Written evidence submitted by Chartered Institute of Personnel and Development (CIPD)

Background

1. The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

2. Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% working in the public sector and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

3. Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

Response

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

4. As we said in our response to the Government consultation, the proposals in themselves (re: mandatory gender pay reporting) will not change the gender pay gap. Any potential remedy to the gap is only possible if organisations learn why such a gap exists, and subsequently implement a sustainable strategy that will tackle the pay differential.

5. One action that could possibly tackle this would be to ensure that part of the mandatory reporting, included a break-down via age. This would, at least, encourage organisations to investigate and engage with the age demographics of their workforce. However, this – again – relies on organisations looking to understand why their gaps exist. As we said in our response to the Government consultation, there is a role for the Government in this space to assist organisations in understanding their pay data.
6. The CIPD believes the development of more inclusive and progressive people management practices that apply across the workforce, rather than targeted policies for those aged over 40, can over-time have the biggest impact on reducing the gender pay gap faced by women in this age cohort.

7. However there are some areas of public policy and employer practice that are likely to have particular benefits for women in the 40 plus age group.

What actions would be most effective in improving recruitment, retention and re-training for women aged over 40?

Recruitment

8. The obvious concern is that women over 40 who are returning from periods not working (for various reasons) lack “currency”, compared to possible other candidates (most notably, recent work experience); people – in this case, women over 40 – are hardest to help when they aren’t in the labour market. Evidence from our Steps Ahead Mentoring programme, a partnership between the CIPD and Job Centre Plus, which has started providing mentoring support to women returning to work after a period out of employment, also highlights the issue of confidence. However, mentoring support can make a big difference in helping women returners think positively about the skills and experience they do have, and how these will transfer effectively to the workplace, as well as remind them how to conduct and present themselves at interview.

Retention

9. There needs to be a push to increase the number and quality of flexible working opportunities available to all employees. Well-designed flexible working arrangements have significant benefits, both to individuals in terms of helping them to manage caring responsibilities and achieve better work-life balance and wellbeing, and for organisations in the form of enhanced employee engagement and employee retention. CIPD research (Flexible working provision and uptake, 2012) found that the provision of flexible working has increased over the last decade, however the actual uptake of flexible working has broadly plateaued. The majority of flexible working available is either part-time working or flexi-time. Some types of flexible working, such as home working, are restricted mainly to managers and professionals even in occupations where this type of flexible working should, in theory, be possible. Job sharing is very rare because of employer concerns that such arrangements are difficult to set up and manage outweigh consideration and understanding of their benefits. Part-time working is often seen as ‘career death’, because many employers still want their most senior staff to be working full-time, resulting in too many part-time jobs being at a comparatively junior level. Better job design could transform part-time work and how it is regarded.
10. Government has a role to play in working with employers to encourage more organisations to expand their range of flexible working options available to all staff. There are significant benefits to business, individuals and society if more employers break through the historical working culture prevailing in the UK that still requires people to be physically present at a place of work even when their actual jobs do not.

11. There is also good reason to encourage employers to retain staff even if they take a break from work; for example, in the short term, with not having to pay recruitment costs. In the longer term, employees will be more loyal to an employer who has allowed them to have that time off. Career break policies can enable employers to retain staff who want to take a longer period out of work, either to enable them to manage their caring responsibilities, or to invest in further full-time education or training, for example.

12. The recent introduction of shared parental leave, and the recently announced decision to extend this to one nominated working grandparent, is likely to mean there is more opportunity for mums and dads and grandparents to share caring responsibilities for the first year of a child’s life, so that more mothers can return to work sooner or more flexibly if they choose to do so. Employers that enhance shared parental leave pay are likely to significantly boost the uptake of shared parental leave and enable more mothers to benefit.

13. Finally, policy makers should consider extending free childcare provision to parents of all two year old children. Free childcare is to be extended from 15 to 30 hours for parents of three and four year old children. However for the vast majority of parents there is no childcare support available up to that point, which means that many women who would like to return to work before their child’s third birthday are unable to afford to do so.

Re-training

14. A key issue for women aged 40 and above who are returning to work, particularly those who have been out of the workplace for a significant period is how to ensure their skills are still relevant. This is one reason the decline in funding in further education and adult skills in recent years is particularly worrying. The recent introduction of Advanced Learning Loans for people 24 or over do provide a means for people to invest in their own skills at levels 3 and 4. They are soon to be extended to other age groups and levels of learning. However there is evidence that the system isn't working. Since its introduction, learning by the eligible age groups has fallen by around one third. Policy makers need to review the support for learning that is in place for adult learners outside higher education to understand how to encourage more people to invest in their own skills.

15. There is evidence that the level of training and development opportunities at work declines as people get older. This is partly because managers can make
assumptions that older workers do need or want training. When training is offered, and is seen as relevant, older workers are as keen and successful as younger ones to participate, and one recent survey found that fewer than one in ten older workers refused training when it was offered. This suggests that failure to train is often the result of not being offered training (Managing a healthy Ageing workforce, CIPD, 2012). Employers need to ensure that older workers are not overlooked for training and development opportunities as they get older. With people working and living longer, it is crucial that older workers continue to invest in their skills to ensure they remain up-to-date and relevant.

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

16. As stated above, a significant obstacle facing some women in developing their careers as they get older is the nature of part-time work. There is evidence that people who want to work part-time fear that they cannot signal dissatisfaction with pay levels or their desire to progress in case it jeopardises their ability to work reduced hours; indeed there is a belief it is not possible to exercise more responsibility without putting in more hours (Pay progression; understanding the barriers for the lowest paid, CIPD, John Lewis Partnership, Tooley Street Research, 2014). There is significant scope for employers to re-think the roles and job descriptions of part-time workers to ensure that reducing hours is not effectively seen as ‘career death’, as it is in some workplaces.

**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?**

17. The CIPD does not have a response to this particular question.

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

18. The CIPD believes it is right that the regulations should only apply to those organisations with 250 or more employees. It disqualifies those companies that the European Commission defines as a small and medium sized enterprise (SME), which often don’t have the resources or capabilities to analyse their data in detail.

**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?**

19. The CIPD believes that an amendment to the Companies Act requiring companies to report information on their gender pay gap in their annual strategic report would be the best way to ensure the requirement to publish this information is taken seriously. However, Government must give employers the opportunity to explain
their pay gap, and time to make any changes to their organisation before any action on non-compliance is taken.

20. The CIPD believes that any additional narrative reporting published by employers should be voluntary, not set out within the regulations but set out in the non-statutory guidance. However the guidance should highlight the importance of organisations setting out what they currently do to improve opportunities for women to develop and progress and what plans they have in place to address any issues identified through the pay audit.

21. This would enable greater scrutiny of how employers respond to gender pay reporting information, the changes to HR and people management practice that are put in place to address issues and whether over time they have the desired effect.

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?

22. The CIPD does not have a response to this particular question.

6 December 2015