WRITTEN SUBMISSION FROM THE WOMEN’S BUDGET GROUP (WBG)

1. EXECUTIVE SUMMARY AND RECOMMENDATIONS

The Women’s Budget Group welcomes the creation of a select committee with responsibility for Women and Equality. We regret that forty years after the introduction of equal pay legislation in the UK and frequent inquiries, reports and good practice guidance from a number of well-respected bodies, the gender pay gap persists and serious, consistent efforts to remove it have had limited effect. The following comments and recommendations summarise the main factors which we consider to be important and urgent in reducing the pay gap for women aged over 40, now and in the future.

1.1. To reduce the pay gap faced by women over 40, the Government must adopt a two-fold approach: firstly to address the immediate needs of women currently over 40 whose prospects and opportunities have been affected by historical factors which have impacted on their lifetime earnings; secondly, to introduce measures that will change these historical factors so that women who are currently under 40 will not face the same disadvantages during their working lifetimes.

1.2. Equal pay law, equality rights and increased mandatory reporting provide a framework for reducing the gender pay gap. Whilst recent Government proposals on the last point take us in the right direction, the WBG recommends that mandatory reporting (and action) should be required of organisations with over 150 employees, rather just than those with 250 employees. In other aspects the Government has reduced the protections that equal pay law affords, in particular by removing the questionnaire procedure for seeking information on pay from an employer, and by imposing employment tribunal fees which have resulted in fewer equal pay and discrimination cases being lodged. We recommend that the questionnaire process be re-instated and employment tribunal fees re-considered.

1.3. However, as much research has demonstrated, wider economic and social factors play a large part in limiting the opportunities women have over their lifetimes for participating in full-time paid employment¹ and these cannot be addressed purely by legislation. The Government can take action and encourage employers to take action to tackle these wider factors, particularly

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¹ For a recent overview see: The time to act is now: Fawcett’s gender pay gap briefing, Fawcett Society, November 2014
in relation to support for women (and men) with caring responsibilities, in order to enable them to maintain their earnings.

1.4. The 2006 Women and Work Commission\(^2\), itself reviewing much research and good practice guidance that had preceded it, made a number of recommendations which have been only partially implemented. Renewed commitment to acting upon what is already known about gender segregation and pay differences must be the basis for Government policy in this area.

1.5. Research by the WBG and others has shown how Government tax and welfare policy has had the effect of reducing the value of women’s disposable income faster than men’s since women benefit less from raises in income tax thresholds but suffer more from increases in VAT and cuts to welfare benefits\(^3\). This results in women experiencing poverty even when they are in work and even if there were no gender pay gap. The Government has failed to carry out proper impact assessments of its financial and budgetary proposals and to comply fully with the Public Sector Equality Duty (PSED). **The WBG recommends that the Government makes serious efforts to ensure that its proposals are fully assessed and monitored under this duty in line with good practice gender budgeting analysis.**

1.6. The current impacts of austerity policy on public sector employment and on job security, have had a detrimental impact on older women by removing support services and by reducing opportunities for good careers in the public sector\(^4\). A new approach to re-structuring the economy is needed to ensure that women and men are able to combine work and family responsibilities in ways that are less gender-biased. Increasing the social and economic value accorded to care, paid and unpaid, will help to remove the gender segregation that is currently entrenched in the labour market and reduce the pay gap in the longer term. **The WBG recommends introducing a ‘use it or lose it’ component to father’s leave, similar to countries such as Norway, to encourage a more equal sharing of childcare responsibilities. Further, to encourage the development of a modern labour market that is responsive to the unpaid caring roles of many in society, WBG recommends that the public sector lead by example and advertises all vacancies as available on a flexible working basis.**

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\(^2\) Women & Work Commission, Shaping a fairer future, 2006

\(^3\) C. Annesley, UK austerity policy – a feminist perspective, Friedrich Ebert Stiftung, January 2014

\(^4\) Age Immaterial, TUC 2014
1.7. WBG analysis has also shown that the Government’s plans for recovery, which favour investment in areas such as transport, construction and broadband, are likely to result in creating jobs in traditionally male sectors rather than female sectors of the economy. The WBG recommends that a parallel investment should be made in social infrastructure, recognising its capacity to contribute to the national economy and social well-being. In making and encouraging investment in all these areas the Government should also seek to break down the barriers that have caused gender segregation in the past and tackle issues of age discrimination in recruitment and training.

