends the time limited use of quotas to ensure women are able to access the most senior jobs. This mechanism will enable us to overcome unconscious bias and trigger the culture change needed to ensure women are properly supported and recognised in the workplace. Targets force senior men to identify and promote talented women.

8.5 Tackling discrimination

Fawcett calls for the scrapping of Tribunal fees which prevent older women experiencing age and sex discrimination from accessing justice.

4 December 2015