



House of Commons
Women and Equalities
Committee

Gender Pay Gap

Second Report of Session 2015–16



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to the report*

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The Women and Equalities Committee

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Summary

The UK's gender pay gap of 19.2% represents a significant loss to productivity. Women are better educated and better qualified than ever before, yet their skills are not being fully utilised. Women over 40 are most affected. For those aged between 50 and 59 the gender pay gap currently stands at 27.3%. Yet the Government does not have a coherent strategy to address the issues underlying this gap and ensure younger women do not encounter the same difficulties as they age.

A large part of the gender pay gap is down to women's concentration in part-time work. Many women are trapped in low paid, part-time work that doesn't make use of their skills. This is partly due to women's disproportionate responsibility for unpaid caring, but also because many of the sectors women work in, like retail and care, offer predominantly low-paid, part-time work. Old-fashioned approaches to flexibility in the workplace and a lack of support for those wishing to re-enter the labour market are also stopping employers from making the most of women's talent and experience.

A wealth of evidence shows that this does not need to be the case. Leading employers are recognising that workplaces need to change. Flexible working for all lies at the heart of addressing the gender pay gap. This does not mean part-time work, which we know is underpaid and limits career progression. Flexible working is much broader and includes jobs shares, late starts, early finishes, term time working and working from home. The Government recognises the value of modernising the workplace, but is still not taking the steps needed to ensure flexible working is offered to all employees, particularly those in lower paid sectors. Moving to a culture where flexibility is the norm, and employees are judged on outcomes rather than presenteeism, offers a tremendous opportunity to tackle the gender pay gap.

However, as long as women continue to take the majority of responsibility for childcare and other forms of unpaid caring, pay differentials will persist. Women pay a high price for time taken out of work, and this disadvantage persists well beyond the years they spend caring. If men and women shared care equally this would not be the case. Investing in policies that support men to share childcare, and allow women to continue working, will reap financial benefits as well as reducing the gender pay gap. The Government recognises these benefits and made it clear that it wants to support parents to share care. Unfortunately, the flagship policy in this area—shared parental leave—is predicted to make little difference to behaviour.

The Government has lofty ambitions to eliminate the pay gap in a generation. Yet we have found a lack of effective Government policy in many of the areas that contribute to the gap. Reporting regulations do not go far enough to make a real difference. Women who wish to return to work after a break are not being supported to do so—even in areas like teaching where staff shortages are well documented. Aside from increasing the National Minimum Wage, there has been no co-ordinated attempt to address the issues faced by the many women working in low paid sectors. Time after time Ministers responded to our questions by saying change would occur eventually, or through the actions of individual employers.

Eliminating the gender pay gap is too important to leave to chance. It is not enough to hope that culture changes of its own accord. Or that individual employers recognise the benefits of flexible working and attracting women returners to the workplace. Government must take a lead on these issues now.

We call on the Government to match the scope of their ambition in eliminating the gender pay gap with effective action:

- Make all jobs flexible by default from the outset unless there is a strong and continuing business case for them not to be
- Bring in non-transferrable leave for fathers and second parents to allow men and women to share care more equally
- Establish industrial strategies for low paid, highly feminised sectors to improve productivity and pay levels
- Create a National Pathways to Work scheme that will support women to return to employment after time out of the labour market

The gender pay gap is much more than an equality issue. It represents a drain on UK productivity. By implementing our recommendations the Government can truly begin to ensure employers make the most of women's skills and experience, leading to a more competitive economy.

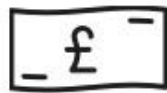
1 Introduction

What is the gender pay gap?

1. The gender pay gap measures the difference between the hourly pay of the average man and the average woman. The UK's gender pay gap for full and part-time workers stood at 19.2% in November 2015.¹ The difference between the average hourly wage of men and women working full-time (excluding overtime) is 9.4%.
2. Although the gender pay gap is often conflated with equal pay (see Chapter 2), it does not measure the difference between what men and women are paid for the same, or equivalent, work.

#GenderPayGap inquiry

Do you know the difference?



Unequal Pay

Paying men and women differently
for the same job



#GenderPayGap

Caused by occupational segregation, part-time
working and caring responsibilities



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¹ ONS [Annual Survey of Hours and Earnings](#) 2015 provisional results

3. As Chris Giles, Economics Editor of the FT explains:

If you came from Mars and were plonked into the UK labour market, you would know that if you were a woman and working full-time, you would be paid 9% less on average, in the middle of the earnings distribution, than if you were the equivalent man. There is no regard taken of the type of job you do, your background, your education or qualifications. It is a simple average, normally measured at the median.²

4. Although the gender pay gap has fallen significantly from 27.5% when it was first measured in 1997, over the past four years it has plateaued at just under 20%. In July 2015 the Prime Minister announced his plans to “end the gender pay gap in a generation.”³

5. A central plank of the Government’s strategy to reduce the gender pay gap has been the launch of compulsory pay gap reporting for organisations with more than 250 employees.⁴ The Government has also focused on:

- Increasing the number of women on boards
- Extending the right to request flexible working to all employees after 26 weeks
- More free childcare
- Improving careers advice for girls and increasing the number of girls studying STEM subjects
- Raising the National Minimum Wage

6. A new ministerial group to address the gender pay gap across the UK was also announced in February 2016. This group “will look at how the Government supports women into work and help them to progress once there through sharing data on equalities, sharing learning and evidence of what works well and less well and engaging business, the 3rd sector and civil society.”⁵

7. The need to address the gender pay gap is clear. Data shows that women are better educated than ever before.⁶ As the UK Commission on Employment and Skills (UKCES) points out, we cannot afford to ignore the skills women can bring to the workforce:

Many of the most talented people coming through our education and training systems are women. It makes no sense at all that these talents are not being fully used in the UK’s workplaces. A labour market that better reflects these educational outcomes, and that works as well for women as for men is essential if we want to maximise the productive potential of our labour force.⁷

8. Government and employers are recognising this fact as we demonstrate in Chapter 3. There is also increased understanding that it is not just women who will benefit from

2 Q2

3 “My one nation government will close the gender pay gap” Prime Minister’s Office, [press release](#), 14 July 2015

4 *ibid*

5 “Nowhere left to hide for gender inequality” Government Equalities Office [press release](#) 12 February 2016

6 UKCES [Opportunities and outcomes in education and work](#): Gender effects November 2015

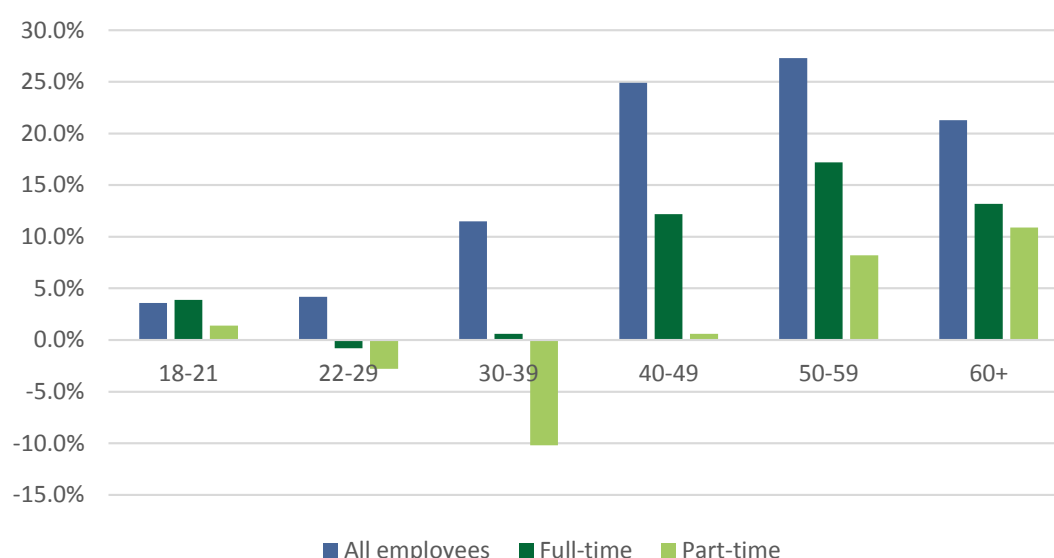
7 UK Commission on Employment and Skills ([GPG0037](#))

action to reduce the gender pay gap. In Chapters 4 and 5 we examine how the policies needed to reduce the pay gap can help organisations with another key challenge—how to engage with “millennials” (those aged between 18-34) in order to increase productivity.

Women over 40 and our inquiry

9. One striking feature of the gender pay gap is how it varies by age. The full-time pay gap for employees aged under 40 is relatively small, and negative for women aged 22-29.⁸ As the chart below demonstrates, the gap widens considerably amongst older workers and is largest for women aged 50-59 at 27.3%.

Figure 1: Gender pay gap by age, April 2015



Source: ONS Annual Survey of Hours and Earnings 2015 provisional results

10. With this in mind, we launched our inquiry with a particular focus on women aged over 40. The terms of reference were as follows:

- 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?
- 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?

⁸ This means women working part-time earn more than men working part-time. However, this figure should be treated with caution as very few men work part-time. The “part-time pay penalty,” which is discussed in detail in Chapter 2, is a significant factor in the overall pay gap.

- 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?

11. We received 61 written submissions, and held six formal evidence sessions with eight panels of witnesses. In total we heard from 27 witnesses. An informal briefing with experts was also held on 5 November 2015. In January 2016, we visited Bournemouth where we heard from women working in highly feminised occupations who had been gathered together by UNISON's South West branch.

12. During this inquiry we benefitted from the advice of two Specialist Advisers: Dr Ghazala Azmat, Associate Professor of Economics at Queen Mary University of London; and Kathryn Nawrockyi, Gender Equality Director at Business in the Community.

13. We would like to thank everyone who participated in this inquiry: the organisations and individuals who submitted written evidence to us; the witnesses who gave us the benefit of their expertise; the women who gave up their time to share their insights and experience with us in Bournemouth; and our Specialist Advisers.

Is the gender pay gap disappearing?

14. Some witnesses told us the gender pay gap for women over 40 was a specific problem for women of this age now. Shelia Wild of the Equal Pay Portal explained the barriers to well-paid employment that older women have faced:

For women in the 55-plus age group, there is a very high probability that the only option open to them was part-time work. [...] on very much less favourable terms than we are beginning to see develop now. ...We have to recognise that their choices were much more severely constrained than is the case for younger women now.⁹

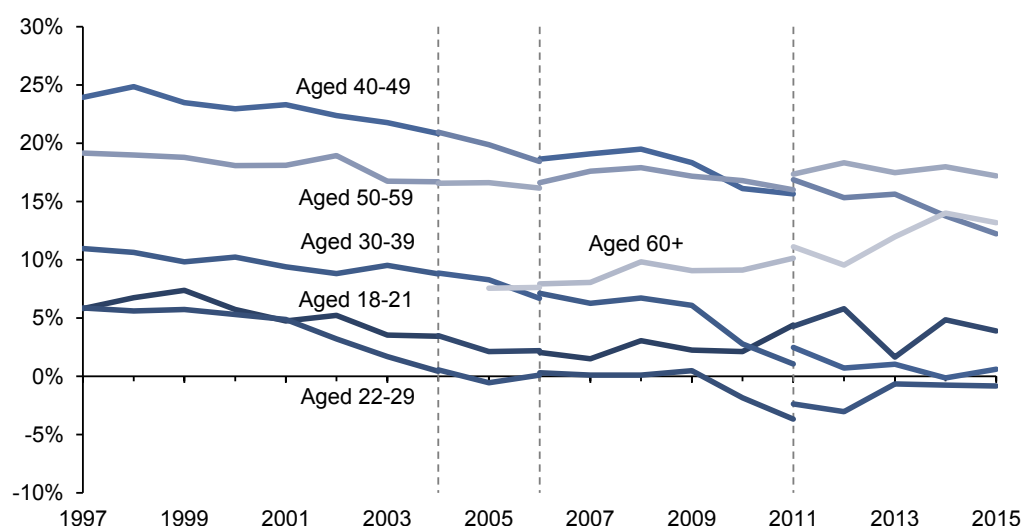
The “part-time pay penalty,” which we consider in detail in Chapter 2, affects many more women than men and is a significant factor in the overall pay gap.

15. The Institute of Directors and Chris Giles suggested that, as younger, better educated women move through the system, we should see the gender pay gap fall. Mr Giles pointed to evidence that:

There is a generational shift ... Women in their 20s closed the full-time pay gap in about 2004; in 2012, by the time they reached their 30s, it had disappeared.

It has halved for women in their 40s since the data series began in 1997. In contrast, there has been no significant improvement for working women over 50.¹⁰

Figure 2: Gender pay gap for full time employees, 1997–2015



Source: ONS Annual Survey of Hours and Earnings

16. However Chris Giles cautioned that if women continue to take time out of the labour market, or reduce their working hours after having children, the positive trajectory shown above is unlikely to continue towards eliminating the gender pay gap:

I do not think that it will get all the way towards a zero gender pay gap, which we might like to see, so we are baking in some of the problems that we had before.¹¹

17. Research by the Chartered Management Institute shows the problems faced by those over 40 face are likely to hit younger women as they age. Referring to their National Management Salary Survey data and ONS figures they found:

Both these data sets run counter to the idea of a cohort or generational effect, which suggests that we will simply see the pay gap disappear as today's younger women progress in their working lives. NMSS data over the last decade strongly suggests this would be wishful thinking. Women still face a 'glass pyramid' that both sees fewer women reaching senior management—and sees them facing a pay gap that widens with age.¹²

¹⁰ [A satisfactory progress report towards wage equality](#), Financial Times, 18 November 2015

¹¹ Q25

¹² Chartered Management Institute ([GPG0051](#))

2 Understanding the gender pay gap

Causes of the gender pay gap

18. Much of the popular discourse around the gender pay gap conflates it with equal pay. Indeed, “Equal Pay Day”, which has gained increasing publicity across the UK, uses gender pay gap figures to demonstrate how women are paid less than men. But as Shelia Wild says:

A measure of equal pay is a measure of the work that you are doing and the pay that you get for it. When you measure equal pay in the workplace, you are looking at job demands, and that is written into the legislation. There is a phrase in there, “equal pay for equal work”. Equal work means that you are doing the same or a similar job to a man, or work that has been rated as equivalent under a job evaluation scheme.¹³

19. Confusion between equal pay and the gender pay gap can obscure analysis of the latter. The focus on equal pay creates a tendency to focus on direct discrimination against women as the cause of the gender pay gap. But as the EHRC point out, the causes of the gender pay gap are much broader:

Many factors influence women’s employment opportunities and progress at work which are reflected in the pay gap. These are:

- gendered education and career choices
- occupational segregation with women confined to lower grades within organisations and concentrated in lower paid occupational sectors
- devaluation of work deemed a ‘female’ occupation
- non-continuous employment and a shift to part-time work due to caring responsibilities, especially when children are young
- occupational downgrading resulting from women working below their potential due to lack of quality part-time jobs and the absence of flexible career paths
- an unexplained gap sometimes attributed to direct or indirect sex discrimination and systemic disadvantage¹⁴

The part-time pay penalty

20. Data on the gender pay gap clearly demonstrate the impact of part-time working on the overall figure. Whilst the full time pay gap stands at 9.4%, the addition of part-time workers to the measurement increases the gender pay gap to 19.2%.¹⁵ This is because 41% of female employees work part-time compared to 12% of male employees¹⁶ and hourly wages

¹³ Q4

¹⁴ Equality and Human rights Commission ([GPG0020](#))

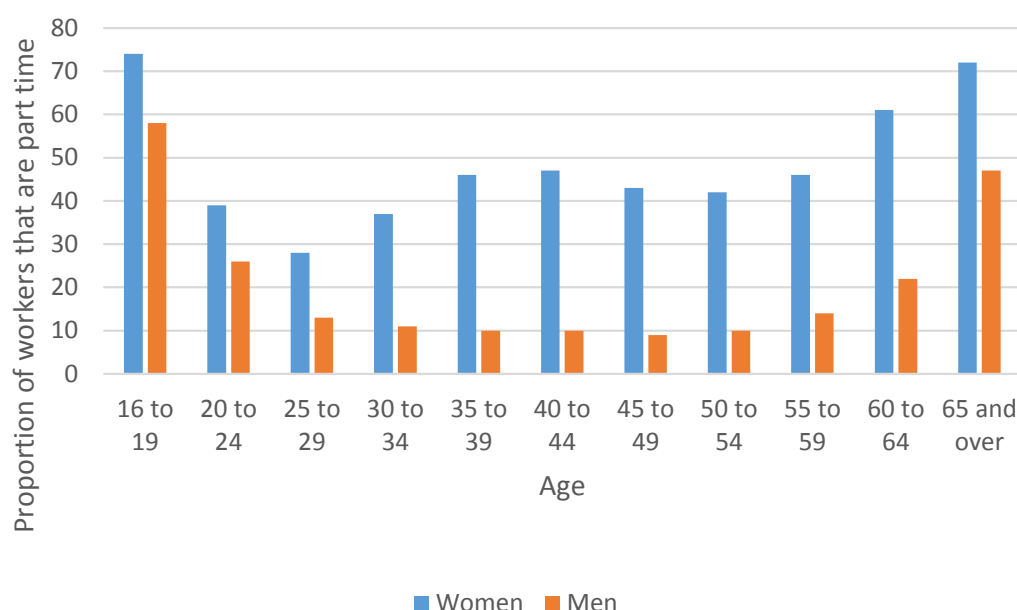
¹⁵ ONS [Annual Survey of Hours and Earnings](#), November 2015

¹⁶ HoC briefing paper [Economic Indicators January 22](#), 2016 Number 02795

are lower for part-time workers compared to those working full time. Median hourly pay for full-time employees was £13.29 (excluding overtime), compared with £8.44 for part-time employees.¹⁷ Just looking at female employees, the pay gap between part-time and full-time women workers currently stands at 32%.¹⁸

21. This is a particular problem for older women, who are more likely than their younger counterparts (excluding those aged under 19), to work part-time.

Figure 3: Men and women in part-time work by age



Source: Census 2011 via Joseph Rowntree Foundation

22. The Timewise Foundation has found that “the majority of women with children in the UK want to work part-time or flexibly to fit with their caring responsibilities.”¹⁹ Their recent research on women returners found that 70% of women returning to work after having children wanted a job with flexibility and only 13 % want a full-time job.²⁰

23. Not all women working part-time do so through choice, however. UNISON, which has one million women members almost half of whom work part-time, noted that “some occupations like hospital domestics and school meals workers, are nearly all part-time and are almost exclusively staffed by women.”²¹ A similar point was made by Dr Alison Parken from the University of Cardiff:

As much as 70% [of work] in retail is offered on a part-time basis ... At the bottom end of the labour market in particular it is very easy to get stuck in those part-time jobs. There is an association between full-time working and commitment; full-time working absolutely correlates to progression. In those

17 ibid

18 ibid

19 Timewise Foundation ([GPG0052](#))

20 ibid

21 UNISON ([GPG0013](#))

very low-paid jobs that women do at the bottom end of the labour market ... there is very little training or upskilling. They are in flat structures and can be stuck there over their lifetime.²²

24. It is clear that the part-time pay penalty is the result of several factors: the concentration of part-time jobs in lower skilled, lower paid occupations; limited promotion and progression opportunities for part-time workers; and the constrained choices of those looking for part-time employment. These issues are all discussed further in Chapter 4.

Caring responsibilities

25. One of the reasons women are concentrated in part-time work is the disproportionate responsibility they take for unpaid caring. Underemployment or unemployment because of family and caring responsibilities is also common among women over 40. Labour Force survey data shows 2.4 million women who are not in work want to work and over 1.3 million women want to increase the number of hours they work.²³

26. Carers UK note that:

The majority of carers are women. Almost 6 in 10 (58%) of carers at the last Census (2011) were women. Caring falls particularly on women in their 40s, 50s and 60s, with 1 in 4 women aged 50-54 having caring responsibilities for older or disabled loved ones, compared to 1 in 6 men.²⁴

27. Sandwich caring, looking after young children at the same time as caring for elderly or disabled relatives, also has a disproportionate impact on women's employment. Carers UK found women were four times more likely than men to have given up work because of multiple caring responsibilities,²⁵ and that women aged 45-54 were more than twice as likely as other carers to have reduced working hours as a result of caring responsibilities.²⁶

28. Childcare responsibilities are also a factor in women's ability to access well-paid work. The Institute of Directors and the Family and Childcare Trust were just two of the many organisations which raised the issue of the "maternity penalty" as a component of the gender pay gap. As the Family and Childcare Trust explain:

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.²⁷

29. We heard extensive evidence on the difficulties women face returning to work after a break for caring. These are analysed in further detail in Chapter 6.

22 Q7

23 Labour Force Survey, Q4 2012 cited by Women's Business Council, [Maximising Women's Contribution to Future Economic Growth](#), June 2013.