2. INTRODUCTION

2.1. The Women’s Budget Group (WBG)

The WBG brings together feminist economists, researchers, policy experts and activists to work towards our vision of a gender equal society in which women’s financial independence gives them greater autonomy at work, home, and in civil society. We work towards this by:

a) developing analysis and leading debate on:
   - the gender implications of economic policy
   - the social dimensions of economic policy
   - incorporating a consideration of the unpaid economy into policy
   - how economic policy might free women and men from stereotypes
b) raising awareness and expanding understanding amongst policy makers and opinion formers on the gender implications of economic policy

c) promoting, encouraging and enabling the use of gender mainstreaming and in particular gender budget analysis
d) contributing to, and learning from, international experience and progress on the application of gender budget analysis.

The Women and Equalities Select Committee has raised a range of questions which relate to our areas of interest and we welcome the opportunity to contribute to this inquiry.

2.2. General comments

2.2.1. The introduction of equal pay legislation in 1975 and subsequently has set a clear legal framework for equalising the pay of men and women in the UK. The legal framework,
however, has engendered a culture of compliance, and in some cases complacency, which mask the wider unequal opportunities that exist for women to match the earnings potential of men over their lifetime. Significant changes in the employment landscape since 1975 mean that the provisions of the Equal Pay Act no longer offer sufficient protection to many women workers and the WBG therefore believes that there is a case for it to be reviewed and strengthened in relation to the less secure employment opportunities which many women now find their only option.

2.2.2. Women who are currently aged over 40 and still in the workforce have benefitted from the progress that has been made in improving opportunities and equalising pay, but they have also seen their overall lifetime earnings restricted by the continuing failure of successive governments and employers to address wider issues that would enable women to participate more equally in the workforce. In addressing the issues facing women currently in this age group, the Government must also consider how it can ensure that women under 40 are enabled to participate in work throughout their lives and be developed, valued and rewarded in a more equal way than has previously been the case.

2.2.3. In particular, the UK economy and public policy does not sufficiently value, reward or invest in the caring services that underpin both men and women’s ability to take up employment. Better services and support for carers would do a great deal to prevent the loss of women’s participation in the workforce.

2.2.4. On average, women continue to experience lower lifetime earnings as a result of combining work with their family caring responsibilities. This can be a significant factor in women leaving paid work completely, reducing their hours or working at a lower level or in a different sector than they would wish when they reach their forties and beyond. All of these factors reduce women’s earnings in relation to men in the over 40s age group and will only cease to be a factor when women in a household command an equivalent salary to men in a household. The introduction of shared parental leave (SPL) provided an opportunity, which unfortunately was not taken, to create a “use it or lose it” component to encourage and support men in taking a greater role in family caring. Measures to support carers would help more women currently over 40 remain in paid employment, and put in place a system which would benefit younger women (and men) when they reach this age.

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2.2.5. The WBG also considers that the policy of austerity has adversely impacted on women’s opportunities for training, development and decent pay. Given the mature age profile of public sector employees, the loss of jobs in the public sector has seen many older workers being made redundant, with the consequent loss of earnings and longer term employment prospects. Recession has meant that for women over 40 currently seeking work, opportunities are limited. There may be direct age/sex discrimination in recruitment and development, but the replacement of secure jobs with good terms and conditions with increasing numbers of short-term and zero-hours contracts, particularly in sectors such as health, care, education and hospitality is likely to reinforce the lifetime gender pay gap. Improving employment rights in general and using public procurement to encourage good practice are two measures that would limit the damaging effects of these trends on women’s earnings.