24 Carers UK ([GPG0057](#)) Para 10

25 *ibid* Para 16

26 *ibid* Para 15

27 Family and Childcare Trust ([GPG0028](#))

Occupation segregation

30. Occupational segregation is widely acknowledged to be a key factor in the gender pay gap. The Government cites research from the University of Manchester that “occupational segregation has long been known to be responsible for a substantial element of the gender pay gap [and] ... might account for 22% of the gap.”²⁸ As Professor Jill Rubery from the University of Manchester puts it:

The problem with the gender pay gap is not solely or mainly to do with variations in pay for men and women in roughly the same kind of work but with the undervaluation of women’s work through its concentration in lower paying firms and sectors.²⁹

31. This occupational segregation is particularly significant for women aged over 40 who are more heavily concentrated in industries associated with low pay, low status and low levels of progression. In 2012, over half of women aged 50–64 worked in public administration, health and education, compared to one quarter of women aged 16–25.³⁰

32. Younger women are still impacted by occupational segregation though. Young Women’s Trust polling of apprentices aged 18–30 shows the pay gap beginning in training:

Young women are earning just £4.82 an hour compared with young men’s £5.85 an hour. We think this is most likely to be explained by the gendered occupational segregation that we see even in apprenticeships which will not be addressed by current government proposals to close the pay gap.³¹

33. Encouraging girls to pursue careers in STEM may address the issue of occupational segregation. However, evidence from the Science Council shows:

More women achieve first degrees and postgraduate degrees in a STEM subject than men, yet women make up only 41% of the science workforce.³²

The barriers to women’s progress that the Science Council point to are the same ones that have recurred across our inquiry:

Poor promotion and recruitment practices, few part-time roles available at more senior levels in STEM, and a lack of work-life balance in academia are consistently raised within the Science Council community as major concerns relating to gender pay issues. There is evidence to suggest that career breaks, particularly at the early family-formation stage, hinders the progression of women to the highest occupational levels.³³

Solving the problem of women’s participation in STEM careers requires these issues to be addressed, rather than simply focusing on getting more girls to study STEM subjects.

28 Department for Education ([GPG0027](#)) para 90

29 Professor Jill Rubery ([GPG0039](#))

30 TUC, [Older Women and the Labour Market](#) (March 2013) p10

31 Young Women’s Trust ([GPG0006](#)) para 3.3

32 Science Council ([GPG0030](#)) para 5

33 Science Council ([GPG0030](#)) para 16

Is “women’s work” worth less?

34. Why are the sectors women work in worse paid than those where men dominate? One explanation, presented to us by Professor Rubery and Anna Ritchie Allan from Close the Gap, is the systemic undervaluing of women’s work. As Anna Ritchie Allan put it:

When we look at the types of work that are female dominated, low paid and undervalued, they are centred on work that has been done traditionally by women in the home. It is because those skills are undervalued—caring, cooking, cleaning and clerical work—because they are done by women that they result in low pay.³⁴

35. Scarlet Harris from the TUC suggested the problem was even more deep rooted:

Low pay tends to follow where women work. Where men come into traditionally feminised sectors, the pay tends to go up; where women move into sectors where they have not been before the pay tends to go down.³⁵

Academic research³⁶ suggests that women’s wages do not increase as expected when they enter higher paid professions. This may have implications for the Government’s strategy of encouraging more girls to enter STEM professions as a means of reducing the gender pay gap.

Do women choose lower paid jobs?

36. Some economists, like Professor Len Shackleton from the University of Buckingham, argue that women are paid less than men because they choose jobs with other, non-financial returns. Professor Shackleton cited evidence that:

Women spend less time spent commuting, are less likely to work unsocial hours, less likely to face physical danger at work (the industrial accident rate for men is far higher than for women) and less likely to work outside or in isolated conditions. Wellbeing surveys suggest that they are on average happier at work.³⁷

He asserts that these factors compensate for the lower levels of pay they receive for their work.

37. This idea that women willingly “choose” to work in lower paid roles was strongly criticised by other witnesses we heard from, including Scarlet Harris from the TUC:

Yes, a woman with caring responsibilities may choose to work part-time but that is not necessarily because she desperately wants to spend more time at

34 Q104

35 Q101

36 Bolton and Muzio [The paradoxical processes of feminization in the professions](#) Work Employment & Society June 2008 vol. 22

37 Professor Len Shackleton ([GPG0003](#))

home and wants to work part-time. Certainly there is evidence that lots of women who are working part-time would like more hours but they cannot get them or they cannot find childcare, or other forms of care, to fit in around their work, so they are constrained to do that work.³⁸

Direct discrimination

38. Robust measures of the part played by direct discrimination in the gender pay gap are difficult to find. Academic studies try to control, as far as possible, for observable differences in men and women, for example differences in education. Any residual gender difference in wages is sometimes then attributed to discrimination. This is problematic because the residual difference includes anything that is not accounted for in the study. Therefore the remaining difference between men and women's wages may be down to discrimination, but other unmeasured factors could also be the cause.

39. Professor The Baroness Wolf of Dulwich, from King's College, London, told us there was little evidence that direct discrimination is a major factor in the gender pay gap today. However, she did acknowledge that discrimination had been an issue for older women in the past:

Among people under 40, in comparable jobs, with comparable time in the workplace, there is no evidence of continuing gender discrimination in pay. Among cohorts over 40, and especially those now over 50, we can still observe the impact of having started work in more 'discriminatory' times, but this is a carry-over.³⁹

40. Current discrimination against older women was raised by the Fawcett Society. It cited research by AGE UK,⁴⁰ which found that 60% of older people believe age discrimination still exists in the workplace, and a survey by the teaching union NASUWT of older members.⁴¹ This found that nearly two fifths of respondents had encountered job adverts which appeared to discourage older teachers 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. Fawcett conclude that, "Older women are vulnerable to the dual discrimination of ageism and sexism."⁴²

Employment tribunals

41. Reducing or scrapping employment tribunal fees was raised as a means of reducing the gender pay gap by a number of those responding to our inquiry including: Close the Gap; the TUC; the Women's Equality Party; the Fawcett Society; Business in the Community;

38 Q113

39 Professor Alison Wolf ([GPG0046](#))

40 Harrop and Jopling (2009) [One Voice: Shaping our ageing society](#), Help the Aged and Age Concern

41 NASUWT (2010) No Experience Necessary: A survey of the experience of age discrimination of older teachers in the UK

42 Fawcett Society ([GPG0031](#)) para 5.2.3

and the Royal College of Midwives (RCM). The RCM outlined what had happened since tribunal fees of £1,200 were introduced by the Coalition Government:

In Q1 2013 there were nearly 7,928 equal pay cases but by Q1 2014 this had dropped to 1,236—a fall of 84%. Numbers have picked up since but the claims are still less than half what they were before the introduction of fees.⁴³

42. Fees for employment tribunals were only introduced in July 2013 so it is not yet possible to measure their impact on levels of discrimination in the workplace. However, when there were no tribunal fees there was still a significant gender pay gap so it is unclear what impact reducing or eliminating fees would have on the overall gap. Some experts have argued that tribunal fees may be having an impact on workplace culture. As Michael Newman of the Discrimination Lawyers Association explained:

The fees just place a barrier for people to access their rights. That does not just affect the legal sphere but also the culture. If employers feel that their employees are less likely to enforce their rights, they become less powerful. It is not just about people who bring claims to tribunal; it is about how employers act knowing that the laws are there and will be enforced. Fees definitely feed into that.⁴⁴

43. Tim Thomas from the EEF Manufacturers' Organisation strongly disagreed that employers were behaving differently, but acknowledged the dramatic reduction in tribunals being brought:

I do not get any indication from the members I speak to that their behaviour has changed one jot since the extraction of fees. They still take all these issues exceptionally seriously.⁴⁵

44. Paying men and women differently for the same, or equivalent, roles has been illegal since 1975. Discrimination on the grounds of age or gender is also prohibited. There are clear legal remedies to both these issues. The question of whether employment tribunal fees are having an impact on workplace culture was raised during this inquiry. Our colleagues on the Justice Committee are currently investigating this issue. We await their findings on the appropriate levels of fees for employment tribunals with interest.

45. The causes of the gender pay gap are complex and varied. Direct discrimination plays a part in women's lower wages, particularly for older women who entered the labour market on less equal terms to men and who may face dual discrimination on the grounds of age and gender. However, structural factors are the key cause of the gender pay gap. These include occupational segregation; the part-time pay penalty; women's disproportionate responsibility for unpaid caring; and women's concentration in low-paid, highly feminised sectors.

43 Royal College of Midwives ([GPG0007](#))

44 Q182

45 Q184

46. We welcome Government action on better careers education for girls; increasing the number of women on boards; and supporting more women into senior roles. However, not enough is being done in the following key areas:

- **Addressing the part-time pay penalty and flexible working**
- **Supporting parents to share childcare equally**
- **Supporting women back into the workforce after time out of the labour market**
- **Tackling low pay in highly feminised sectors**

3 The link to productivity

47. The 19.2% gender pay gap that exists in the UK is much more than an equality issue. It represents a significant loss to UK productivity which must be addressed in the face of an ageing workforce, a skills crisis and the need for a more competitive economy. There is a clear case that tackling the underlying causes of the gender pay gap can increase productivity, address skills shortages and improve the performance of individual organisations.

48. Business interest in reducing the gender pay gap was explained by Neil Carberry from the Confederation of British Industry:

From a labour market point of view, the fact that we have a gender pay gap is, by definition, a sign of an inefficiency, and therefore resolving it is commercially important to our members.⁴⁶

49. In monetary terms, the UK Commission for Employment and Skills (UKCES) pointed to research by the Women and Work Commission which estimated that:

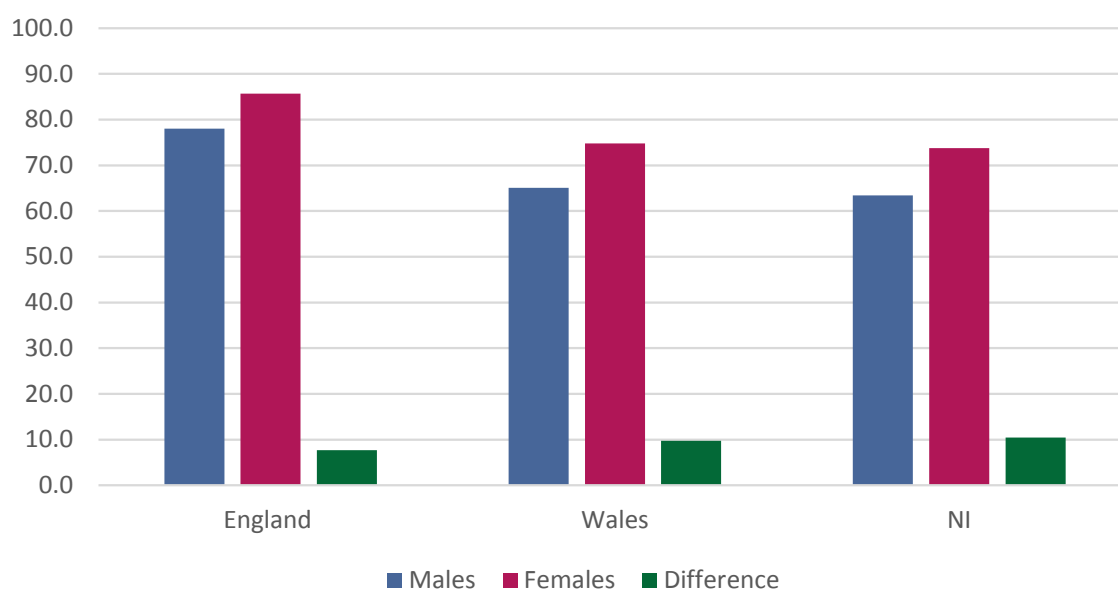
The under-utilisation of women's skills costs the UK economy between 1.3 and 2% of GDP every year. Other estimates of the potential benefit of fully tapping into female talent in the economy are that raising the level of women's employment to the same as men's could lift GDP by 10% by 2030, while eradicating the full-time gender pay gap would contribute additional spending into the economy of £41 billion each year.⁴⁷

50. Women are better qualified than ever before. The data show that girls do better than boys at both GCSE and A level in England, Wales and Northern Ireland. For Scotland, data for school leavers show more girls than boys staying on beyond 16 and achieving higher level qualifications.⁴⁸

46 Q37

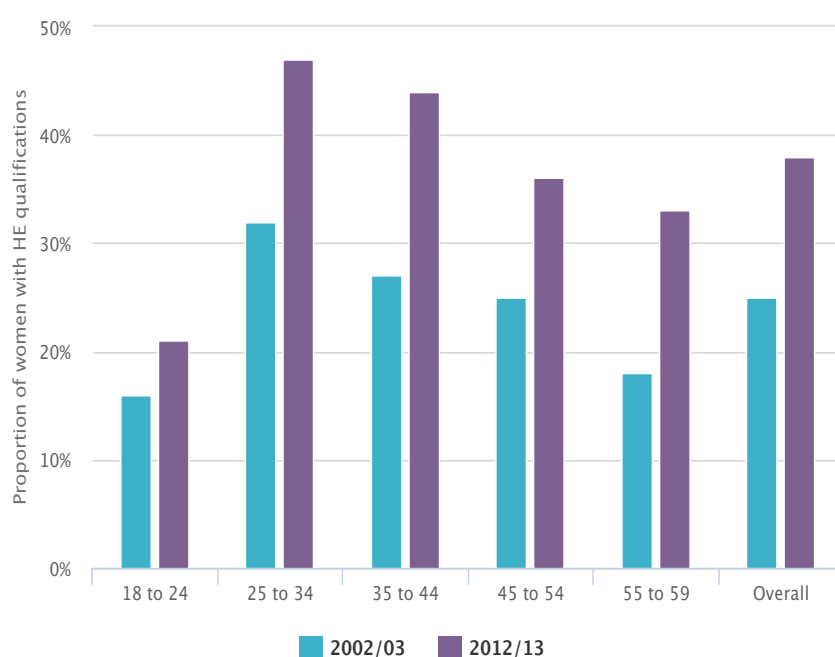
47 UK Commission on Employment and Skills ([GPG0037](#))

48 UKCES [Opportunities and outcomes in education and work: Gender effects](#) November 2015

Figure 4: Percentage of those attaining 5 or more A*-C grades at GCSE by gender

Source: UKCES Opportunities and outcomes in education and work: Gender effects 2015

51. This is not just a recent phenomenon though. As the chart below shows, women's educational levels have been rising across all age cohorts. By 2012/13, the proportion of women with a higher education qualification was higher than men in every age group. Even in older cohorts, the proportion of people with a higher education qualification has increased at a faster rate for women compared to men. The gender gap was biggest among the age group 25 to 34 at 47% for women and 42% for men.

Figure 5: Proportion of women with higher education qualifications by age, over time

Source: ONS Labour Force Survey 2002/3 and 2012/13 via Joseph Rowntree Foundation

52. As women continue to outperform men educationally, the case for taking action to ensure their skills are fully utilised is incontestable.

53. We also heard evidence on the gains individual organisations could reap from policies that encourage women’s continued participation in the labour market. Ann Francke from the Chartered Management Institute explained:

Companies that embrace more progressive policies absolutely benefit economically. They get higher engagement scores and higher productivity. It has to shift away from ... a benefit for the employee to a benefit for the organisation. The organisations that embrace it, whether it is Unilever or Timpson, see concrete material gains in their productivity and results.⁴⁹

54. The economic benefits of reducing the gender pay gap by tackling its underlying causes fall into three main categories:

- (1) The advantages associated with flexible working
- (2) Increasing the talent pool by making it easier for women to access jobs
- (3) The benefits of a diverse workforce

Flexibility

55. Ann Francke pointed the Committee to research done by EY which found that £11.5 billion could be added to the UK economy through more productive use of available flexible working hours: “The EY study I mentioned also shows that flexible firms get boosts in productivity and that the flexibility benefits men as well as women.”⁵⁰

56. Neil Carberry suggested that one aspect of this productivity gain might come from improved employee health.

We know that employee health matters and that it has an impact on productivity. People get stressed when there are clashes between different areas of their work life so, by definition, it is logical step that flexibility reduces stressors in employee health, and makes workplaces more productive.⁵¹

57. Survey data from the Modern Families Index⁵² suggests that “burnout” is particularly significant for millennials and younger parents aged 16-35. They are almost twice as likely to report feeling burned out as older parents: 42% of millennial parents said they felt burned out most or all of the time, compared with only 22% of 36-45 year olds. Currently most parents deal with this by taking sick leave or annual leave. Working Families suggest that flexible working, together with more realistic expectations around workload, would help alleviate this problem.

49 Q39

50 Q52 [Ann Francke]

51 Q52 [Neil Carberry]

52 [Modern Families Index 2016](#)

58. Flexible working is increasingly recognised as a means of improving performance by organisations across the world. A recent global survey by Vodafone⁵³ found that 75% of companies offered flexible working to enable employees to vary their hours or work from home. 61% of respondents to the survey said flexibility had increased their company's profits and 83% said they had led to an improvement in productivity.

59. One key aspect of flexible working is being open to thinking about jobs in terms of outcomes, rather than time spent in the workplace. The importance of good job design in improving productivity was raised by Emma Stewart from Timewise Foundation, Scarlet Harris from the TUC and UKCES amongst others. According to UKCES:

Improving workplace productivity should be recognised as the key route to increasing pay and prosperity—good job design is increasingly being recognised as essential for building stronger productivity, and world-class management is required to use workforce skills effectively. Employers need to challenge established practices, and be ready to step out of comfort zones in terms of job design. This also includes questioning norms in terms of working patterns, looking at new ways of allowing workers to combine paid work with their out of work caring responsibilities.⁵⁴

60. The Secretary of State for Education and Skills and Minister for Women and Equalities, Nicky Morgan MP, told us about her own experience of the relationship between productivity and working hours:

When I was working part-time before I was elected to this place, for the four days I spent in the office it was head down and straight on, because you have to leave at a certain time to go home and to do other things. Again, it goes back to being very explicit. Evidence from this Committee and elsewhere shows just how productive those working less than full-time hours are, why businesses and employers should absolutely embrace them, and why it is important to be flexible to get the most out of your employees.⁵⁵

61. The Government has also recognised the benefits of flexible working. In January 2016 the Cabinet Office published a new code of practice for “smart working”. This noted that:

The world of work is changing. People no longer need be tied to the desk - we can work smarter than that, in a way that saves money on property, that empowers the individual and improves productivity.⁵⁶

62. Smart working is currently being rolled out across the Civil Service. Its key principles include:

- Work takes place at the most effective locations and times , not necessarily in the office
- Flexibility is the norm rather than the exception
- Managing performance focuses on results and outcomes rather than presence

53 Vodafone [Global survey reveals rapid adoption of flexible working](#) press release February 2016

54 UK Commission on Employment and Skills ([GPG0037](#))

55 Q271

56 Cabinet Office [New Smart Working Code of Practice announced](#) press release January 2016

63. At the top levels of Government, business and the public sector there is widespread recognition that flexible working offers many benefits to employers. But this message has still not trickled down to the vast majority of organisations. The Government's new code of practice for smart working has not been widely publicised, and those who stumble across it face the additional barrier of paying £75 to access it.

Skills shortage

64. Tackling the underlying causes of the gender pay gap means addressing the barriers that women currently face in getting employment. As well as helping women to fulfil their full potential, this also carries significant benefits for business as the Institute of Chartered Accountants in England and Wales (ICAEW) notes:

The economic contribution women bring to business is recognised. Gender pay is not just a matter of fairness, but is critical to businesses economic aims. Not taking advantage of half the potential talent pool or alienating half of a business's customer base risks organisations missing their business goals.⁵⁷

65. This is an issue that employers are increasingly recognising according to Neil Carberry:

I think the most important thing that we are getting back from members is the need to move away from viewing things like flexibility as an employee benefit, rather than as something we do to organise how we are as an organisation to make profit and to engage in retaining talent. This is a country in which the labour force might be getting smaller over the next few decades. Talent retention, in the face of skills shortages that are already going on, is commercially important to our members.⁵⁸

66. As the Royal Institute of British Architects points out this is a particularly significant issue in their sector:

In an expanding construction industry, looming skills shortages mean that we would welcome a greater emphasis on promoting equality as an essential part of increasing the productivity of the UK's economy.⁵⁹

The benefits of diversity

67. There is a growing body of evidence on the benefits of diversity to organisations. Some of this focuses on improved decision-making. Research from Credit Suisse⁶⁰ shows that more diversified boards deliver better returns. It finds that in boardrooms where there is one female there is an average return on equity of 14.1% since 2005 compared to 11.2% for all-male boards. The report concludes, "It is not a case of a greater ability of one gender versus the other but that a more diverse group makes for better decision making and corporate performance."

57 ICAEW GPG ([GPG0058](#)) para 14

58 Q39

59 Royal Institute of British Architects ([GPG0029](#)) para 12

60 Credit Suisse '[The CS Gender 3000](#)' 2015

68. The CMI point to other measures against which increased diversity is correlated with improved performance:

The business case in favour of supporting women aged over 40 at work is a subset of the strong arguments in favour of improving gender diversity for firms ... Having women in business benefits men as well as women. This is proven in terms of hard measures like growth, return on equity, and return on sales. It's proven in terms of soft measures like engagement, customer satisfaction and it's also proven in terms of limiting the downside.⁶¹

69. In its evidence, the ICAEW point to McKinsey's work on quantifying this gain.

A recent McKinsey study identified that gender-diverse companies are 15% more likely to outperform their competitors. Benefits have been shown to arise in areas ranging from consumer reception to employee commitment.⁶²

Barriers to change

70. If the economic case for tackling the gender pay gap is so clear, why are organisations not taking action to reduce it already? We heard evidence on a range of barriers to implementing change. These included:

- A focus within too many organisations on presenteeism rather than productivity
- A reluctance to think about job design differently
- A lack of leadership in this area from Government and sharing of best practice
- Poor management skills

As Ann Francke told us:

Evidence doesn't always change behaviour: we have compelling evidence, the stuff is there and people could make use of it, but they don't. It is about being quite relentless and saying, "Actually, there isn't one thing that we have to do; there are many."⁶³

71. There is strong evidence of the economic and productivity benefits of tackling the gender pay gap. The best organisations recognise this and are taking steps to offer flexible working and improve job design to attract and retain talent. However, the productivity case for reducing the gender pay gap has not been made strongly enough to all employers across the UK. The Government, business, trade bodies, unions and public sector organisations must work to move the discussion about the gender pay gap beyond one of equality, to one of economic necessity. Government must also take action to lead by this example, by ensuring tackling the causes of the gender pay gap is a priority for all public services.

61 Chartered Management Institute ([GPG0051](#))

62 ICAEW ([GPG0058](#)) para 15

63 Q46

4 The case for flexibility

72. As we have seen in Chapter 3 there is growing consensus that employers need to re-think how jobs are structured. The language around this may vary—from flexible working, to smart working and agile working—but the principles are the same. Until jobs can be measured and designed with output, rather than presenteeism, in mind, employers will continue to miss out on the considerable talents of those sections of the population unable, or unwilling, to work 9-5, 5 days a week, in the office.

73. The advantage of flexible or agile working is that it can benefit all employees, men and women, as well as employers. At the same time, it presents a useful solution to the problem of the part-time pay penalty, which contributes to the gender pay gap. In this chapter we will analyse how flexible working and part-time working differ; look at how women's skills are being under-utilised; examine the barriers to increasing flexible working; and assess recommendations to overcome them.

Part-time or flexible?

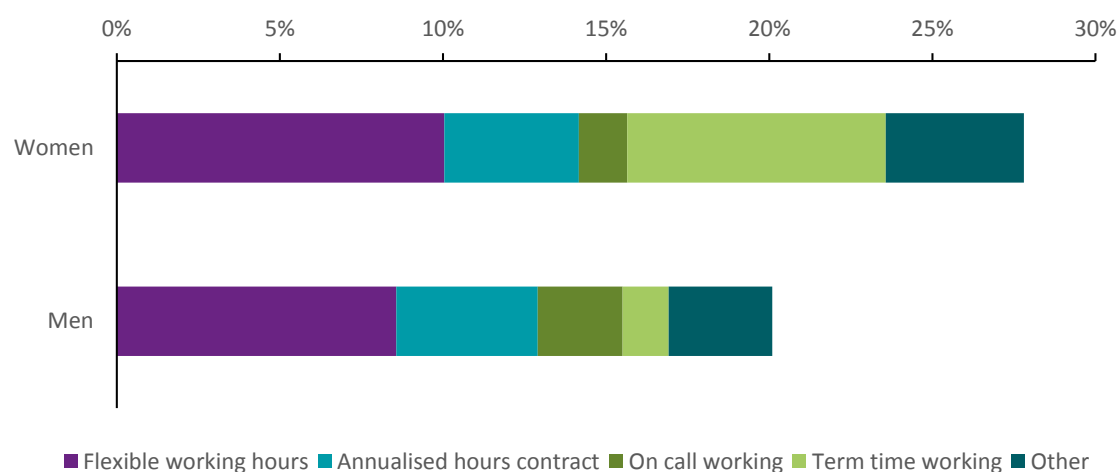
74. There has been a tendency in the UK to see part-time working as the only solution to balancing employment with other responsibilities. As Close the Gap point out this has negative consequences for women:

Three-quarters of part-time workers are women. Part-time work has a long-term scarring effect on women's incomes across their lifetime, and on their ability to progress.

The use of part-time work as a work-life balance coping strategy is not an inevitability, though. In Finland, which also provides universal childcare at a low cost or no cost to families, part-time work is almost unknown as a solution to work-life balance issues, and is principally done by semi-retired people and students.⁶⁴

75. Whilst women dominate part-time work (42% of women work part-time compared to 12% of men), the data on flexible working shows a more varied picture with a similar proportion of men and women working flexible hours. The term “flexible working” encompasses many different arrangements including working from home; late starts or early finishes; compressed hours; term-time working; and job sharing.

64 Close the Gap ([GPG0036](#)) para 3.24–3.25

Figure 6: Proportion of workers with flexible working arrangements

Source: ONS Labour Force Survey April to June 2015

76. AGE UK note that the ability to work flexibly is closely linked to skills levels. It is much easier for workers in professional and managerial jobs to access flexible working, in particular home working. One recommendation, made by Age UK, Close the Gap and Emma Stewart of the Timewise Foundation is to create more flexible working opportunities for those in lower skilled jobs. As Dr Alison Parken explained to the Committee:

We should not think of part-time work as the only form of flexibility. Sometimes it is not flexible, for instance, if you think about the women in local government who have often got three or four jobs with the same employer. They might do school-crossing patrol in the morning, lunch-time assistant, a bit of teaching assistant in the afternoon and something else. They are working 12 or 14 hours a day, but they only get paid for the slots of hours that they do. Those sorts of jobs ...are an issue of low pay.⁶⁵

We discuss the difficulties of finding flexible work faced by those working in low-paid sectors in Chapter 7.

77. Although flexible, or agile working, is popular with employees and offers significant benefits to employers (which we analyse in Chapter 3), part-time working is still the predominant form of “flexibility” offered by organisations. As the table below demonstrates, the levels of other types of flexible working, particularly in the private sector and amongst SMEs, are extremely low.

65 Q14

Table 1: Provision of flexible working options by sector and size (%)

	All	Private sector firm or company	Charity/voluntary sector	Public sector	SME	Large
Part-time working	74%	70%	84%	86%	62%	83%
Annualised contracts (contracted for a set number of hours within a year, rather than a week or a day)	15%	11%	17%	30%	5%	22%
Flexi-time (ability to choose the start and finish time of the working day within core hours)	41%	33%	56%	65%	35%	46%
Short-hours contracts (where there is a promise of a minimum number of hours per week)	18%	16%	23%	22%	12%	22%
Flex-up contracts (where the hours offered to an individual can be increased within a specified margin)	15%	16%	12%	12%	6%	21%
Commission outcomes (no fixed hours, only an output target)	5%	6%	1%	4%	5%	5%
Compressed working week (e.g. 9-day fortnight)	23%	16%	31%	47%	9%	33%
Job-share	36%	25%	49%	69%	15%	50%
Term-time working	25%	16%	19%	61%	16%	32%
Phased retirement	30%	23%	31%	57%	14%	41%
Study leave	35%	29%	43%	54%	20%	46%
Career break, sabbatical	38%	32%	39%	61%	14%	55%
Other	3%	3%	9%	3%	4%	2%
None – no flexible working options are offered	10%	12%	6%	4%	18%	5%

Source: YouGov findings for CIPD report HR: Getting smart about agile working, 2014

Part-time = Career death

78. Lower hourly pay for part-time work is also an issue for well-qualified women working in professional careers. As the Chartered Institute of Personnel and Development (CIPD) observe:

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.⁶⁶

79. We heard a range of examples from different professions about how this “career death” manifests itself. Amanda Brown Assistant General Secretary of the National Union for Teacher (NUT) described the situation in teaching:

Yes, there is a part-time penalty ... There should not be because teachers should be paid pro-rata. However, there is often a sense that if you are not contributing further than you possibly can, if you are part-time, then you do not get pay progression.⁶⁷

80. Dr Sally Davies from the Medical Women’s Federation said the same prejudice applied in medicine:

The minute you become part-time not only do you stop getting paid progression at the same rate, but it is implied that you are not interested in progressing. I myself worked and trained part-time as I had four young children, and I used to introduce myself to people as “Dr Sally Davies, OPT” because so many males that I worked with had called me, “But, of course, you are ‘Only Part-Time’”.⁶⁸

66 Chartered Institute of Personnel and Development (CIPD) ([GPG0041](#))

67 Q69

68 ibid

81. Women working in the legal profession also face these problems, as Audrey Williams, Employment lawyer and Partner at Fox Williams told us:

There is an assumption that if you have decided to work part-time—and I think the profession, in fairness, is moving to slightly more creative working patterns and more agile working, because there is always that pressure about it being a service industry—somehow your ambition has gone.⁶⁹

Flexibility for all

82. One solution to the problem of women being under-valued for working part-time is to take away the gendered element of the issue and move towards a situation where flexibility is used by men and women as a means of balancing work with other interests or commitments. There also needs to be more emphasis on the options for working differently, rather than simply reducing hours.

83. The Family and Childcare Trust warned that, “Flexible working practices can become stigmatised if they are promoted solely as an option for parents and carers.”⁷⁰ Moving beyond such conceptions is necessary to reduce the gender pay gap according to The Royal Institute of Chartered Surveyors (RICS):

Establishing a workplace culture where both men and women take parental leave, and flexible hours opportunities, further improves the chances of women being equally valued. Otherwise flexible working can be seen as a part-time option for women only which effectively reduces the argument for pay parity.⁷¹

84. However, RICS acknowledged that as long as employers view part-time working as a concession, rather than a positive means of attracting talent and increasing productivity, it will be difficult to encourage more men to adopt it. Research by Jasmine Kelland, a Lecturer in Human Resource Management at Plymouth University, suggests that fathers can be penalised for balancing work with caring commitments.⁷²

85. Sarah Jackson from Working Families explained how younger fathers manage to accommodate a desire to work flexibly with the penalties for doing so:

A lot of fathers are working flexibly now, but it is still the case that it will tend often to be under the radar and done informally. It is also less likely to be done in a way that will reduce hours. People who are able to work from home, for example, or can flex their hours are the kinds of male working patterns that you will find, whereas women are still more likely to be the member of the family who will reduce her hours and reduce her income.⁷³

86. The Modern Families Index, which is based on an online survey of 1,000 working parents across the UK, shows that younger fathers are increasingly willing to take a pay cut in order to reduce their hours:

69 ibid

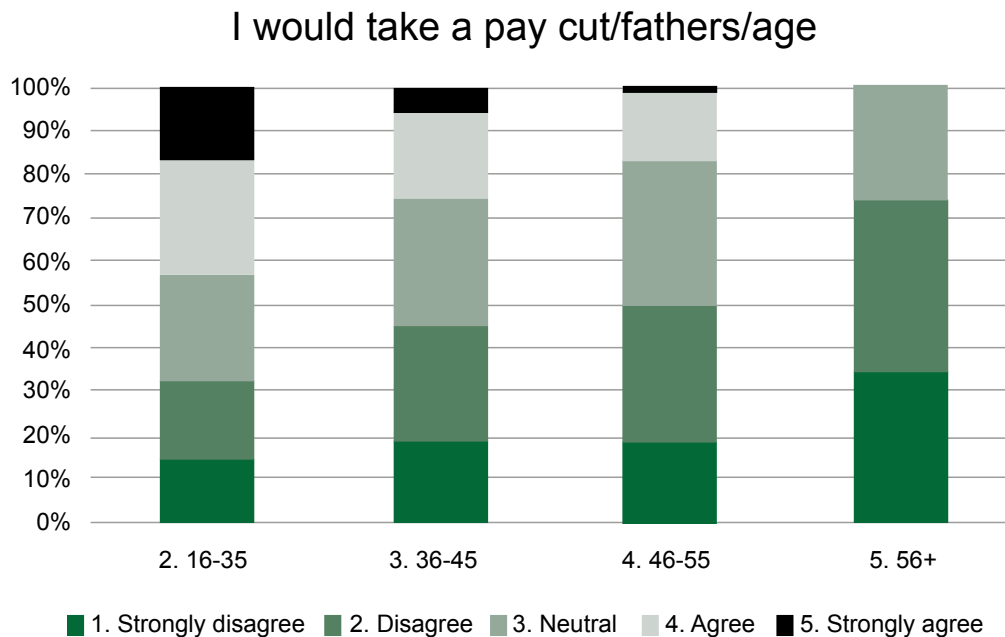
70 Family and Childcare Trust ([GPG0028](#))

71 RICS ([GPG0032](#))

72 Jasmine Kelland ([GPG0059](#))

73 Q144 Sarah Jackson

Figure 7: I would take a pay cut to work fewer hours, by father's age



Source: Working Families and Bright Horizons, Modern Families Index 2016⁷⁴

87. We heard other evidence on the increasing interest in flexible working from “millennials” of both genders. Neil Carberry told us how businesses are starting to take note of this fact:

If you are in the office, that is not production. Production is the outcomes that we have asked you to deliver, and that is a clearly and strongly held view among the chief executives in our membership.⁷⁵

88. This observation is borne out by a wealth of recent research into what millenials want from an employer. Studies by EY, UKCES, Deloitte and PWC all show that flexible working is a priority for this group. And as PWC discovered, the trend towards wanting more flexibility is not confined to millenials:

A significant number of employees from all generations feel so strongly about wanting a flexible work schedule that they would be willing to give up pay and delay promotions in order to get it. The similarities in attitudes across generations are striking. For their part, Millennials do not believe that productivity should be measured by the number of hours worked at the office, but by the output of the work performed. They view work as a “thing” and not a “place”.⁷⁶

89. Flexible working is high on the list of priorities for millenials and employers are beginning to recognise it can help them improve productivity as well as attract and retain talent. These changes to the workplace can be harnessed to reduce the gender pay gap.

⁷⁴ The Modern Families Index is based on an online survey. Online surveys are not always fully representative of the whole population as they can exclude poorer households and over-represent those with stronger IT skills.

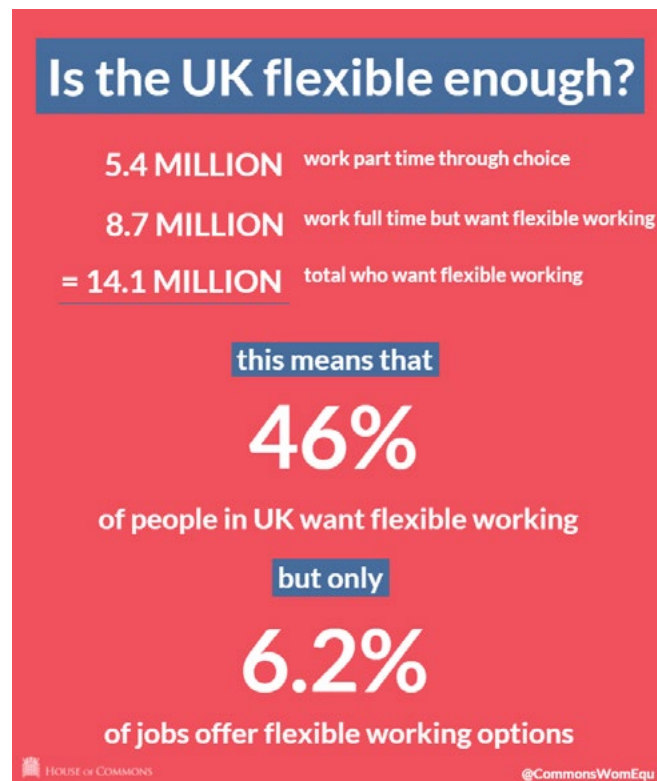
⁷⁵ Q43

⁷⁶ PwC [NextGen: A global generational study](#) 2013 p3

The shortage of flexible jobs

90. The Government has extended the right to request flexible working to all employees after 26 weeks, but there are currently no policies in place to address one of the key issues raised around flexibility—the scarcity of jobs advertised as being open to flexible working.

91. Research by the Timewise Foundation found that only 6.2% of quality job vacancies, paying over £20,000 full-time equivalent, are advertised as being open to some kind of flexibility. This stands in contrast to the 96% of employers that say they offer some kind of flexible working and the 14.1 million employees who want flexible working.⁷⁷

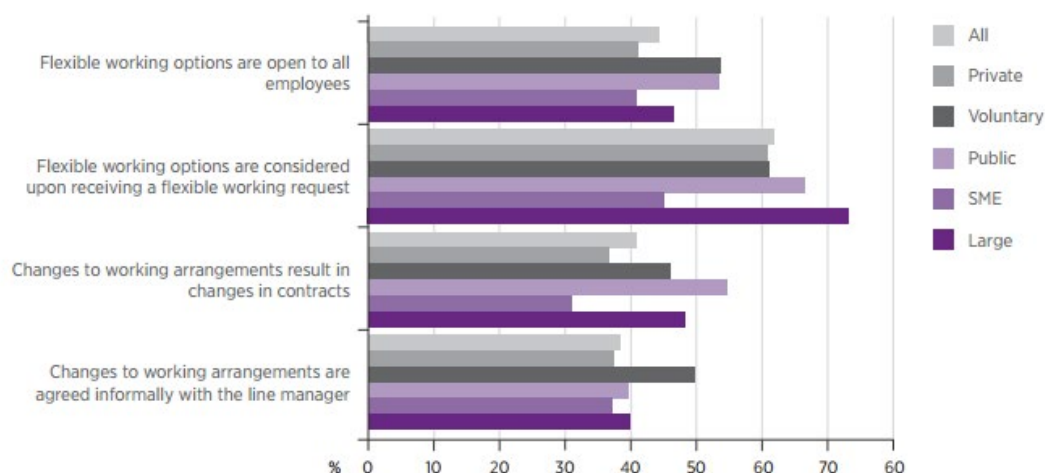


92. Research by the CIPD confirms the fact that flexible working tend to be seen as a benefit granted to employees that request it, rather than a standard means of organising work. Whilst 62% of organisations consider flexible working reactively, upon an employee's request, less than half of HR leaders said that flexible options are open to all employees.

77 Timewise Foundation ([GPG0052](#))

Figure 8: Provision of flexible working options by sector and size (%)

Figure 5: Provision of flexible working arrangements



Source: YouGov findings for CIPD report HR: Getting smart about agile working, 2014

93. The distinction between flexible working as something available to current employees, rather than new hires, has the following impact on women's earnings according to the Timewise Foundation:

- Women have to trade down and take lower paid roles that offer the flexibility they require. Nearly half of women working in part-time work are over qualified for their job.
- The lack of quality jobs available for flexible workers to move into causes a bottleneck for the 5.4 million workers wanting flexibility. Research, shows that 77% of workers with flexibility in their existing jobs feel 'trapped' in their current role.⁷⁸

94. These difficulties in moving between jobs can be a significant impediment to pay progression. As Emma Stewart explained, the latest evidence from the United States shows that "most people, at the moment, progress in businesses by leaving them and going to another job somewhere else."⁷⁹

95. Recruitment consultant Amanda Fone described her direct experience of this problem:

We take on between 16 and 20 new roles every single week—we ask every single company, 'Presumably, you would look at a flexible worker?' The feedback at the moment is, 'No, it is not a flexible working job'.⁸⁰

96. When this issue was raised with Minister of State for Skills, Nick Boles, he made it clear that it was down to employers to offer flexibility at the hiring stage without the Government regulating for them to do so.

78 Timewise Foundation ([GPG0052](#)) para 6

79 Q205

80 Q95

If you have half a brain cell as an employer, you realise that by offering flexibility you can often get better applicants. It does not need me to regulate it. If you are at all alive to the possibilities as an employer, in your own interest you should be maximising the flexibility that you can make in your proposals.⁸¹

When questioned on whether more than 6% of jobs could be done flexibly the Minister replied that he was sure they could:

Our only disagreement is that I do not believe that is going to happen, because we impose a regulation on all employers that they, from day one, have to make clear that they are open to requests for flexible working from the first day of employment.”⁸²

97. The lack of leadership shown by Ministers in addressing the question of flexible hiring is deeply disappointing. The benefits of flexibility are fully accepted by Government, yet policies encouraging employers to create more opportunities for flexible working are not forthcoming. By refusing to act, the Government is complicit in a system that is undermining productivity and perpetuating the gender pay gap.

The right to request from day 1

98. We have heard mixed evidence on whether giving employees the right to request flexible working from day 1 will help increase the number of jobs available on flexible terms. Currently employees have the right to request flexible working after 26 weeks employment. Employers must consider their request, but can turn it down on a number of business grounds. The data show that 90% of flexible working requests are granted.⁸³

99. Christopher Brooks from Age UK felt an upfront right to request could help those in lower paid occupations who find it harder to access flexible working.

The removal of the 26-week period for the right to request would be really helpful. It would allow people, at the point of recruitment, to make a formal request ... Ideally we would like to go even beyond that and a step beyond the right to request, and have a system of what we have called flexible by default, which would really be the idea that you can assume you can work flexibly. You would be able to pitch an idea to your employer, who would then be able to reject it on the same business reasons as currently exist—if it is not workable for them. It is really an attitudinal change more than anything, more than a legal change.⁸⁴

100. The Fawcett Society agreed that “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,”⁸⁵ and the Family and Childcare Trust made a similar point saying: “All jobs should be advertised as job share unless there is a strong business case not to.”⁸⁶

81 Q260

82 Q261

83 Working Families [Top Employers Benchmark 2015](#)

84 Q 123

85 Fawcett Society ([GPG0031](#)) para 8.3

86 Family and Childcare Trust ([GPG0028](#))

101. Other issues with the way the right to request currently operates were raised by Amanda Brown from the National Union of Teachers (NUT):

We do not really see the logic for 26 weeks and also do not see the logic for there being only one opportunity per year to make that request. Also, some of the reasoning around refusals can be challenged and we think, at the moment, that the opportunities to say no are probably too wide. We would like there to be, again, more obligation on the employer rather than relying on individual women to try to challenge all the time.⁸⁷

102. There is widespread acknowledgment that action needs to be taken to increase the number of jobs advertised flexibly. However, concerns were raised about reducing the 26 week period for requesting flexible working. Audrey Williams explained her reservations:

My worry would be if it was a day one right that the explanation or response would be, “No, because we are not convinced it is going to work”, and the individual would not have had the opportunity to demonstrate that they can make it work. Most organisations would be more reticent and more likely to refuse on that basis.⁸⁸

103. Minister of State Nick Boles warned of the possible consequences of bringing in the right to request flexible working from day 1.