2.2.6. The WBG has developed a model for a caring economy based on measures that would better support women to play a full part in the economy throughout their lifetimes. Called Plan F: a feminist economic strategy for a caring and sustainable economy, it proposes a number of measures that would put caring at the centre of the economy. They include investing in social infrastructure; improving terms and conditions for staff working in social infrastructure; access to affordable childcare; and support for people providing care. Plan F is designed to ensure that all workers, women and men, benefit from economic recovery and sustainable future investment. In parallel with creating more and better jobs in traditionally female job sectors, the Government must also ensure that jobs and training in physical infrastructure sectors are designed to attract women applicants and retain them at all life stages.

2. SPECIFIC ISSUES RAISED BY THE WOMEN AND EQUALITY SELECT 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?

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6 UK WBG and Scottish WBG, Plan F: a feminist economic strategy for a caring and sustainable economy, 2015
The Government’s proposals in terms of obliging employers to measure and publish gender pay gaps are welcome since voluntary approaches such as *Think, Act, Report* have been shown to be insufficient to encourage employers to take action in this area.

However, for measuring and reporting to be effective and to be useful to women and their representatives who wish to challenge unfair pay, more needs to be done.

Additional measures that would help all age groups include:
- extension of the pay reporting requirement to smaller organisations
- establishing a standard measure of the pay gap across employers and sectors so that trends can be identified
- the requirement must include specific categories for data gathering and reporting, including full-time and part-time earnings, bonuses, in-grade and between grade gaps and data relating to ethnicity, disability and age
- a requirement that information should be made available to all employees and to recognised trade unions
- commitment from the government to implement pay monitoring and reporting in government and local authorities, and to insist that companies providing public services are required to comply under procurement specifications
- re-instatement of the statutory equal pay questionnaire under s.138 of the 2010 Equality Act
- removal of the barriers for women who wish to pursue an equal pay or discrimination claim through employment tribunals, in particular the fee for lodging a claim which was introduced in 2013
- action to stop maternity discrimination which brings with it long term impacts on training and promotion opportunities and access to senior jobs.

The current Equal Pay legislation was designed for a labour market that no longer exists. With many women working in outsourced roles, on zero hours or short-term contracts, or as freelancers (though actually employees), the legislation needs thorough revision if it is to protect women in the modern world.

The WBG recognises that in the current employment market, the introduction of the minimum wage and the living wage has a significant impact on women’s earnings in traditionally female sectors. The Government therefore must ensure that the levels set reflect the real costs incurred by workers and are not eroded over time.
What actions would be most effective in improving recruitment, retention and re-training for women over 40?

Recruitment, retention and re-training need to be considered separately as they are likely to apply to women in different situations and will present different problems in specific sectors.

Some initiatives that would be helpful include:

- building the option for flexible working into all jobs from day one of employment and advertising jobs to encourage applications from people who require flexibility in hours or location
- better-paid and more senior part-time working opportunities
- a wider variety of options for full-time and part-time training for women returning to work
- positive encouragement for women at all stages of their working lives to move into sectors with a greater range of well-paid occupations (rather than the feminised “5 Cs” identified by the Women and Work Commission).

The Age and Employment Network (TAEN) has undertaken research into employment opportunities for workers aged 50+. In particular, its survey of jobseekers gives insights into reasons for unemployment, types of contract being sought, actual and perceived qualifications and experience and interventions that are most valued.7

Most of those surveyed were out of work because they had been made compulsorily redundant but women were more likely to have left their job because of caring responsibilities or through voluntary redundancy. This indicates an on-going need to tackle the gender bias inherent in current attitudes to care responsibilities.

Women were more likely than men to disagree with the statement “I have every opportunity to upgrade my skills to meet the needs of today’s employers”. Further exploration is needed into the particular barriers faced by women, but there is a strong link between gender and part-time work which is often linked to reduced training opportunities.