If you brought it in much earlier, it would do something that would be tremendously damaging to the interests of people who want to benefit from that flexible working, which is that it would put people off recruiting people who might be likely to request it.⁸⁹

Flexible working charter mark

104. An alternative suggestion for increasing the pool of jobs open to flexible workers was that of a charter mark. One example came from Working Families who have developed a ‘happy to talk flexible working’ strapline for employers to use when they advertise vacancies to signal that they are open to applicants working flexibly. They argue that “given the age profile of women with caring responsibilities, a visible commitment to flexibility in the recruitment process may help to attract women aged over 40 to more senior or better paid roles”.⁹⁰

105. Emma Kinloch from the think tank Policy Network pointed to other similar schemes in that could provide a model for flexible working.

A scheme which demonstrates an employer’s commitment to flexible working, along similar lines to the Two Ticks Guaranteed Interview Scheme ... could be useful as a best practice mark for employers. Compelling companies to think ‘flexible by default’ is the culture change needed to help women over 40 today.⁹¹

87 Q74

88 Q74

89 Q261

90 Working Families ([GPG0024](#))

91 Ms Emma Kinloch ([GPG0011](#))

The right to request increased hours

106. The question of how women are able to increase their hours after a period of part-time or flexible working was also raised. At the moment, if an employee asks to reduce their hours under the right to request, they have no right to then ask to increase them back again when their circumstances change. This can trap women in part-time hours, as Professor Rubery explained:

We need the right to return to full-time working, not just a right to request to work part-time. My own university, for whatever reason, has a two-year career break when you can be away full time, but if you opt to work part-time you do not have the right to return full time. That makes no sense. We need this right to return—or at least to have priority for the first full-time vacancy that arises.⁹²

Increasing flexible hiring

107. Regulation is not always the best way to change behaviour, particularly when long-entrenched attitudes about presentism need to be challenged. Initiatives like flexible hiring charter marks can encourage employers to change their behaviour.

108. The evidence on voluntary schemes reducing the gender pay gap is less than compelling though. The Think, Act, Report scheme, which was introduced by Government to encourage employers to report on their gender pay gap, has been widely acknowledged to have been ineffective as a voluntary measure. As the Minister for Equalities told us, just seven of the 300 employers that signed up to it published their gender pay gap data. This suggests that stronger measures than voluntary schemes are necessary to create change.

109. However, the Minister for Skills response to questioning on flexible hiring suggested a continuation of this strategy of voluntary measures:

We live in a free society. We set broad rules and broad expectations, but ultimately employers and individuals are free to then respond to those. All I am saying is there is no doubt in my mind that, given that the law is clear that after six months everybody has the right to request flexible working, and given that the benefits of employing people flexibly are absolutely evident, the culture will change. However, cultures are slow to change.⁹³

110. One solution to encourage flexible hiring, without the potential perverse consequences of creating a day one right to request flexible working, is to look at advertising guidance. Responsibility for how employers advertise roles without discriminating falls under the remit of the EHRC. Employers use EHRC guidance to ensure they are compliant with the Equality Act. The EHRC advises that:

Employers do not have to advertise job vacancies in a particular way or at all. But if an employer doesn't advertise at all or advertises in a way that won't reach people with a particular protected characteristic, this might in some situations lead to indirect discrimination, unless the employer can objectively

92 Q33

93 Q263

justify their approach. This is because not advertising or only advertising in a very limited way may stop people with a particular protected characteristic finding out about a job, which could count as worse treatment.⁹⁴

111. The guidance as it stands does not address the question of flexible hiring. However, there is enough scope within the EHRC's remit to "encourage good practice in relation to equality and diversity" for them to take a lead on this issue.

Down skilling

112. The productivity gains, estimated at £11.5 billion, of offering flexible working to all employees are described in Chapter 3. Increasing the availability of flexible working can also address the significant loss to the UK economy of the underutilisation of women's skills. This has been estimated as costing between 1.3 and 2% of GDP a year.

113. The tendency for women to accept lower skilled work in return for flexibility was raised by several of the women that we heard from on a visit to Bournemouth. As one woman explained:

It's not that women aren't achieving in education, we are. [But] when women do have families you compromise, so your status completely changes. So women take on part-time work which is usually low-skilled, low-paid. I went from being a senior practitioner running a large team to being a teaching assistant.

114. The Minister of State for Skills, Nick Boles MP, described his own experience of women's willingness to accept jobs they may have been overqualified for:

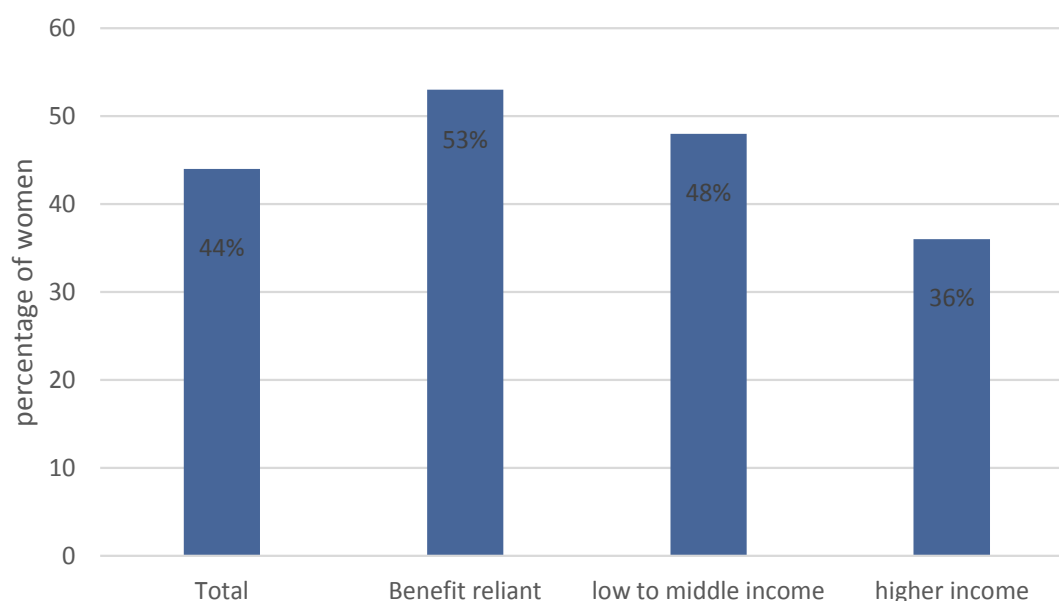
I found myself, in preparing for this Committee, thinking of when I used to run Policy Exchange—a think-tank that some of you will have heard of. I can assure the Committee that I would pay men and women equally for every position, but I will be blunt with you: I was able to recruit better women into those jobs than men. That was because they were women who valued the fact that it was possible to do the job flexibly and that I was always very explicitly upfront: they were putting an explicit economic value—or economic and social value, or quality of life value, perhaps—on the fact it was flexible. Therefore, in a sense, these were women whose qualifications and prior experience would have enabled them to get a much better paid job, but they nevertheless chose this job because it was flexible and probably relatively interesting.⁹⁵

115. Research by the Resolution Foundation supports these individual experiences.⁹⁶ In a poll of over 1,600 part-time working mothers almost half (48%) on low to middle incomes took a lower-skilled part-time job on their return to work after having children. Even mothers with a degree could not find work which paid a salary commensurate with their skills. 42% of degree holders said they had taken a less skilled job because of working part-time.

94 EHRC website [Job Adverts](#)

95 Q244

96 Resolution Foundation [The price of motherhood: women and part-time work](#) 2012

Figure 9: % of women who report taking a lower skilled job as a result of working part-time

Source: Resolution Foundation/Netmums survey of 1,610 part-time working women 2012

116. Ensuring that more jobs at all levels are available to those who wish to work flexibly would help women avoid this trap.

Other strategies to increase flexible working

117. The Science Council makes a radical suggestion of moving to a 4-day working week, arguing that this would give men the opportunity to take domestic responsibility and reduce the perception of women as uncommitted workers.⁹⁷

118. Emma Stewart from the Timewise Foundation recommended a national campaign to champion flexible hiring, built on the premise that this will give employers access to the best possible workers.

119. Several witnesses, including Scarlet Harris, raised the issue of better job design:

There must be a way for employers to design jobs more intelligently and to think more about, “Does this job need to be full-time? Could all of our jobs be advertised on a flexible basis?”... We need to think about encouraging those discussions about flexible working at all levels and model good practice of flexible working, high quality part-time opportunities across organisations, not just part-time jobs at the bottom of the organisation.⁹⁸

120. Dr Sally Davies described how new ways of working could be successfully implemented:

If you are working within a team, what they do within the junior doctors’ training is that they have slot shares. The money for one particular training

⁹⁷ Science Council ([GPG0030](#))

⁹⁸ Q132

slot may be given to two different people. They can be there the same days, so they are on the ground. The team can work differently. We do not have to be as rigid as we are in our thinking.⁹⁹

Teachers

121. The current shortage of teachers has been well documented. A recent National Audit Office report found recruitment targets have been missed for the past four years and that “there are signs that teacher shortages are growing.”¹⁰⁰ It also found that between 2011 and 2014 the number of teachers leaving the profession increased by 11%, and the proportion of those who chose to leave the profession ahead of retirement increased from 64% to 75%.

122. Under these circumstances, the need to retain women teachers is clearly of critical importance. However, the NUT told us that:

Many women teachers returning from maternity leave are denied the opportunity to work part-time and are forced out of their post and sometimes out of the profession due to the lack of adequately paid part-time teaching posts.¹⁰¹

123. The latest data show that in November 2014, 77% of teachers worked full-time and 23% worked part-time. This was a reduction from 2013 position when 74.7% worked full-time and 25.3% worked part-time. Over a quarter (27%) of female teachers work part-time compared with 9% of male teachers. Teachers in primary schools are more likely to work part-time (26% of all primary teachers) compared to just 18% of secondary school teachers.¹⁰²

124. The particular difficulties teachers face in accessing flexible working were explained by Amanda Brown:

It is very difficult for women to get job shares or flexible working. Even when they do get job shares, they tend to be not very suitable. Many of our members are offered job shares, but only working every day a week in the mornings, which obviously makes it very difficult in terms of pay and childcare responsibilities.¹⁰³

125. When questioned on flexible working for teachers, the Secretary of State told us that:

In terms of teaching, there is absolutely no reason we should not embrace part-time teachers in our schools up and down the country. Many teachers will do that. I know from visiting schools and talking to staff that there is absolutely flexibility, but we can absolutely encourage and highlight best practice on this and make it very clear that what applies in other sectors absolutely should apply in terms of teaching.¹⁰⁴

126. This endorsement of flexible working cannot be found in the Department for Education’s (DFE) current consultation on staffing and employment advice for schools.

99 Q71

100 National Audit Office [Training New Teachers](#) February 2016

101 National Union of Teachers ([GPG0040](#))

102 Department for Education [School Workforce in England: November 2013](#). Issued 10 April 2014

103 Q64

104 Q246

The 23-page document includes nine pages of advice on the appointment of staff in schools. Within this advice there is no mention of part-time working, flexible working or job-sharing. According to the NUT:

The guidance gives no indication to school leaders or employers that it is desirable - or even possible - to advertise a teaching post as available on a job-share basis. There is no guidance on the possibility of offering any roles on a part-time basis and no indication that doing so is likely to reduce attrition, reduce recruitment costs, improve retention or encourage the continued employment of experienced women teachers.¹⁰⁵

127. When questioned on this matter the Secretary of State said she was happy to go away and look at the guidance and reiterated her commitment to encouraging part-time and flexible employment. However, she remained clear that hiring decisions lay within the remit of individual schools:

I would like to see heads realising that that deputy head who might struggle to make every 8 o'clock meeting is brilliant in other ways, and that is what they are going to bring to the school. I would not get Ofsted involved in making that sort of decision.¹⁰⁶

128. Three and a half weeks after the Secretary of State for Education gave evidence to us on flexible working in schools and women returners, the Department for Education announced new policies in this area. We are delighted to see the Department taking on board our findings and launching a “new national programme to make teaching a more flexible long-term career option for women.”¹⁰⁷ This includes a dedicated website for teachers to find part-time and flexible job opportunities. The site will also allow teachers to find potential job share partners. Schools will also be offered guidance on how to offer work flexibly.

129. We welcome the Department for Education’s recognition of our findings on taking action to increase flexible working opportunities for teachers and increasing support for women returners. The measures they have announced are an important step in the right direction.

Conclusions

130. Flexible working can take many forms including: working fewer hours; working compressed hours; later starts and earlier finishes; job sharing; and working from home. Flexible working is an effective way to match employees’ availability with organisations’ needs, allowing employers to hire the best person for the job.

131. There is clear evidence flexible working benefits the UK economy and individual employers. However, a culture of presenteeism and a lack of creative thinking about job design are hampering progress towards flexibility as the norm. Too few employers are considering the benefits of offering jobs as open to flexible working.

¹⁰⁵ National Union of Teachers Additional Evidence ([GPG0062](#))

¹⁰⁶ Q255

¹⁰⁷ Department for Education [New national programme to make teaching a more flexible long-term career option for women](#) press release 6 March 2016

132. The extension of the right to request flexible working to all employees does not deal with the problem of flexible hiring. Only 6% of well paid jobs are advertised as open to flexible working. This contributes to the gender pay gap by limiting women's options and hampers productivity.

133. Waiting for cultural change to increase the number of flexible jobs available will not help the Government achieve its aim of reducing the gender pay gap. We need to ensure that all employers consider whether every job they advertise could be worked flexibly. This would tackle skill shortages as well as reducing the gender pay gap.

134. *Our key recommendation is that:*

- *All jobs should be available to work flexibly unless an employer can demonstrate an immediate and continuing business case against doing so. The EHRC should update its guidance to employers explaining legal requirements to offer flexible work; the benefits of flexible hiring; and the potential risk of indirect discrimination if employers do not consider whether newly advertised roles and existing positions could be worked flexibly. EHRC guidance should make clear that flexible working is not just about part-time working but can include working remotely, adjusted hours and job-sharing, with examples and case studies on good practice.*

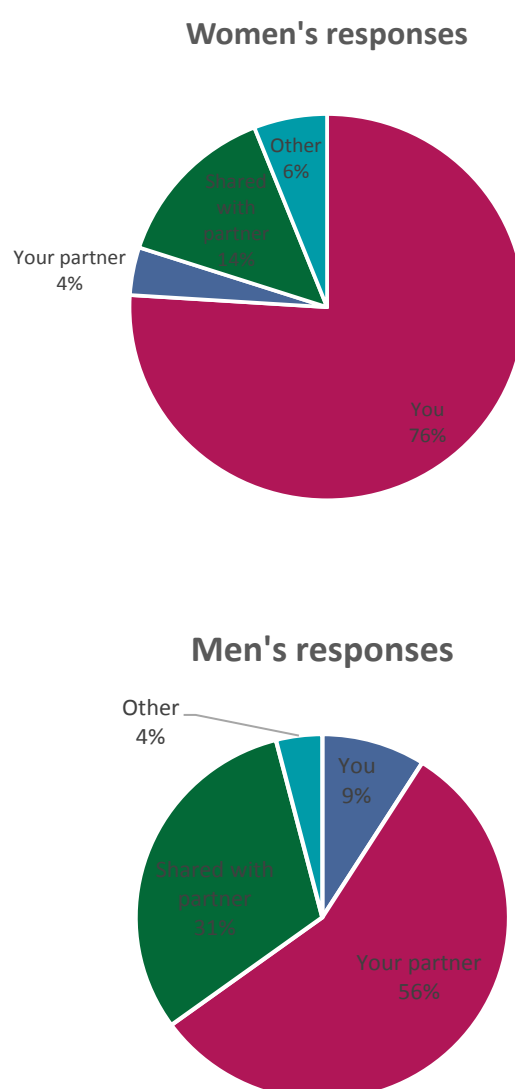
135. *We also recommend that:*

- *The Department for Education should monitor the impact of its new policies on: the number of flexible working contracts issued; the number of women returners supported back into teaching; and the impact on the gender pay gap within teaching. This data should be published within a year of the policies being implemented.*
- *The right to request flexible working should be amended to allow those working less than full-time hours to request the opportunity to work more.*
- *The Department for Business Industry and Skills should immediately facilitate a campaign outlining the productivity and business benefits of flexible working and flexible hiring, sharing best practice within sectors.*

5 Sharing care

136. Women are much more likely than men to taken on unpaid caring responsibilities, whether for children or other family members. EHRC research has found that three quarters of mothers said they have the primary responsibility for childcare in the home. This contrasts with the fact that the majority of those questioned reject the statement that childcare is the primary responsibility of the mother. Less than a third of people agree with this.

Figure 10: Who has primary responsibility for childcare in your home

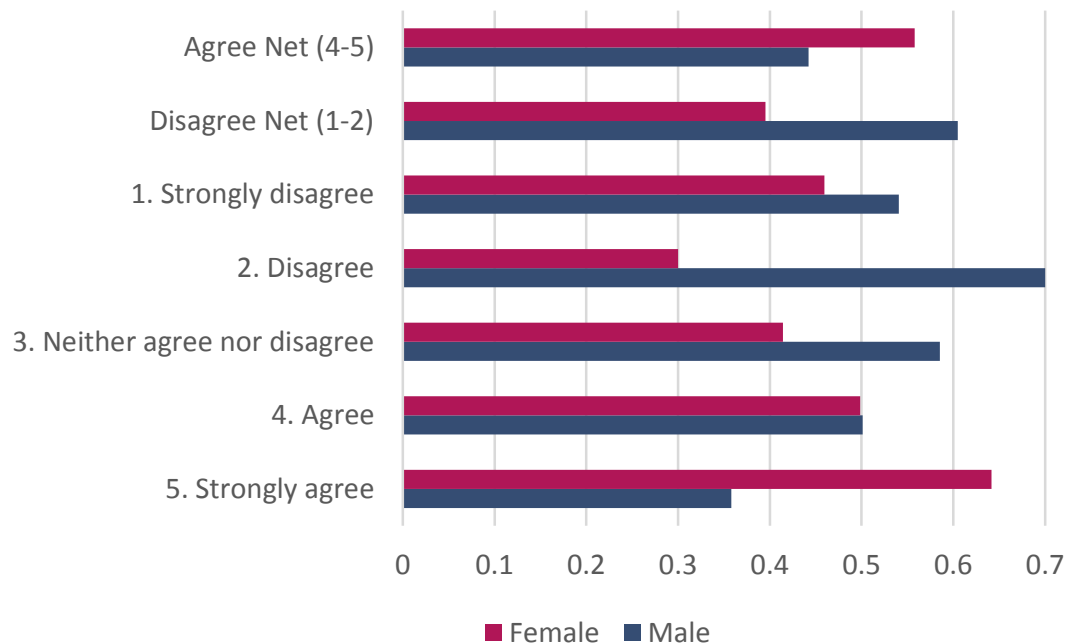


Source: Gavin Ellison et al, Work and Care: A Study of Modern Parents (EHRC Research Report no. 15, 2009)¹⁰⁸

137. Childcare has an impact on women's job opportunities, women are more likely than men to consider these responsibilities before taking on a new job.

¹⁰⁸ These charts use additional data not published in the original report. Copyright and all other intellectual property rights in the material are reproduced by kind permission of the EHRC.

Figure 11: Proportions of men and women who would consider childcare responsibilities before taking a new job



Source: YouGov survey findings for CIPD report HR: Getting smart about agile working, 2014¹⁰⁹

138. As outlined in Chapter 2, other types of caring also impact on women's access to work. This is particularly true for women over 40 who are most affected by "sandwich caring"—looking after children at the same time as caring for elderly relatives.

139. Many of the submissions to our inquiry highlighted sharing care equally between men and women as central to reducing the gender pay gap. As the Institute of Directors put it:

One of the reasons for the gender pay gap for women over the age of 40 is childcare responsibilities and the legacy effect of taking time out of the workforce to raise children. It stands to reason therefore that if more men take time out of the workforce to raise children, and women therefore spend less time out of the workplace, the gender pay gap may begin to even up.¹¹⁰

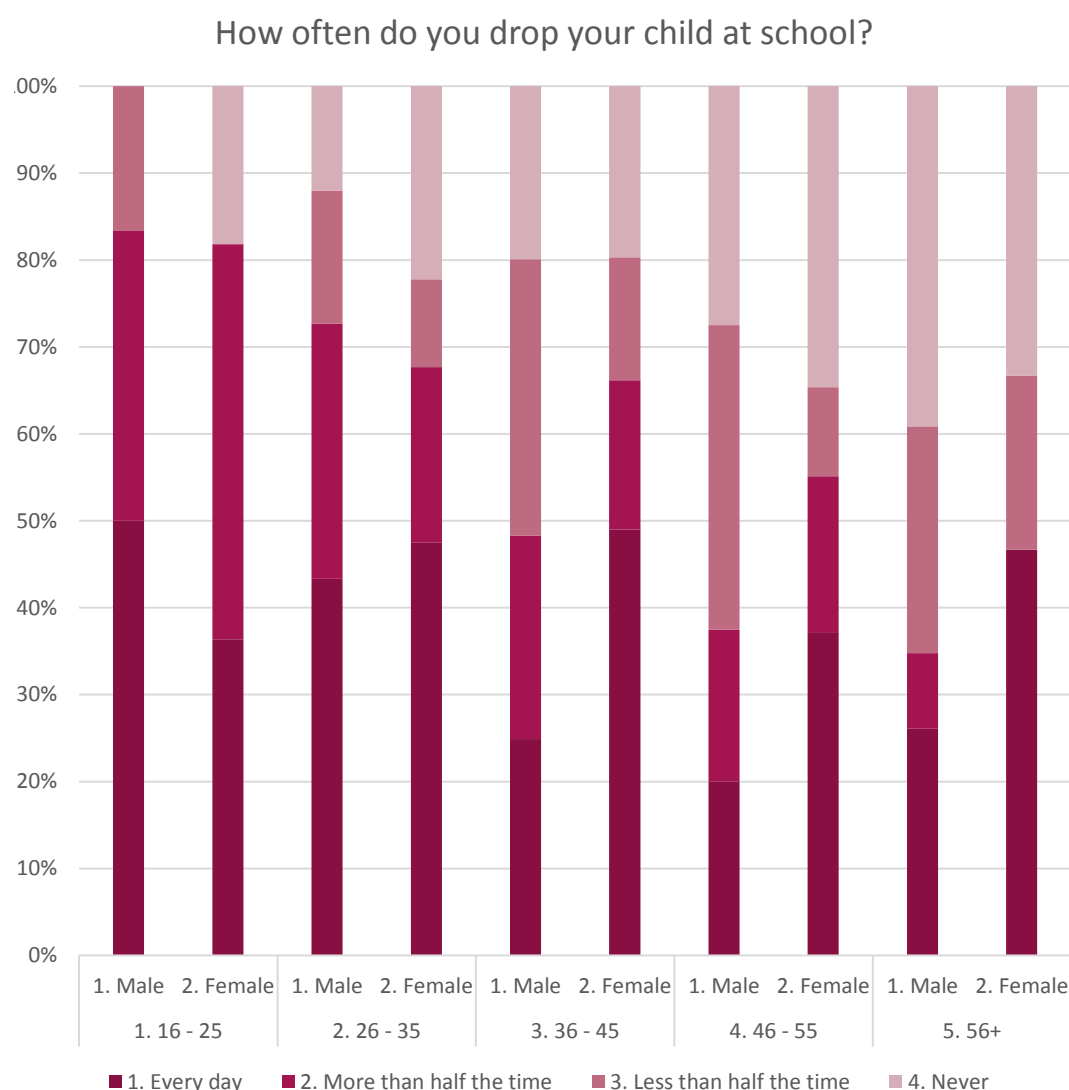
140. In Chapter 4 we outlined evidence that men and women of younger generations want to share care more equally. Survey data from the Modern Families Index shows this is not just an aspiration, but actually happening in practice. Over 70% of fathers aged 26-35 drop their children at school over half the time, compared to under 50% of men in the next age category. As the report points out:

Fathers are doing more. More than one in five fathers now say they share care, with younger parents the most likely to report working flexibly and sharing family responsibilities. But gendered work expectations still persist: mothers remain the first port of call when childcare breaks down by a factor of two to one.¹¹¹

¹⁰⁹ The Modern Families Index is based on an online survey. Online surveys are not always fully representative of the whole population as they can exclude poorer households and over-represent those with stronger IT skills.

¹¹⁰ Institute of Directors ([GPG0001](#))

¹¹¹ Working Families and Bright Horizons [Modern Families Index 2016](#)

Figure 12: How often parents drop their child at school by age and gender

Source: Working Families and Bright Horizons, Modern Families Index 2016¹¹²

How parental leave can reduce the gender pay gap

141. Monika Queisser, Head of Social Policy and leader of the OECD's gender initiative, outlined OECD evidence on the role parental leave can play in reducing the pay gap. Their research "found that the gender pay gap is smaller in countries that provide better public childcare and in countries that have better parental leave arrangements."¹¹³

142. Ms Queisser emphasised the importance of men and women taking up this paid leave equally. This allows women to work more and also equalises the "risk" to an employer of hiring a man or a woman, which has further positive consequences for women's employment. The same argument would apply to more equal sharing of other types of care, for example for elderly or disabled family members.

¹¹² The Modern Families Index is based on an online survey. Online surveys are not always fully representative of the whole population as they can exclude poorer households and over-represent those with stronger IT skills.

¹¹³ Q41

143. Employers are increasingly seeing the value of supporting more equal take-up of caring responsibilities. In April 2015 EY used the introduction of shared parental leave (SPL) as an opportunity to equalise the amount they pay employees for paternity, maternity and shared parental leave. Maggie Stilwell, Managing Partner for Talent at EY explained the rationale for doing so:

Our working hypothesis... as an employer, is that that first year is very important ... We know that, for working mothers, that is a period that can disrupt your career journey. ...We know also that it can affect the women's own view of themselves, their ambition and potentially also, in a worst-case scenario, how the employer views her. The great thing about shared parental leave is that it can disrupt some of those dynamics.¹¹⁴

144. Evidence on the financial gain to women of sharing care was presented by Adrienne Burgess, Joint Chief Executive and Head of Research at the Fatherhood Institute. She pointed to evidence from Sweden which found that for every month of leave a father took, the woman's earnings increased by 7% a year. Ms Burgess was clear that men taking more time off would impact the gender pay gap.¹¹⁵

Of course it will. The other thing is that fathers become visible as employees. Employers put up with working mothers. They facilitate them for all kinds of reasons, but they think of them as pretty unreliable employees. You can imagine in a couple, if the man has his hands dirty and everybody knows that he does this stuff in his home environment, and when the school calls he is as likely to take as the mother, then the mother is only having to be unreliable half as many times, because he is being a bit more unreliable and neither of them is being very unreliable.¹¹⁶

The cost of time out of the labour market

145. The high cost to women of taking time out of the labour market recurred across the oral evidence we heard. The panel addressing the barriers for professional women over 40 all agreed that taking more than between nine to twelve months away from work would negatively impact on a woman's career. Amanda Fone told us what she advised women:

Our message to women at the moment, who come to us in their mid-30s and are starting a family ... is, "Do not stop work because you will not get back in." That is the truth.¹¹⁷

146. This anecdotal evidence is backed up by OECD research¹¹⁸ showing that increasing paid parental leave widens the gender pay gap amongst full-time employees. This is likely to be because it is overwhelmingly women that take up parental leave and who therefore suffer the negative pay consequences of taking time out of the labour market. It should

114 Q138

115 Johansson, E-A. [The effect of own and spousal parental leave on earnings](#). Working Paper 2010:4. Uppsala, Sweden: Institute of Labour Market Policy Evaluation

116 Q144

117 Q65

118 Thévenon, O. and A. Solaz [Labour Market Effects of Parental Leave Policies in OECD Countries](#) 2013 OECD Social, Employment and Migration Working Papers, No. 141

be noted that the same research also found that extending paid leave had a positive, but small, influence on female employment rates and the hours worked by women, as long as the total period of paid leave is no longer than approximately two years.

147. Professor Rubery summarised the long-term costs of taking time out of the labour market:

A majority of women might still ‘choose’ to reduce commitment to wage work for a period of time. The problem that this poses is the extraordinary costs imposed on women for taking these steps. These costs include the immediate ones of losing out on career opportunities, even being forced to accept occupational downgrading and low pay. Even more significant are the very high long term costs that continue well beyond the period of active childcare and indeed into retirement.¹¹⁹

148. It is clear that developing structures which support men and women to share childcare and time out of the labour market more equally can go some way towards reducing the gender pay gap. So how well is the Government’s current system achieving that goal?

The current situation

149. In April 2015 the Government introduced Shared Parental Leave (SPL). Under this system, maternity pay continues to be paid for 6 weeks at 90% of weekly earnings and subsequently for another 33 weeks at £139.58 or 90% of weekly earnings (whichever is lower). Paternity leave remains at two weeks paid at £139.58 or 90% of weekly earnings (whichever is lower). SPL then allows the couple to share whatever leave and pay remain after the mother’s maternity leave has finished. SPL is paid at £139.58 or 90% of weekly earnings (whichever is lower) for a maximum of 37 weeks and eligibility is based on the mother’s right to maternity leave.

150. SPL was introduced with the explicit aim of balancing care and work between men and women. The Government’s response to the consultation on SPL said:

We want to encourage more fathers and partners to play a greater caring role; [and] enable both parents to retain a strong link with the labour market.¹²⁰

The impact assessment of the SPL policy stated key benefits including: “Greater labour market attachment of women; more choice for women wishing to return to work; reduced gender pay gap in employment.”¹²¹

151. This commitment to encouraging shared care was clearly stated by the Secretary of State for Skills:

I absolutely want more men taking time out of the workplace. I hope that we will end up seeing more couples, of whatever genders, decide to share parental

¹¹⁹ Professor Jill Rubery ([GPG0039](#))

¹²⁰ BIS [Consultation on the administration of Shared Parental Leave and Pay - Government Response](#) November 2013

¹²¹ BIS [MODERN WORKPLACES: Shared parental leave and pay administration consultation – impact assessment](#) February 2013

leave than those who decide not to. I would also say that it is a pretty significant intervention. It only came in last spring, so let us give it a little bit of time to start rippling through society because it does require a change in attitude.¹²²

152. We do not doubt the Government's desire to see more parents share care. However, the evidence presented on the take-up of shared parental leave suggests this may not be the most appropriate policy to achieve that aim.

Low take up of SPL

153. The Government's own analysis of SPL has predicted that only around 2-8% of fathers will access the entitlement.¹²³ Research into the first six months of the shared parental leave policy by law firm Hogan Lovells found that cultural perceptions, including concerns that taking leave would be frowned upon or career limiting, were the most commonly cited reason for not taking the time off. However, the research also found that employers not paying men above the statutory benefit was an important factor in low take up rates.¹²⁴

154. In its research,¹²⁵ the EHRC also found little evidence that SPL would encourage men to become more involved in child care and so reduce the impact of maternity leave or part-time work on women's careers. Again, it points to levels of paternity pay as a significant barrier to uptake, noting that paternity pay is currently lower than the UK average weekly wage and below the minimum wage. In its view:

This is likely to be too low to encourage parents to share their child care roles more evenly, because of the drop in pay most men will incur. In addition, small and medium-sized businesses (SMEs), which make up the majority of employers in the UK are unlikely to supplement the basic additional paternity pay.¹²⁶

155. We questioned the Government on its predictions around the poor take-up of SPL amongst fathers and asked whether it should be doing more. The Minister of State for Skills responded:

We certainly do not want to rule out that we will end up doing more, but we have only just brought it in. We have made a very clear commitment to review it in 2018. It is quite a significant intervention and you do need to allow employers time to work out how they are going to work with it and then, also, individuals to work out how they are going to take advantage of it. I certainly would not rule out that after that review in 2018 we might well want to look at going further.¹²⁷

122 Q280

123 BIS [Modern Workplaces Shared parental leave and pay administration consultation impact assessment](#) February 2013

124 Fawcett Society ([GPG0031](#)) para 7.4

125 Equality and Human Rights Commission Children and Families Bill 2012 -13, House of Lords, Committee Stage Briefing 2013

126 Equality and Human rights Commission ([GPG0020](#))

127 Q287

Supporting parents to share care

156. The evidence is clear that, despite its commendable aims, current policy on shared parental leave is unlikely to have a significant impact on increasing the sharing of care between men and women. In this section we examine alternative policies that could better achieve this aim.

Non-transferrable paternal leave ¹²⁸

157. The Women’s Budget Group, Discrimination Law Association and Fawcett Society all suggest non-transferrable paternal leave as a policy that could shift cultural attitudes around caring. The Fawcett Society noted international evidence “makes clear that fathers play a greater role in care where there are dedicated periods of leave and higher earnings replacement rates. 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.”¹²⁹

158. Evidence from the OECD strongly supports this view. Monika Queisser described non-transferrable leave for fathers as one of the most effective policy levers for reducing the gender pay gap:

You don’t have to be Scandinavian for this, because even very conservative countries such as Germany have instituted parental leave for fathers with non-transferrable months. Before the reform, about 3% of fathers took leave days. With that extended leave, now about a third of fathers take leave. That has happened in a very short time. It is a hugely successful way of getting a better balance of paid and unpaid work.¹³⁰

159. When questioned on the strength of evidence on non-transferrable leave, the Secretary of State responded:

I have not seen the evidence. If that is the evidence that has come to the Committee, I would be very happy to look at it, and read the report and the Committee’s conclusions. Shared parental leave is going to be another important answer to that. Again, it goes back to the issue of choice or compulsion. It is much better to respect individual families and individual parents’ choices on this in terms of the way they want to structure the leave they take in order to juggle childcare responsibilities.¹³¹

160. We heard mixed evidence on whether non-transferrable leave would be welcomed more widely. Sarah Jackson from Working Families said their research had found “resistance to transferable leave. About 20% of women consistently say that they would not want to give up any of their maternity leave and transfer it to the father.”¹³² However, Adrienne Burgess suggested that attitudes were changing amongst younger couples. “The

¹²⁸ We think it is important that the Government move towards gender neutral language if it restructures parental benefits in recognition of same sex parents. For simplicity we have used the current language for parental leave benefits in this report: maternity, paternity and SPL. Where we refer to paternal leave this applies to second parents of any gender.

¹²⁹ Fawcett Society ([GPG0031](#)) para 7.4

¹³⁰ Q53

¹³¹ Q224

¹³² Q154

other figure shows that 26% of young men and young women, 25 to 36-year-olds, think parental leave should be shared equally.”¹³³ This trend is confirmed by Working Families own research, as Sarah Jackson explained:

When you look at younger couples, they have a very strong sense that there should be equality, both in how they care and equality at work ... Those younger fathers are the unhappiest with their work/life balance and they are the most resentful of their employer, which is why shared parental leave is an opportunity for employers to engage with a group of staff who want something different, which is not currently being offered to them in most cases.¹³⁴

161. The cost of offering men better support to take parental leave has been estimated as between £200-£400 million a year, depending on levels of take-up.¹³⁵ As we have outlined in Chapter 3, the benefits of keeping women in work greatly exceed this figure. The model used to estimate this was as follows:

- Increasing paternity pay so it is paid at 90% of salary (capped at the median male wage) for two weeks.
- Offering fathers and second parents an additional three months non-transferrable paternal leave, paid for four weeks at 90% of salary (capped again) and subsequently at the same rate as SPL. This leave could only be taken when the mother or first parent, returns to work.

162. Supporting men and women to share childcare more equally can help to reduce the gender pay gap, and help organisations retain and recruit staff. Policies that can have a real impact on increasing men’s take-up of such leave are therefore likely to have a positive effect on productivity. Such policies are likely to find favour with parents, employers and taxpayers. By ensuring that non-transferrable paternal leave is offered in addition to current maternity leave, the problem of women not wishing to give up their maternity entitlement can be avoided.

Equalising maternity, paternity and SPL payments

163. A small number of employers, including EY, have moved to equalising their payment for maternity, paternity and SPL payments. EY suggested Government equalisation of the SPL system would reduce the administrative burden on employers as well as changing the culture around shared parenting.

164. Adrienne Burgess agreed change was needed at a statutory level, noting that whilst change within individual organisations is welcome, it is change at Government level that drives progress. She used the example of doctors, who were entitled to paternity leave as NHS employees, to make her case:

With regard to hospital doctors, for example, before the introduction of statutory leave, 53% of hospital doctors in the NHS took paternity leave exactly

133 Q156

134 Q138 [Sarah Jackson]

135 Working Families Additional Evidence GPG0066

around the birth of their child. After the introduction, building up over the last few years, it is now 93%. The introduction of a [statutory] policy makes a huge difference.¹³⁶

165. There is clear evidence that levels of payment for different types of leave impact levels of take-up. As Monica Queisser observed, “Households act in very, very rational ways. They are very economical, because you calculate whom it pays more to reduce hours.”¹³⁷ Equalising pay levels would end the current bias towards women taking leave because they are paid more for it.

Behavioural change

166. Whilst financial incentives, and deterrents, can influence couple’s decisions about who takes parental leave, the evidence also points to cultural factors hindering the take-up of SPL amongst men. The question of how families make decisions about caring came up on several occasions during the inquiry.

167. Chris Giles thought it was important to tackle the short-term perspective many couples operate under when thinking about whether both parents should maintain a foothold in the workplace:

It is very clear that the move to part-time or an interrupted career is very severe for life-time pay and also for retirement pay, so it is a very big decision. When people talk about choice, we know that humans don’t make great choices when they are faced with very long-term decisions. ...Women and men—the household—will often take the short-term expedient thing, which will be to go part-time or take a career break, not realising the extreme damage it does to the family and household income.¹³⁸

168. Evidence from the Behavioural Insights Team warned that people have a tendency to go with whatever default option is presented to them, explaining that:

There are many different ‘default’ settings when it comes to parental leave, childcare and flexible working. For example, there is the default period of leave that women are legally required to take after having a child. Women and men are less likely to opt out of this default period of leave, and it will also anchor their decision as to the total period of leave they will take.¹³⁹

169. Improving levels of pay can go some way towards encouraging more men to take up parental leave. Financial measures will not address the social and cultural context in which men and women make decisions about childcare and work. There is considerable scope for further research in this area to inform Government policy.

136 Q139

137 Q41

138 Q13

139 Behavioural Insights Team ([GPG0064](#))

Other options

170. Both Adrienne Burgess and Sarah Jackson pointed to the importance of fathers having an individual right to paternal leave or SPL. Under the current system, SPL is only available to couples eligible for maternity leave as it is effectively a transfer of the woman's maternity leave to her partner. According to Adrienne Burgess:

It should be an individual right. That is so crucial. It is simple and everyone grasps it. If you qualify for paternity leave, then you qualify to take parental leave—pretty simple.¹⁴⁰

171. Sarah Jackson also recommended looking at SPL to see if it could be offered on a part-time basis:

A very specific thing you could do to make shared parental leave more accessible to low-paid fathers is to reintroduce the original idea of having part-time shared parental leave, which would enable fathers to work for their employer, so draw down their wage for a number of days a week, and also receive their statutory shared parental pay for a number of days a week. When BIS first proposed that, we liked it a lot and the employers we talked to also liked it a lot. It was very disappointing that it was lost.¹⁴¹

172. When questioned on this point, the Minister of State for Skills referred to the policy of Shared Parental Leave in Touch (SPLIT) days. These allow an employee on SPL to come into work for up to 20 days without ending their period of parental leave. However, Sarah Jackson said SPLIT days are complicated, have poor take-up, and employers do not have to pay people for them. As such they seem an unlikely remedy to the difficulty of men not taking up leave because it is poorly paid.

Other types of caring

173. As we explained in Chapter 2, caring for elderly or disabled relatives has a significant impact on women's ability to participate in the labour market and thus on the gender pay gap.

174. Carers UK highlighted the difficulty women face in juggling the demands of working and caring. Their research finds women are four times more likely than men to have given up work because of multiple caring responsibilities. They point out that:

A lack of carer friendly workplace policies, such as paid care leave and flexible working, and sufficient, high quality social care services mean that an increasing numbers of employees, more often than not women, are forced to give up work at the peak of their careers. This has a huge impact on women's career progression, and long term financial security, as well as the wider economy.¹⁴²

140 Q164

141 Q159

142 Carers UK ([GPG0057](#)) para 7

175. The specific impact of caring responsibilities on BME women's access to the labour market was raised by Coventry Women's Voices. They quote a support worker who said:

In BME households with extended families people are brought up with the values to look after each of their sick family members. If the parents are elderly they expect siblings to look after their disabled siblings. Many of these find it difficult to strike the balance between caring and continuing with their jobs.¹⁴³

176. Christopher Brooks from Age UK told us it was important to recognise how hard it could be for carers to discuss their circumstance with employers:

We see a lot about it being very difficult to raise caring with your employer. It is often reported to us as being completely different to childcare, where a bit of flexibility and a bit of understanding around childcare is a lot more normal in workplaces. Caring for older people can become very, very tricky to raise with managers who simply do not want to know.¹⁴⁴

177. The issues faced by other types of carers, for example parents with disabled children or single parents were also raised in oral and written evidence. Scarlet Harris suggested the most productive way forward would be to consider all types of caring together:

It is really important that we do not just see these as separate issues; we have childcare over here, we have elder care over here, but actually all of us are probably going to need care at some time in our lives, and are probably going to care for someone in our lives ... The employers need to see it in that way as well: that people are going to move in and out of having caring responsibilities and, at some times in their working careers, women in particular are likely to bear multiple caring responsibilities and still have school-aged children and possibly an elderly or sick parent or a disabled partner.¹⁴⁵

178. The 2011 Census figures for the UK show an 11% rise in the number of carers since the last Census in 2001—increasing by over 620,000 to 6.5 million in just 10 years. This figure is predicted to rise to 9 million by 2037. Already 3 in 5 people will become carers at some point in their lives.¹⁴⁶

179. We have seen clear evidence that the disproportionate share of unpaid caring taken on by women can adversely impact their earnings. However, women are not alone in facing these responsibilities. Many people will face periods in their lives when they juggle unpaid care with paid work. If the UK's economy is to prosper more effective ways to balance the two must be found.