Women were more likely to be seeking part-time or flexible working contracts than men but men also had interest in other types of contract, suggesting that employers should be offering a range of options. Whilst those in higher level occupations were interested in temporary or contract work, those in lower level jobs wanted full-time work – reflecting their need to rely on the income from their job.

Participants were not impressed with the service they received from JobCentrePlus, which suggests that services need to be better tailored to

7 Survey of Jobseekers aged 50+, TAEN, 2012
support older job seekers: those surveyed most valued one-to-one sessions with and advisor and help to convert existing qualifications or gain new ones.

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

Evidence suggests that opportunities to continue working in higher level jobs after maternity leave are severely restricted because employers are reluctant to allow part-time or flexible working, and in some cases because employers hold the view that women with children are less committed to their work.

Women continue to take on the majority of family care responsibilities. This needs to be addressed both through equalising the gender balance within the family (through measures such as SPL and access to flexible well-paid jobs for men and women) and ensuring that women who currently have such responsibilities are supported in taking up and retaining paid employment alongside them.

The removal of employment tribunal fees is essential to encourage women who face blatant discrimination in promotion to take cases against employers.

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?

A significant amount of the pay gap in predominantly female sectors arises from women being under-employed – i.e. working fewer hours than they would wish – and on short-term and/or zero/low hours contracts. In these circumstances progression is difficult and many women are also working below their skills level. However, taking up more senior posts, even if they are available, often requires out-of-hours working and the salaries offered do not necessarily give sufficient incentive when extra costs, such as transport and childcare, are considered.

The most effective way of improving pay in these sectors is trade union representation and collective bargaining that can deliver improved pay structures related to the specific needs of the sector and the workforce. Reducing trade union rights, as the present Government seeks to do, is likely to maintain and widen the gender pay gap in these sectors.
Should the regulations on gender pay reporting be extended to organisations with fewer than 250 employees?

The WBG strongly supports the extension of the regulations on gender pay gap reporting to organisations with fewer than 250 employees. To require organisations with 150 employees or more to comply would mean that there would be a common threshold for this and for the reporting requirements for public authorities under the PSED, so we consider that to be an appropriate first step. In the longer term we would support a reduction to a threshold of 50 employees in line with the European Commission’s recent recommendation.

We also consider that individuals should be able to seek information about pay differentials easily whatever size organisation they work for, and that the equal pay questionnaire process is the best way to achieve this.

The main objective of the WBG is to demonstrate how considering policies and budgets from a gender perspective can assist with robust decision making. Gathering information, reporting it, analysing it and acting on it is central to this process. Such steps assist organisations to fully understand the impact and outcomes of their structures and decisions and are, therefore, a benefit rather than a burden to organisations of all sizes.

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?

Voluntary measures have been demonstrated to be ineffective in creating momentum to reduce the gender pay gap. There are very few organisations that have made substantial efforts without the need for legal compliance or the pressure of collective bargaining from its workforce.

Only a handful of companies made public the results of their investigations under *Think, Act, Report*. Experience of employer attitudes to training also tells us that regulations and/or incentives are crucial in ensuring that action is taken.

The most effective ways of ensuring that information is gathered and translated into action are:

- Regulations that clearly spell out what is required and are consistent across all organisations
- Sufficient resource for supporting organisations to comply with the regulations and for enforcing the regulations, specifically allocated to a government body (preferably the EHRC)
A requirement to publish the information in a specified format to all interested stakeholders, including employees
Encouragement to work with recognised trade unions to discuss and implement changes
Leadership and commitment from government and local authority employers.

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?

Mechanisms outlined in answer to the previous question would move us towards seeing a better understanding and greater efforts to implement measures designed to narrow the gender pay gap. Progress is not likely to be made at the same rate across all sectors or for all women workers and priority areas may need to be identified for specific action.

All policies should be subject to gender impact analysis and ongoing monitoring and review. The Government must recognise though that the gender pay gap results from a range of factors that affect women and men, and that by addressing them in the way suggested in this submission men as well as women will benefit from more balanced economic and social priorities.

5 December 2015