143 Coventry Women's Voices ([GPG0055](#))

144 Q121

145 Q121

146 Carers UK [Facts About Carers Policy Briefing](#) May 2014

Supporting carers

180. We heard a number of recommendations on how to improve the situation of carers. These included:

- Reviewing carers' rights within the workplace with a view to introducing a new right to paid care leave (Carers UK).
- Provision of crisis/adjustment leave. This would operate as a longer period of compassionate leave, of between six weeks and six months, to allow time to make arrangements for, for example, a sudden and life changing incident in a family member's health (UNISON).
- Introducing a consolidating Act of Parliament that brings all of the labour market provisions relating to workers with family responsibilities into one place. One of the aims of this legislation would be to make it easier for employers to accommodate the changing needs of workers regarding care (Equal Pay Portal).

181. Christopher Brooks emphasised the importance of helping to keep people in work:

With caring responsibilities, similar to maternity, not leaving work is really important, so it is about any measures that can help people to stay in work. ... Even unpaid leave can be helpful, because it gives you some job security and a bit of flexibility.¹⁴⁷

182. The option of employers doing more to contribute to the costs of caring was also raised by Robert Stephenson-Padrose of Penrose Care:

Many organisations have optional benefits included in your compensation. Having elder care vouchers, say, to purchase formal care when needed, in addition to childcare vouchers, is something that needs to be done.¹⁴⁸

183. The Government told us that it recognised the importance of supporting carers to maintain their position in the workforce. The Secretary of State explained what Government has been doing in this area:

The employment rate for women aged over 65 is 7.8%; it has never been higher. We know, obviously, keeping more people in the workplace is good overall for productivity and for all of us. Those are the carer pilots that we have been doing, which report back in 2017. The Carers in Employment project has been helping local authorities to support carers to stay in paid work, alongside caring responsibilities. Nine pilots started in February last year and will report back next year.¹⁴⁹

184. We are disappointed that the only work the Government raised in the area of supporting carers was the nine pilot projects it has funded. Given that the scale of unpaid caring and its impact on both productivity and the gender pay gap, the Government needs to consider more comprehensive action as soon as possible.

¹⁴⁷ Q120

¹⁴⁸ Q122

¹⁴⁹ Q241

Conclusions

185. The evidence is clear that caring responsibilities are a significant barrier to women's pay and progression prospects. As long as women continue to take disproportionate responsibility for the care of children and other family members, the gender pay gap will persist.

186. More equal sharing of childcare responsibilities can help to reduce the gender pay gap by facilitating women's return to the labour market and changing perceptions of men and women as being equally likely to take on caring responsibilities. Amongst younger couples in particular, there is a strong desire to share parenting equally. Unfortunately, current policies are not doing enough to help men and women to achieve this goal.

187. Low levels of pay for paternity and shared parental leave (SPL) are a significant barrier to men taking them up. Better pay and the option of part-time take up for SPL would improve fathers' access to leave, particularly those from lower income groups. There is strong evidence for the effectiveness of non-transferrable paternal leave as a lever for encouraging shared care and reducing the gender pay gap.

188. Balancing caring responsibilities with work is a growing problem for many workers, in particular women aged over 40. To achieve its policy objectives the Government must support employees with caring responsibilities to stay in work. Not only will this help to tackle the gender pay gap, it will also help organisations retain skilled workers in the face of high employment rates and low productivity.

Recommendations

189. *Our key recommendation is that:*

- *If Government is to achieve its objective of reducing the gender pay gap it needs a more effective policy on shared parental leave (SPL). Current weaknesses can be addressed by three months paid paternal leave for second parents. This can only be taken when the mother returns to work and would be additional to current parental leave benefits. Payment of paternity leave should increase to 90% of salary (the same as maternity pay), capped for higher earners. The three months non-transferrable paternal leave would be paid at 90% of salary (capped) for four weeks and then at the same level as SPL. Eligibility for paternal leave would be the same as current entitlement to paternity leave. The Government should investigate the benefits of offering all forms of parental leave on a part-time basis.*

190. *We also recommend that:*

- *The Government should immediately move to bring in Carers' Leave of six weeks to allow employees facing short-term care issues to take time out of work without losing their jobs.*
- *The Government should commission research to examine how decisions about taking time out of work for caring are shared between men and women. The Government should use this evidence to support parents in considering the long-term implications of their decisions around the time they take parental leave.*

6 Making the most of women's skills

191. We know that at a time of national skills shortages, there are 2.3 million women not in employment who would like to be working.¹⁵⁰ Public and private sector organisations are struggling to fill vacancies and according to Neil Carberry from the CBI, its members are starting to think differently:

This is a country in which the labour force might be getting smaller over the next few decades. Talent retention, in the face of skills shortages that are already going on, is commercially important to our members. We are seeing a lot of that starting to happen, whether it is increased commitment to growing apprenticeship schemes at the entry level or looking at things like returnerships for parents who have perhaps taken some time out of the labour market.¹⁵¹

In this chapter we examine some of the barriers women face returning to the labour market after a period of not working. We then explore the most effective ways of facilitating their access to work at a suitable level.

The difficulties of returning to work

192. Women Returners Ltd, an organisation which runs programmes to get professional women back to work, points to a number of barriers to women's access back into the labour market:

- Bias against people who have been out of the workforce, even for as little as six months.
- Unconscious bias from recruiters and hiring managers towards women who are older than average.
- The lack of recognised routes to return, in contrast to graduate and experienced lateral hiring.¹⁵²

193. Fair Play South West, which campaigns for gender equality in the South West, says a large part of the pay gap for full time women above the age of 40 is the result of women moving from higher to lower paid occupations as they move back into employment after a period of absence from the labour market.¹⁵³

194. The implications for the gender pay gap are further pronounced when the cumulative effects of time away from work are considered. As the Fawcett Society observe:

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.¹⁵⁴

195. The anecdotal experiences of discrimination against older women returners are backed up by evidence cited by the Employment Lawyers Association. They point to:

¹⁵⁰ Business in the Community ([GPG0008](#)) para 10

¹⁵¹ Q39

¹⁵² Women Returners Ltd ([GPG0022](#))

¹⁵³ Fair Play South West ([GPG0047](#))

¹⁵⁴ [Fawcett Society GPG0031](#) para 5.1.3

A recent study of the National Bureau of Economic Research in the United States [which] found “robust” evidence based on looking at more than 40,000 job applications of age discrimination in hiring female candidates and “considerably less evidence” for age discrimination against male candidates.¹⁵⁵

As can be seen from the chart below, the rate of call backs for an interview on the basis of a CV falls much more steeply for women as they age than for men.

Table 2: % of callbacks for sales roles by age and gender

Age	Men	Women
29-31	20.89	28.68
49 -51	21.09	25.87
64-66	14.7	18.43

Source: National Bureau of Economic Research

196. Professor Jill Rubery suggests this is not just down to discrimination at an individual level, but a wider cultural problem based on how we think about age and careers:

It is partly a problem of not being able to get back on track; somehow, if you haven’t made it by the time you are in your 30s, that is it, ... yet we want people to work until their late 60s. Even if women did take a complete career break, coming back at 40 they still have a lot to offer. This is not really allowed in the current labour market organisation.¹⁵⁶

197. Many women who have left the labour market due to caring responsibilities, or for other reasons, will need to return to paid employment. This may be because of pension shortfalls or changes in circumstances like divorce. Others will choose to return to work. In both cases, the skills and experience of this group of women can help improve UK productivity. The Government should therefore invest in supporting their smooth return to the labour market as a matter of urgency. In the following section we examine the most effective ways to achieve this.

Supporting women back into work

198. The benefits of helping women back into the labour market were raised by witnesses across public and private sector organisations. The Medical Women’s Federation highlighted the importance of enabling women GPs to return to Primary Care saying this “is extremely important in not wasting talented women doctors vital to the running of the NHS.” In their view:

Whilst re-training may cost an organisation money, any investment will be repaid as committed women over 40 are able to take on new roles or achieve promotion and improved status within the workforce.¹⁵⁷

¹⁵⁵ Employment Lawyers Association ([GPG0025](#))

¹⁵⁶ Q15

¹⁵⁷ Medical Women’s Federation ([GPG0043](#))

199. The Royal Institution of Chartered Surveyors also emphasised the importance of re-training in their sector:

We have seen that providing retraining, particularly after an extended absence, has proved to be successful in ensuring women not just return to the workplace but are able to continue on an upward career trajectory, further reducing the gender pay gap.¹⁵⁸

200. We heard evidence from several witnesses, including UNISON and Age UK, on the difficulty that older women face in accessing training opportunities. The CIPD raised concerns about the “decline in funding in further education and adult skills in recent years” and the impact on older women in particular.

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 ... 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.¹⁵⁹

201. These loans were identified by the Minister of State for skills as one of the main routes into retraining for women returners:

We dramatically expanded the availability of what is called Advanced Learner Loans ... The availability of those loans has now been made much wider and the budget for them has been dramatically expanded. In a sense it will be for the individual to approach their local college and find the various courses available to them, if they feel the need to have a formal bit of training before returning to the workplace.¹⁶⁰

202. Many of the witnesses we heard from felt a more coherent approach to supporting women returners was needed, rather than simply expecting them to find, and pay for, the right training opportunities for themselves. The solutions proposed included: women returner schemes; apprenticeships for older workers; and improving careers advice and guidance for older workers.

Women returner schemes

203. Several organisations, including F1 Recruitment, the Employment Lawyers Association and Close the Gap discussed proposed “returnships” as an evidence based solution to the difficulties faced by women coming back into the labour market. These schemes currently exist in the UK offered by individual companies. The Government recently demonstrated its support for them in an announcement by the Department of Transport:

As part of its drive to encourage a more diverse workforce in the transport sector, the government is also recommending all organisations of over 250 employees to implement a ‘returnship’ programme to make it easier for people, and women in particular, to return to work after time out.¹⁶¹

158 RICS ([GPG0032](#))

159 Chartered Institute of Personnel and Development (CIPD) ([GPG0041](#)) para 14

160 Q249

161 Department for Transport [Record investment in transport network used to guarantee apprenticeships](#) press release 28 January 2016

204. Women Returners explained how the returnships they offer operate:

Returnships are higher-level internships for experienced professionals which create a supported bridge back to senior roles. The programmes typically run for 10-12 weeks, are paid at a professional level and have the possibility of an ongoing role on completion.¹⁶²

These schemes first began in the banking sector in the USA in 2008 and since 2014 Women Returners have expanded their use in the UK to other sectors including, IT, construction, law and accounting. The advantage of returnships to employers is access to a pool of talented individuals. For women they provide a clear route back into a job at the right pay and skill level.

205. The demand for a clear pathway for women returners was highlighted by F1 Recruitment who have run a Back2Businessship programme for women with marketing experience who have taken five years out of the labour market:

We were oversubscribed for our programme by over 3 times even though our advertisement for applicants only ran for 2 weeks in the Guardian media section and Marketing Magazine online. Many of the women who gained a place on our programme had been unsuccessfully applying for jobs advertised for months, if not years.¹⁶³

206. We believe there is much greater scope for returnship schemes aimed at women working in a range of occupations. As Close the Gap point out, “there are a number of good practice examples in this area” which could be used to inform a wider roll out of similar initiatives.

Apprenticeships

207. The Government has committed to creating three million new apprenticeships starts in England between 2015 and 2020. From 2017 an Apprenticeship levy will be rolled out and paid by 2% of UK employers. It will raise over £3 billion a year by 2019–20, £2.5 billion of which will be spent on apprenticeships in England. Ensuring that older people have access to these apprenticeships and funding for them was raised by many contributors to our inquiry including the CMI; UKCES; and Business in the Community.

208. Apprenticeships for older workers were recommended by Baroness Altman in her role as Business Champion for Older Workers. However, concerns have been raised that the focus on apprenticeships for young people has come at the expense of training opportunities for older workers. The Government’s own impact analysis of its apprenticeship policy warned that mandating 20% off the job training for apprenticeships could have an adverse effect on older employees.

Older learners (aged 25+) are likely to be more affected by this policy change. The change is intended to be positive—ensuring older learners receive a more rigorous training experience but there is a risk that Apprenticeship opportunities for older learners will decrease. This risk will need to be monitored.¹⁶⁴

¹⁶² Women Returners Ltd (GPG0022)

¹⁶³ F1 Recruitment (GPG0009)

¹⁶⁴ BIS [Apprenticeship Reforms, Equality Impact Assessment](#), September 2014

209. The Minister of State for Skills placed significant emphasis on the role of apprenticeships in tackling the gender pay gap and helping older women return to work. He referred to “apprenticeships” 30 times during the course of giving oral evidence to us. Answering a question on woman returners he said:

I am going to perhaps sound as though my pet scheme, the apprenticeship levy, is the answer to every single problem in government, but I think it has a very important role to play in this.¹⁶⁵

He explained that he expected the apprenticeship levy to lead to “many opportunities for apprenticeships to take people in their 40s and 50s to whole new skill levels and then hopefully to better earnings as a result.”¹⁶⁶

210. However, Monika Queisser from the OECD warned us that apprenticeships, as currently set up, might not be the easiest scheme for women returners to participate in.

I also think that you have to work a little bit more on the demand side, by which I mean with women themselves, because it is not clear to many of them how much they will have to do from their side. Entering into a new apprenticeship is a lot of work, particularly if you have stopped working and still have children at home.¹⁶⁷

211. Neil Carberry from the CBI also pointed out that it was important to ensure that apprenticeships were offered at higher levels which would make them much more suitable for women looking to upskill. He felt the new independent Institute for Apprenticeships, which will regulate the positions offered, could play a role in achieving this.

212. There is clear Government support for the use of apprenticeships as a mechanism to help women return to work. However, they will need to be better designed and branded to appeal to this group, particularly in terms of access. For women looking to increase their skills, or change occupation, apprenticeships could be a good solution. However, it should be remembered that many women returners will already have the skills and experience they need to function well in the job market and different measures are needed to help them.

Other strategies

213. A number of alternative strategies have been proposed to support women returners back into work. These include:

- More government support for training programmes aimed at older jobseekers as well as the restoration of funding to the adult education sector which has long been a route for women to retrain and gain new qualifications after long periods out of the labour market or in low skilled, low paid work (TUC)

¹⁶⁵ Q244

¹⁶⁶ *ibid*

¹⁶⁷ Q46

- Employers collecting data on women returners and women who have left after having children to understand the barriers they may face to continued employment with that organisation. This information should be used to develop programmes to support women returners (Close the Gap)
- Stronger financial incentives to encourage older workers to remain in, or re-enter, the labour force, such as payroll tax deductions for their employers (Business in the Community)

214. Improved careers advice for older workers was an idea raised several times during the course of our inquiry. UKCES cited recent evidence from a pilot project of mid-life career reviews for people between the age of 45 and 64:

Over 3,000 adults took part in reviews across England during the pilot period in 2013–2014. ...More than 8 in 10 people felt their self-confidence and belief in their skills and experience were boosted, along with other positive outcomes. The mid-life career review has real potential for helping older women workers reconsider their options and broaden their horizons.¹⁶⁸

215. Mid-life career reviews were also endorsed by Christopher Brook from Age UK who said they were “a very effective way ...and very low cost”¹⁶⁹ way of helping people plan their later working lives.

216. Many of the solutions proposed to support women returners show evidence of previous success. As such they need to be considered as part of a wider, national strategy on supporting women back into work.

Teachers

217. We heard specific evidence on the difficulties teachers face returning to work after a break. This is particularly concerning given the recruitment crisis outlined in Chapter 4. Amanda Brown told us that there was little help available for teachers looking to re-enter the workforce:

Many of the unions—and we do as well—put on courses for returners to try and re orientate and upskill themselves to come back. ... However, there is little from Government or employers around that. It is mainly coming from teacher organisations themselves.¹⁷⁰

218. When questioned on this issue, the Secretary of State said:

There are people who do not need to have lots of courses to go back. They have the skills; they have the knowledge; and what they need is a supportive boss who is prepared to offer them the hours that will enable them to juggle their work. We absolutely make it very clear in the Department that is what we expect to see.¹⁷¹

168 UK Commission on Employment and Skills ([GPG0037](#))

169 Q133

170 Q84

171 Q224

On the specific question of whether it is up to headteachers to organise these schemes she said that “there are all sorts of national schemes offered by training providers. Schools themselves make the decision about the training that they wish to send their staff on.”¹⁷²

219. It is surprising that in sectors where the UK needs the skills and experience of women who have left the workforce, more is not being done to help and encourage them back into work. Evidence suggests that it is not enough to hope that individual schools will reach out to women returners and facilitate their much needed re-entry into the profession.

Recommendations

220. *Our key recommendation is that:*

- *The first task of the Government’s new ministerial group on the gender pay gap should be to create a National Pathways into Work scheme for harnessing the skills and experience of women over 40. This scheme would give women a clear entry point into a support system offering careers guidance; retraining where necessary; and information on local skills shortages and job opportunities.*

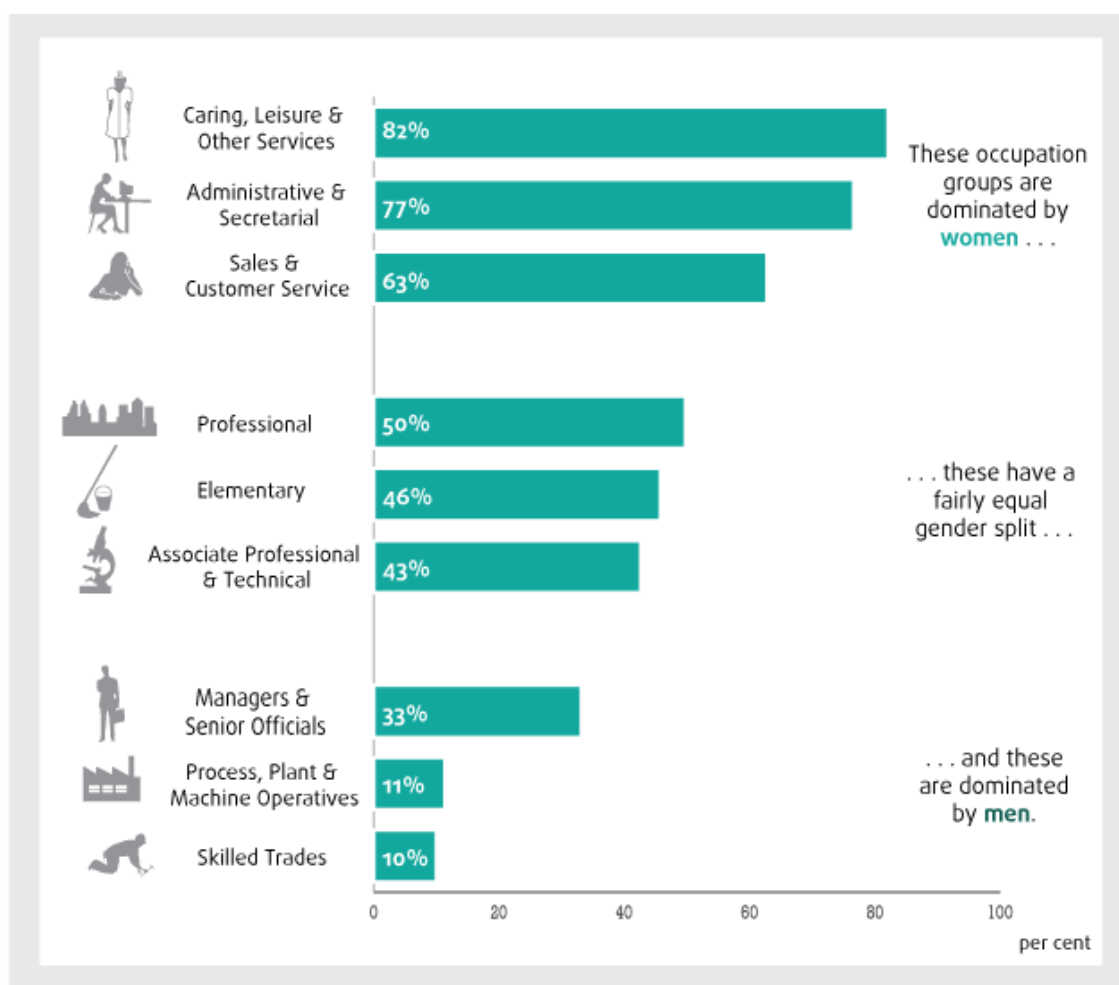
221. *We also recommend that:*

- *The Institute for Apprenticeships should immediately investigate how its forthcoming guidance and standards on apprenticeships can ensure that older workers looking to improve their skills, change career path or re-enter the workforce, are able to benefit from apprenticeship funding and submit its finding to us. This investigation must include looking at how apprenticeships can be branded to appeal to older workers.*
- *The Department for Education should fund and co-ordinate a sector specific national scheme to support women returners back into teaching.*

7 Tackling low pay in highly feminised sectors

222. A significant proportion of the UK's gender pay gap can be attributed to high levels of occupational segregation. As the chart below shows, women remain concentrated in lower paid occupations compared to men.

Figure 13: The percentage of workers in each occupation group that are women, April to June 2013, UK



Source: Labour Force Survey, Office for National Statistics

223. The data in Chapter 2 shows that this is a particular problem for older women, over half of whom work in just three sectors (public administration, health and education).

224. The Government has highlighted the importance of careers advice and getting more girls to take up STEM subjects as a means of tackling occupational segregation. This does not address the issues faced by the many women over 40 working in highly feminised sectors. Their low pay is a significant factor in the gender pay gap. In this chapter we will examine pay levels in highly feminised sectors and recommend strategies to address the problem of low pay.

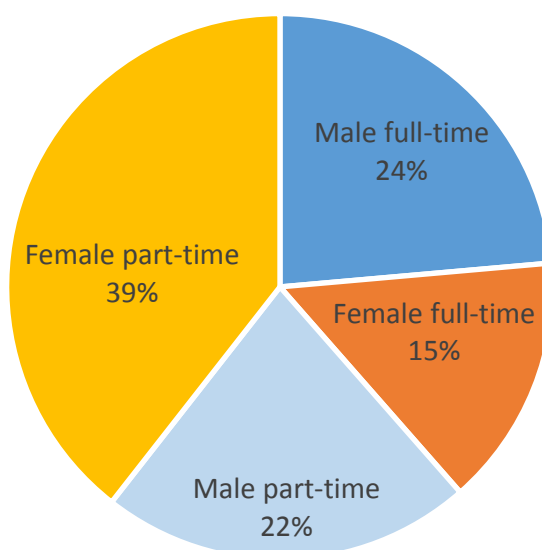
Low pay in highly feminised sectors

225. Women hold the majority of minimum wage jobs (some 59%), and female part-timers hold 41% of minimum wage jobs, almost twice as high as their share of all jobs.¹⁷³ The sectors with the most minimum wage jobs were hospitality and retail, which account for just over 45% of minimum wage jobs followed by social care, cleaning, and employment agencies which each accounted for between 6–7 % of such jobs.¹⁷⁴

226. In the adult social care sector 82% of employees are female. The median hourly wage is £7.10 per hour. However, when travel time is accounted for this reduces pay levels to £5.75 an hour, below the minimum wage of £6.70 an hour.¹⁷⁵ In the commercial cleaning sector almost 80% of the workforce is female and part-time. Over a quarter are aged between 45 and 54. Median pay is very low with around a quarter of all workers earning the minimum wage in 2013, rising to around one third among female part-timers.¹⁷⁶

227. As we have discussed in Chapter 4, the issue of low pay is particularly pronounced for part-time workers.

Figure 14: More than half of those paid less than the living wage are part-time workers, mainly women



Source: Annual Survey of Hours and Earnings, ONS April 2015

228. One explanation for this lower hourly pay is the fact that women tend to be concentrated in lower skilled jobs. 47% of women work in jobs classified as low skilled, compared to 18% of men.¹⁷⁷ For women aged over 50 this may be correlated to educational levels as they have the lowest levels of formal qualifications in the UK workforce. However, research by the Fawcett Society into low paid women found that 22% were educated to degree level.¹⁷⁸ This figure was similar across those with and without children, and the

¹⁷³ Low Pay Commission [National Minimum Wage Low Pay Commission Report](#) 2015 Cm 9017, HMSO.

¹⁷⁴ Ibid para 2.17

¹⁷⁵ Penrose Care ([GPG0065](#))

¹⁷⁶ EHRC [The Invisible Workforce: Employment Practices in the Cleaning Sector](#) August 2014

¹⁷⁷ ONS [Women in the Labour Market](#) 2013

¹⁷⁸ Fawcett Society [The Changing Labour Market](#) August 2014

most common explanation for it was a lack of jobs. This shows that whilst caring and the need for flexibility are important, women without children also face barriers in accessing high quality work.

229. Addressing the issues faced by women at the bottom of the labour market is critical to reducing the gender pay gap. All too often the position of these women is neglected. The Government has focused on increasing the number of women on boards and supporting women into executive roles rather than examining what can be done for women at the bottom of the labour market.

230. A similar focus on professional women can be seen in the strategies adopted by sectors and institutions. The higher education sector has been widely commended for its progress in reducing the gender pay gap. The higher education sector has reduced its overall gender pay gap at a greater rate than the economy as a whole:

Table 3: Gender pay gap in the higher education sector

Gender pay gap* in the higher education sector				
	All employees (full and part-time)		Full time employees	
	Higher education sector	All sectors	Higher education sector	All sectors
April 2014	13.5%	9.6%	16.0%	19.2%
April 2015	11.1%	9.4%	14.7%	19.2%
Rate of reduction	17.8%	2.1%	8.1%	0.0%

* Calculated using median gross hourly earnings (excluding overtime)

Source: Annual Survey of Hours and Earnings Office for National Statistics

231. But as Helen Fairfoul from the Universities and Colleges Employers Association pointed out:

Because of the focus on women getting into professorial roles, for example, our sector has not been that good at looking at the lower graded roles. One of the reasons we still have a big number as a gender pay gap is because of the predominance of women in lower graded roles in our institutions, and there is not that much being done in thinking about helping women advance from those positions.¹⁷⁹

232. This lack of interest in how to help women in lower paid occupations progress was echoed by Emma Stewart:

We have run a number of projects to look at how we can progress low-paid workers in our organisation. There is not a lot of evidence because there has not been a lot of investment in this area of work; people do not invest in low-paid workers.¹⁸⁰

233. Women over 40 are concentrated within highly feminised, low paid sectors. Their low pay and lack of progression play a significant part in the gender pay gap. There must be more focus and investment aimed at these low paid employees if the goal of reducing the gender pay gap is to be achieved.

179 Q209

180 Q205

Productivity and fiscal benefits

234. ONS data from 2014 shows UK productivity was 20 percentage points below the average of the rest of the G7 countries, the widest productivity gap since 1991 when the ONS data series began. New analysis by the IPPR and Joseph Rowntree Foundation points to the role played by low wage sectors in this gap. It concludes that:

A high proportion of the UK's weak productivity performance relative to our international competitors in Western Europe is due to differences in productivity levels between low-wage sectors in the UK and those same sectors in other countries. Were we to raise productivity levels in low-wage sectors to levels seen elsewhere, the UK could close a third of the productivity gap with leading Western European economies.¹⁸¹

235. Low pay sectors also generate a significant fiscal cost. 26% of the workforce work in low wage sectors, but 48% of working tax credit expenditure is accounted for by these sectors.¹⁸² Improving pay and productivity in these sectors would reduce spending on tax credits and also increase tax receipts.

Impact of the national minimum wage

236. The introduction of the national minimum wage (NMW) has had a significant impact on women's earnings and thus the gender pay gap. Research from the Low Pay Commission shows that the gender pay gap among the lowest paid fell from 12.9% when the NMW was introduced in 1998 to 5.5% in 2014.¹⁸³ Analysis by the Fawcett Society in 2014 found that raising the NMW from £6.60 per hour to the Living Wage of £7.65 nationally, and £8.80 in London, would immediately reduce the gender pay gap by 0.8%. According to JRF, the cost of every part of the UK public sector becoming an accredited Living Wage employer, and including contracted out services within this, would be an estimated £1.3bn.

237. Although the NMW will not be raised to the levels suggested by the Fawcett Society and JRF, from April 2016, it will increase to £7.20 an hour with the aim of it rising to over £9 an hour by 2020. In addition to raising the wages of low paid women, and thus reducing the gender pay gap, this may also have other effects on low paid sectors and occupations. Helen Fairfoul explained what she thought the impact of rising minimum wage levels would be on the higher education sector:

[It] is forcing employers into rethinking productivity, job design and tiers of jobs in the lower sections of the workforce. In some ways [higher minimum wages] will prompt some much more imaginative thinking because it will have to, because otherwise there will be a bigger productivity problem because we will just be paying more money and not getting anything more in terms of productivity.¹⁸⁴

238. The lack of investment in raising the pay and productivity of women working in low paid sectors is short-sighted. We welcome the forthcoming rise in the National

181 IPPR A strategy for boosting productivity in low-wage sectors forthcoming 2016

182 DWP [Family resources survey](#) June 2014

183 Low Pay Commission [National Minimum Wage Low Pay Commission Report](#) 2015 Cm 9017, HMSO

184 Q218

Minimum Wage and recognise this will contribute towards reducing the gender pay gap. However, levels of productivity in low paid sectors need to be addressed. Taking action in this area will reduce the gender pay gap, improve the UK's productivity and bring fiscal returns through reduced benefit payments and increased tax receipts.

Flexibility

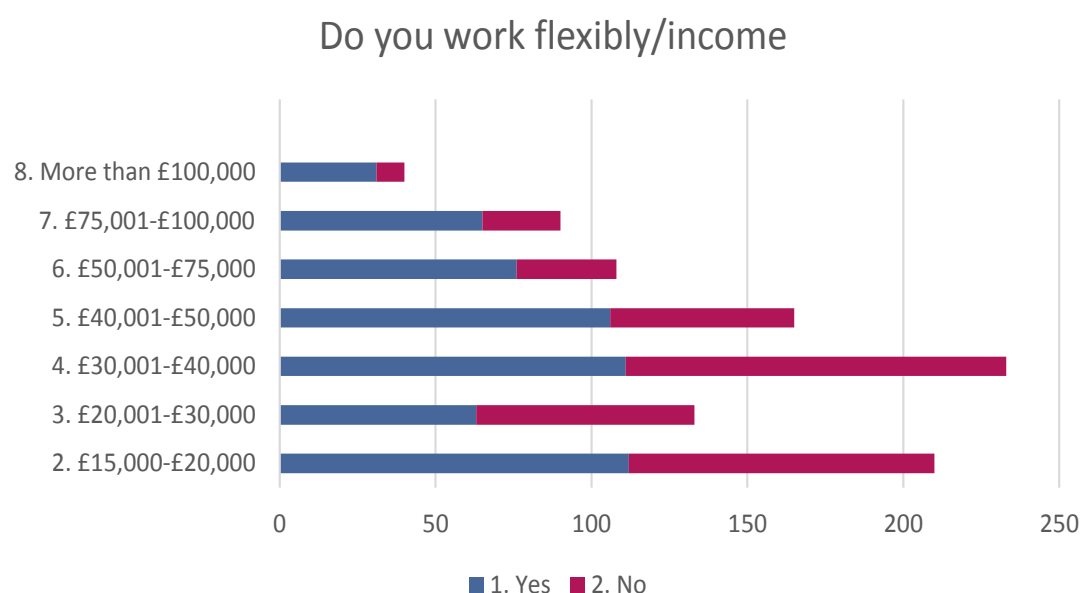
239. Research from the Timewise Foundation has found that there are 1.9 million people, currently trapped in low pay who could do better skilled work if they had access to flexibility. These are predominantly parents, people aged over 50 and disabled people who hold the necessary qualification levels to attain a more skilled job. A large majority, 1,559,000 people, are currently in part-time work below the pay rate for a quality job. A further 154,000 people are not working and seeking part-time work. More should be done to help these people find flexible work at the right skill level.

240. We have heard extensive evidence on how difficult it is for people in lower paid sectors to access flexible working, rather than low paid part-time working. As Christopher Brooks from Age UK observed:

It is really clear that flexible working is a lot less available to people working in lower-skilled roles. If you are a professional, it is a lot easier to access it. That has a detrimental impact on women.¹⁸⁵

241. Recent research from the Modern Families Index shows that flexible working is more available to those on higher incomes:

Figure 15: Availability of flexible working by income



Source: Working Families and Bright Horizons, Modern Families Index 2016¹⁸⁶

185 Q123

186 The Modern Families Index is based on an online survey. Online surveys are not always fully representative of the whole population as they can exclude poorer households and over-represent those with stronger IT skills.

242. Sarah Jackson from Working Families explained which employers were currently more reluctant to think about flexibility:

Businesses that think of the people they employ as unit costs, rather than as the assets who are helping them to deliver their business success, are where you will find far less flexible working ... That is really what we have to tackle. We need to get to a position in the UK where our business leaders, in every sector, understand that, to succeed, their people have to have the support they need to manage their lives outside work. As the leading organisations have already proved, time and again, you get the performance back if you invest in people, you trust them and you treat them well.¹⁸⁷

243. Emma Stewart saw current labour market conditions as offering some hope for increased interest in flexible working. “Employers are certainly more open to the conversation [on flexible working] because they need to compete harder for talent, even at the lower levels.” She described the work Timewise have been doing in this area as an example of how flexibility can work in lower paid roles:

We have done a piece of work with Pets at Home ... to effectively take women off the shop floor. What Pets at Home have done is redesigned managerial and assistant manager jobs to be done on a job share, part-time or flexible basis. They have a great training programme. They have great women, but the women’s attrition rates are poor. They are losing women. The business case is that they need to keep good skills, and the way to do that is not to invest in training—they do not need to—but to take the next-level-up job and make that flexible.¹⁸⁸

244. Some women in low paid jobs do not need further training or skills to get better paid employment. They simply need access to flexible work at the right skill level. There are projects that demonstrate that higher paid posts in sectors like retail can be worked flexibly.

Training opportunities

245. For women that do need more training to improve their pay prospects and opportunities there can often be barriers to accessing this. Anna Ritchie Allan used the example of admin workers to illustrate some of the barriers facing women:

Low paid, part-time female workers [are] the least likely to receive any type of training. There is the issue of availability of training and whether or not it is held within the hours that a part-time worker is working, but particularly looking at admin, it is very, very unusual to find a clear progression pathway from an admin job into a non-admin job.¹⁸⁹

246. This is significant because 23% of women aged over 50 work in administrative or secretarial roles.¹⁹⁰ Although older women are more likely than older men to benefit from training in the workplace, and also more likely to work in organisations that offer

¹⁸⁷ Q160

¹⁸⁸ Q205

¹⁸⁹ Q132

¹⁹⁰ TUC [Age Immaterial](#) February 2014 p10

training,¹⁹¹ there is also evidence that being part-time or having caring responsibilities can impede access to training. As women are disproportionately carers and part-time workers this is likely to impact them more than men. Furthermore, as Age UK point out:

Those on low pay or in insecure jobs may receive little or no training, or, if on casual contracts, may have to pay for their own training. Women often fall into these categories.¹⁹²

247. Specific cuts to training budgets were also raised by unions. UNISON pointed out their Unionlearn scheme, which engages a quarter of a million working people into learning, working with 2,500 private companies and public sector employers, had faced funding cuts.

248. Baroness Wolf also raised the issue of cuts to further education particularly impacting women:

There has been a consistent move in the sector I work on, which is higher education, towards pushing funding and support away from part-time students—this is about not just fully fledged degrees, but also further education—and away from older students and towards young, full-time students. ...If people are coming back in, they are finding it harder than they did 20 years ago to get meaningful, supported reaccréditation, requalification and retraining. And women, because they have had the interruptions, are the most penalised.¹⁹³

249. When questioned on this area, the Minister for Skills once again referred to the apprenticeship scheme as an effective route into retraining and upskilling. As discussed in Chapter 6, we recognise the potential for apprenticeships to fill this gap, but they must be better structured and marketed to meet the needs of older women.

250. The Government is committed to increasing funding for training and development through the Apprenticeship Levy. However, the evidence shows that women who work part-time are often unable to access training opportunities. **It is imperative that women in low paid occupations have access to training where it is needed to improve their opportunities to progress. There is a clear opportunity for more national, regional and local strategies to support this work.**

Care sector

251. The health and social care sector is the largest sector by employment in the UK economy, representing over 13 per cent of total employment in the year up to September 2014. The vast majority (just under 80%) of employees in this sector are female, and there are also a larger proportion of older workers (aged 50-64) working in health and social care compared to the economy as a whole. These demographics show how important this sector is in addressing some of the issues faced by older women.

¹⁹¹ *ibid* p24

¹⁹² Age UK ([GPG0054](#)) para 3.20

¹⁹³ Q28

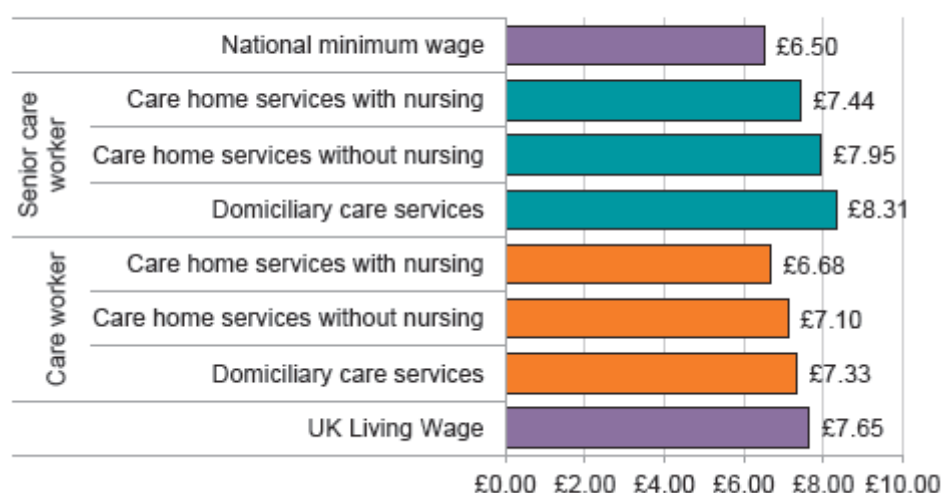
252. The impact of problems in the social care sector on the gender pay gap were raised by several witnesses to our inquiry including Robert Stephenson-Padrose:

You have about 12 million female workers in England and about 1.2 million female workers in social care—so if a large number of them have very poor working conditions their poor working conditions feed into the national gender pay gap.¹⁹⁴

Figure 16: Mean hourly pay rates for different types of care worker, 2013-14

Chart 75: Mean hourly pay rates by service group

Source: NMDS-SC workforce estimates 2013/2014



Note: UK Living Wage here refers to the Living wage Foundation's National rate announced in November 2013

Source: NMDS-SC workforce estimates 2013/2014

253. As shown above, wages in all parts of the care sector are low. The problem of social care workers not being paid for travel time means already low hourly wages can often fall below the NMW. Robert Stephenson-Padrose points to data from Lang and Buisson which suggest that average travel time for care workers in England is 19% of their work time. He argues that this implies that a typical home care worker in England receives an effective gross wage of £5.75/hour.¹⁹⁵

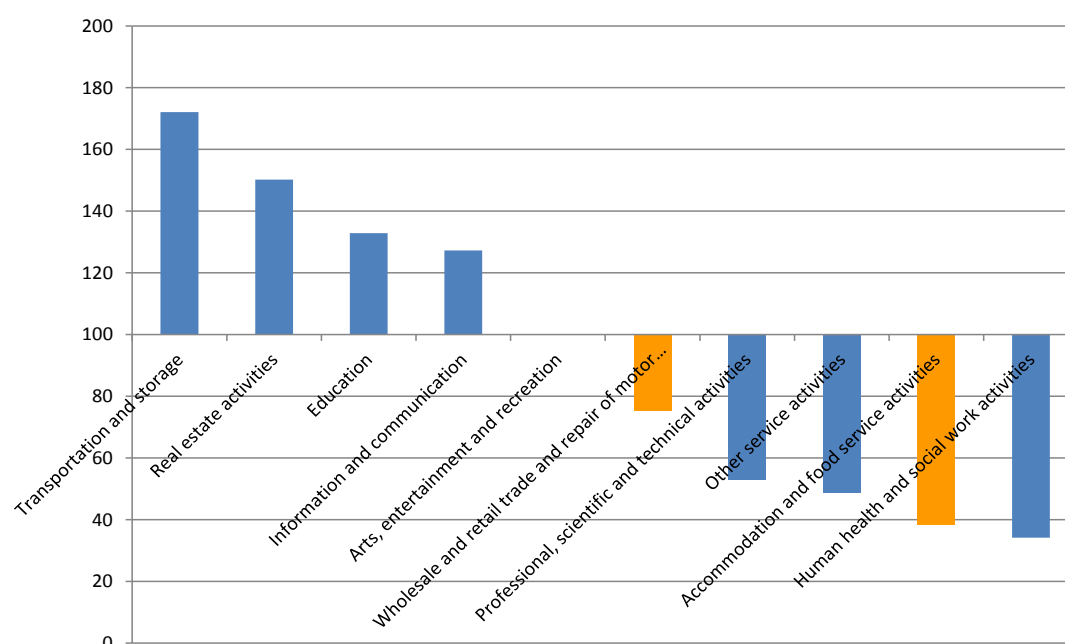
254. In addition to low wages, other issues in the care sector include: the high turnover of staff, estimated as being over 30% in England;¹⁹⁶ poor job design and management; and low levels of training. As the chart below demonstrates, levels of investment in care sector employees are extremely low:

194 Q102

195 Penrose Care ([GPG0065](#))

196 NMDS-SC [Key Information and Statistics Report](#): Dec 2015

Figure 17: Net capital expenditure per worker by sector, relative to all business sectors (excluding financial services)



Source: IPPR (2016 forthcoming) analysis using the Annual Business Survey, 2015

255. Despite the many problem faced by the care sector it is an area of growth within the UK economy. As a recent Government evidence report by UKCES points out:

Given the size of the sector by employment, and its importance in keeping the UK population healthy and active, skills and performance challenges facing the health and social care sector can have a major impact on the wider UK economy.¹⁹⁷

256. Despite clear evidence of the importance of the care sector and the endemic problems it is facing, there is currently no overall Government strategy focusing on addressing these issues. One solution suggested to overcome this is the creation of an industrial strategy for the care sector. As Claire Turner of the Joseph Rowntree Foundation explained:

We know that we can create industrial strategies for high tech, advanced engineering, but we do not do the same for low pay. If you took care as a sector, we would feel that would be a priority area for an industrial strategy. The things that are linked to productivity in those service sectors are things around workforce development. For us, thinking at scale about this in terms of an industrial strategy for these sectors would be a way of linking workforce development and pressure with productivity.¹⁹⁸

257. One of the advantages of this approach is that it demonstrates that care is sector of key national and strategic importance. As we demonstrated in Chapter 2, caring has long been undervalued as a profession. However, it is a growth area with great potential for productivity gains and cannot easily be outsourced abroad.

¹⁹⁷ UKCES [Sector insights: skills and performance challenges in the health and social care sector](#) May 2015 p36

¹⁹⁸ Q205

258. Analysis of the care sector by JRF shows it aligns well with the Government's own five drivers for productivity growth: investment in physical capital; improving skills and human capital; greater innovation and more R&D; competition; and enterprise.¹⁹⁹

259. When questioned on the feasibility of an industrial strategy for the care sector, the Minister for Skills told us it was more a matter for the Government's skills strategy:

There are a lot of people thinking about [improving skills and earning potential], but it just does not specifically constitute an industrial strategy. The care sector would be a bit surprised to be considered an industry with a need for a strategy by BIS. It needs help with the skills of its workforce, so that it is able to provide excellent care and pay people higher wages.²⁰⁰

260. It is clear that improving skills in the care industry is essential to increasing productivity. However, the industry also suffers from significant market failures, a lack of investment and a lack of strategic thinking about how to address these problems. An industrial strategy for care, championed by BIS, would demonstrate the Government's commitment to a joined up approach to the significant problems faced by the industry. This would drive efforts to improve the pay and productivity of 1.2 million low paid women working in the sector.

Supporting pay progression

261. A key issue raised regarding pay progression was the question of how to pay women more if they do not wish to move away from front-line services. This is particularly relevant in the care sector. As Claire Turner told us:

We need to think about supporting career progression on frontline roles, rather than thinking that progression is all about becoming a manager of others delivering frontline. It is: how can we create better jobs that are working on the frontline?²⁰¹

262. One suggestion from Robert Stephenson-Padrose involved offering additional front-line training to care workers. This is a model adopted by Penrose Care which uses training to enable social care workers to offer premium services that can attract customers willing to pay extra for more skilled workers.

263. Career ladder schemes were also suggested as an effective way of supporting pay progression. Claire Turner outlined evidence from the US which showed these schemes, where brokers help individuals get into employment, or progress to better employment, can be very successful. An evaluation of three programmes in the USA found that, compared to a control group, participants:

- earned about \$4,500 (18 per cent) more over the course of study, and 29 per cent more in the second year
- were more likely to find employment and be in work consistently

¹⁹⁹ IPPR A strategy for boosting productivity in low-wage sectors forthcoming 2016

²⁰⁰ Q275

²⁰¹ Q204

- were more likely to work in jobs that paid higher wages (around 14 per cent higher in first year and 55 per cent higher in the second year)²⁰²

264. Claire Turner called for local authorities and local enterprise partnerships to take a lead role in developing and trialling similar brokerage programmes here. These would aim to support businesses in low paying sectors to increase their productivity by developing their workforce practice and developing the individuals within their workforce.

265. Emma Stewart also described how effective she had found brokerage systems in terms of accessing flexible working:

One of the best things you can do and what worked in the pilots that we ran, which was taking a group of women in low pay and getting them better jobs, was to broker on behalf of the candidate to the employer to say, not dissimilar to a Jobcentre Plus model, “I have great candidates. I can give you them for free, but would you consider flexing the way the job is done” ... In most instances, having seen the candidate’s CV, the employer said yes.²⁰³

266. The role that local and regional bodies, in particular Local Enterprise Partnerships (LEPs), could play in facilitating career ladder schemes was emphasised by both Emma Stewart and Claire Turner. However, this would require them to change their current focus as Emma Stewart pointed out:

The challenge at the moment is that the LEP model is very much, certainly in some areas, focused on careers and young people.²⁰⁴

267. Changing the focus of LEPs to include a focus on women in low paid sectors could have other positive impacts. LEPs could also be an effective vehicle for investing in support for managers in the care sector. Emma Stewart argued that a focus on the care sector would fit well with their remit:

They are supposed to have a demand-side employer-driven function of thinking about low-paid sectors and investing in how to support low-paid sectors where there is not enough inward investment, to help their managers to think more creatively and differently, and to align with the use of technology. The [care] sector itself has no capacity to invest in it and to invest in its own managers. That is an opportunity that is not being addressed at a regional level.²⁰⁵

268. **There is significant scope for Local Enterprise Partnerships to address some of the issues faced by women in low paid sectors through brokerage services and investment in training.** Regional solutions to the problems of women’s progression out of low pay have shown evidence of success elsewhere and should be given more support by central Government.

202 JRF [How cities can connect people in poverty with jobs](#) 2015

203 Q207

204 Q216

205 Q215

Recommendations

269. Our key recommendation is that:

- *The Department for Business and Skills should develop industrial strategies for low paid highly feminised sectors, beginning with the care sector. This would bring together policies on training and skills; increasing productivity; the use of technology and innovation; regulation; and the role of LEPs .*

270. We also recommend that:

- *Local Enterprise Partnerships should include lower paid women employees as a key focus for their work. Government funding should be made available to help LEPs to pilot career ladder models which use brokers to help women access improved training and better paid flexible working opportunities. This could be included as one strand of the National Pathways into Work scheme we recommend in Chapter 6.*
- *The Department for Business Innovation and Skills should set up an employers' forum for organisations working within highly feminised, low paid sectors like retail, care and hospitality as part of its national campaign to promote flexible working. This would share best practice in flexible job design and career progression within these low paid sectors.*

8 Making GPG reporting regulations work

271. New regulations compelling organisations with more than 250 employees to publish their gender pay gap figures are a central plank of the Government's strategy to reduce the gender pay gap in a generation. The Secretary of State for Equalities told us:

They are a very important part of tackling the gender pay gap for the reasons we have already discussed, which are transparency, concentrating the mind and helping people make employment decisions.²⁰⁶

272. Gender pay gap reporting regulations are included under section 78 of the Equality Act 2010, but have not been enacted to date. However, an amendment in the Small Business and Enterprise Act 2015 stipulated that:

The Secretary of State must, as soon as possible and no later than 12 months after the passing of this Act, make regulations under section 78 of the Equality Act 2010 for the purpose of requiring the publication of information showing whether there are differences in the pay of males and females.²⁰⁷

The Act was passed on 26 March 2015 under the Coalition Government.

273. It is therefore incumbent on the Government to bring gender pay gap reporting regulations into force. In the summer of 2015 a consultation was held and on February 12 2016 draft regulations were published. These regulations apply to private and non-profit organisations with 250 employers or more and stipulate that:

- organisations will have to publish their gender pay gap figure for both mean and median pay levels annually;
- the figure published does not have to be broken down by age, part-time status, or any other factor;
- there are no enforcement mechanisms to ensure organisations publish gender pay gap figures other than the possibility of publicising the identities of organisations that don't comply;
- organisations will have to publish the number of men and women in each salary quartile of their pay range.

How much impact will reporting have?

274. The evidence we received suggests that reporting regulations are largely welcome and can play a part in concentrating organisations' minds on where pay gaps exist and how they might be reduced. However, the limitations of pay gap reporting were emphasised by many witnesses, including Duncan Brown, from the Institute for Employment Studies:

²⁰⁶ Q235

²⁰⁷ Small Business, Enterprise and Employment Act 2015 [section 147](#)

It will be a useful stimulus to action but it is not a silver bullet. It highlights issues that other measures are needed to address²⁰⁸

275. Several organisations pointed out the difference between reporting on a gender pay gap and taking action to remedy the gap. The CIPD were concerned that:

The proposals in themselves ...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.²⁰⁹

276. Another concern raised about the reporting regulations focused on widespread misunderstanding of the gender pay gap itself, as explained in Chapter 1. The CBI warn that:

It is vital that the difference between equal pay and the gender pay gap is understood, otherwise businesses run the risk of facing an increased level of unwarranted and misunderstood equal pay claims when they report a gender pay gap in their company.²¹⁰

It is also important to be clear that gender pay gap figures are not necessarily correlated with how well an organisation treats women. For example, an organisation could have no gender pay gap because it employs no women. Conversely, a male dominated organisation which increases the number of female apprentices it employs would see a very high gender pay gap.

Could the regulations have more impact?

277. We heard a number of suggestions for improving the impact that gender pay gap reporting could have. These included: breaking down pay gap figures by age and part-time status; mandating action where gender pay gaps exist; and reducing the threshold for organisations covered by the regulations.

Reporting data by age and part-time status

278. The data clearly show that older women and those who work part-time are most affected by the gender pay gap. Current proposals on reporting regulations do not include a breakdown of pay gap data on those grounds. In its response to the original gender pay gap consultation, the Government acknowledged the role such a breakdown could play, but did not mandate it:

Calculating separate gender pay gap figures for full-time and part-time employees can provide information that is useful for those employers with a large part-time workforce (i.e. as women are much more likely than men to work part-time). However, we agree that publishing separate figures for full-time and part-time workers may not be useful or appropriate for many employers or employees.²¹¹

208 Q166

209 Chartered Institute of Personnel and Development (CIPD) ([GPG0041](#)) para 4

210 CBI ([GPG0053](#))

211 GEO [Closing the Gender Pay Gap Government response to the consultation](#) February 2016 p 15-16

279. The evidence we heard strongly supported breaking gender pay gap figures down by age and part-time status. As Michael Newman of the Discrimination Law Association told us:

We know that there is a difference in terms of the gender pay gap between part-time and full-time workers. We know that there is a difference in terms of age categories. The only way that that can be measured is by feeding that into the pay reporting requirements.²¹²

280. Both Shelia Wild, from the Equal Pay Portal, and the CIPD argued that breaking down the data would give organisations the impetus needed to tackle the particular issues faced by older women and those working part-time.

281. The evidence is clear that women over 40 and those working part-time experience the most pronounced gender pay gap. Breaking down gender pay gap statistics by age and part-time status will help organisations to understand and address any issues faced by women in these groups.

Turning reporting into action

282. Although organisations with more than 250 employees will be mandated to report on their gender pay gap annually, there is nothing in the regulations to mandate them taking action if they find a pay gap. The reliance on voluntary action to bring about change was raised by many responding to our inquiry including the Scottish Women's Convention:

Beyond publication of the information, there is no obligation for a company to do anything about any gender pay gap which occurs within their organisation. Many women have commented on the fact that this requirement is “nothing more than a tick-box exercise”, which will, in real terms, has very little impact on the pay gap. This is particularly the case for older women, who are often undervalued within workplaces.²¹³

283. One suggestion for ensuring action is taken was the idea of mandatory narratives, or action plans. Close the Gap, the University and College Union and the Fawcett Society were amongst those calling for these measures. The TUC said organisations should be required to publish an evidence-based analysis of the main causes of the gender pay gap, as well as outlining the action they would take to narrow it, and reporting on progress against that. They argued that this worked elsewhere:

Examples of gender pay reporting from other countries like Finland, Germany, Sweden and France highlight that this action-based approach is more common than a requirement to just publish statistics.²¹⁴

284. The specific issue of how well voluntary action would work in low paid, highly feminised sectors was raised by the Discrimination Law Association (DLA). It pointed out that the system of pay gap reporting currently proposed is based on the premise that organisations will compete against each other to drive down their gender pay gap. However, this is much less likely to occur in sectors like cleaning, retail and care where

212 Q191

213 Scottish Women's Convention ([GPG0010](#))

214 TUC ([GPG0014](#))

many older women workers are concentrated. According to the DLA, competition is only likely to arise “in the same sector, and only where there is competition for the same pool of employees, who have relative freedom to choose their employer.”²¹⁵ The evidence shows that women working part-time in lower paid sectors face constrained employment choices and are therefore less likely to benefit from these measures.

285. There was some support from business for publishing narratives alongside pay gap figures, but a strong reaction against this being mandatory. As Tim Thomas from the EEF explained:

From an employer’s perspective, yes, we would like to see a narrative included. We would like to see employers encouraged to provide a narrative. We would like to see Government using guidance to indicate what the narrative could include, but we do not think it is something you could or should prescribe in regulation.²¹⁶

286. The Government has said it will “strongly encourage “employers to provide an accompanying explanation of their figures but that “requiring employers to provide this contextual information may be considered overly burdensome.”²¹⁷

287. Whether narratives are mandatory or not, the key point arising from the evidence we gathered was that organisations need to see publication of their gender pay gap as the start of a process, rather than an end in itself. As the CBI pointed out:

If it is to make a real difference, reporting must be a prompt for firms to question why their gap exists and develop a tailored plan to tackle it that will be effective in their workplace.²¹⁸

288. If gender pay gap reporting is to have any impact it must help employers understand why pay gaps exist and lead to action to address these problems. It must be seen as the beginning of a process rather than the culmination of a tick box exercise.

Reducing the threshold from 250

289. Many of the submissions we received called for the threshold for the gender pay gap reporting guidelines to change so organisations with fewer than 250 employees would be covered. The following table summarises some of those responses:

Table 4: Gender pay gap reporting guidelines

Organisation	Recommendation
Science Council	Should apply to organisations with fewer than 250 (58% scientists work in organisations with fewer than 250 employees)
Family and Childcare trust	Government should look into extending to organisations with fewer than 250
Close the Gap	Should apply to smaller organisations where more women work

²¹⁵ Discrimination Law Association ([GPG0042](#)) para 24

²¹⁶ Q171

²¹⁷ GEO [Closing the Gender Pay Gap Government response to the consultation](#) February 2016 p 20

²¹⁸ CBI ([GPG0053](#)) para 12

Organisation	Recommendation
TUC	Threshold should be 150 to mirror Public Sector Equality Duty
Royal Institute for British Architects	Organisations with more than 30 employees like Finland
UNISON	Mandatory pay reporting regardless of size of organisation
Young Women's Trust	Extend to SMEs in all sectors

290. One argument made against a threshold of 250 employees is that this it excludes small and medium sized enterprises (SMEs) which account for 99.9% of private sector companies in the UK, and the majority of third sector organisations, (62% of these have fewer than 50 employees).²¹⁹ The Government predicts the current regulations will only cover 34% of the UK workforce.

291. It is also the case that the gender pay gap is more pronounced in smaller organisations. Data from the ONS shows that the highest GPG in 2015 for all employees (full time and part-time), and for full time employees only, was in organisations with 20-99 employees.

Table 5: Gender pay gap for median gross hourly earnings (excluding overtime) by employer size band, UK, April 2014 and 2015

Gender pay gap for median gross hourly earnings (excluding overtime) by employer size band, UK, April 2014 and 2015					
Employer size band (number of employees)	2014			2015	
	All employees	Full-time		All employees	Full-time
Below 20	16.4	11.1		16.6	11.4
20-49	20.3	13.6		22.1	14.7
50-99	22.1	14.8		21.4	14.1
100-249	20.1	13.0		19.3	10.2
250-499	18.4	11.8		19.6	13.8
500-999	18.3	10.2		19.3	11.4
1,000 and above	20.4	11.4		20.0	10.2
All	19.2	9.6		19.2	9.4

Source: Annual Survey of Hours and Earnings (ASHE), Office for National Statistics

292. Many witnesses pointed to the fact that the European Commission recommends a threshold of 50 employees for gender pay gap reporting. The higher threshold of 250 employees is only suggested if member states are adopting a requirement for full equal pay audits (see below), which are considerably more onerous than publishing a single gender pay gap figure. The EHRC points to evidence from other European suggesting that lower thresholds may not be “too burdensome”.²²⁰

²¹⁹ Close the Gap ([GPG0036](#)) para 3.5.

²²⁰ Equality and Human rights Commission ([GPG0020](#))

- In Sweden businesses with 25 or more employees have to conduct an equality action plan every three years, which has contributed to a gender pay gap of only 3% for women working in male dominated occupations
- In Austria companies with more than 150 employees must provide gender pay gap information every other year to employees, detailing the pay gap for each occupational group or pay grade
- In Finland, the Equality Act requires employers with more than 30 staff to produce an equality plan to share with employees every other year. This plan must include a pay survey, reporting the gender pay gap within job roles and pay grades.

293. Closer to home, in Wales and Scotland public sector organisations with more than 150 employees are already obliged to publish gender pay gap data under the Public Sector Equality Duty. In January 2016, the Scottish Government put regulations before the Scottish Parliament to reduce this threshold further to public authorities with more than 20 employees. These organisations would be subject to more detailed reporting regulations than those proposed by the UK Government. Since 2013 public authorities in Scotland with more than 150 employees have been required to publish the percentage difference between men and women's hourly pay within their organisation. They are also required to publish their policy on equal pay on the basis of gender, disability, and ethnicity, together with information on occupational segregation in particular grades and roles.

294. The Government has already announced that it will be extending reporting regulations to the public sector. It is likely the threshold for these regulations will be set at 150 employees, consistent with the Public Sector Equality Duty. If this is the case, there will be inconsistency between the thresholds for public and private sector reporting regulations. Given that the private sector has a higher gender pay gap than the public sector, this is difficult to justify.

Table 6: Gender pay gap in public and private sector

	All sectors	Public sector	Private sector
All employees	19.2%	17.2%	25.3%
Full time	9.4%	11.4%	17.2%

Source: ONS Annual Survey of Hours and Earnings 2015 provisional results table 25.6a

295. A number of organisations including the CBI; the EEF (the manufacturers association); the Institute of Chartered Accountants in England and Wales; the Chartered Management Institute; and the Chartered Institute of Personnel and Development said the threshold should remain at 250.

296. The main argument made against reducing the threshold to organisations with fewer than 250 employees is the administrative burden this would place on smaller organisations. In evidence submitted prior to the publication of the draft regulations, the CBI pointed out that one of its members, which employs 22,000 people, “will find it challenging to cater to increased data requests in gender pay gap reporting. A smaller business would likely struggle hugely to try and match this capability, and would find it a considerable resource burden to comply with similar reporting rules.”²²¹

221 CBI ([GPG0053](#))

297. Another reason given for not lowering the threshold is the risk of disclosing individuals' salaries in smaller organisations. Whilst this would certainly be a risk with more detailed reporting figures, it seems unlikely to be the case if just a mean and median figure are produced for organisations with more than 50 employees.

298. The Government's explanation for the threshold stems from Section 78 of the Equality Act 2010, which limits reporting requirements to companies with at least 250 employees. It says this figure had cross-party support in Parliament and in the business community. However, the Secretary of State acknowledged that the current threshold was a starting point:

It is important to start somewhere ... In everything we do in terms of placing regulation on business, we have to think very carefully about the balance between achieving our aim—which in this case is tackling the gender pay gap—and, as we all know as constituency Members of Parliament, smaller businesses that frankly want to get on and run their businesses and are concerned about the costs of compliance. By first demonstrating that this is not an onerous reporting requirement—it is possible to do with software that companies already have—we would take that look to see whether that should be extended.²²²

299. The question of how onerous the regulations would be on smaller organisations was debated by the witnesses we heard from. According to Michael Newman:

Any company that has electronic payroll software, which is the majority of modern employers, has the ability to have gender reporting, because it should be simply pressing a button on a computer that enables people to do this. I am not sure that it needs or requires a large HR department or those sorts of resources, which would be a justification for limiting it to bigger companies.²²³

But Tim Thomas strongly disagreed with this analysis:

The idea that you click a mouse and it is done, quite frankly, does not bear any reality with our members who have been modelling this. You do not press a button and get the gender pay gap ... At the top end, one of our members has 750 pay metrics, which do not fit into the model ONS calculation that I have. At the bottom end, we have smaller businesses with 50 pay metrics. You cannot just press a button: what are the 50 pay metrics?²²⁴

300. One suggestion, proposed by Duncan Brown, was to begin with larger companies and then move more quickly to include those with fewer than 250 employees. This has been how the introduction of pension auto-enrolment was dealt with. Mr Brown pointed to evidence that, with the right support, organisations in other European countries could cope with these regulations:

If Italy can do it with 100 [employees], Finland can do it with 30 and the Netherlands can provide software to help small employers, and Germany and Austria similarly, I do not see why we cannot do that as well.²²⁵

222 Q225

223 Q167

224 Q169

225 Q170

301. **The current threshold of 250 employees only covers 34% of the workforce and excludes smaller organisations which have larger gender pay gaps. It is also inconsistent with the Public Sector Equality duty which applies to organisations with 150 employees. There is international evidence that, with support, smaller organisations can be helped to produce and understand their gender pay gaps.**

Alternative measures to increase transparency

302. Several witnesses suggested that Equal Pay Audits and Equal Pay Questionnaires might offer a better route to pay transparency than regulations on pay gap reporting.

Equal Pay Audits

303. An equal pay audit involves comparing the pay of protected groups who are doing equal work in an organisation, investigating the causes of any pay gaps and then making plans to close them. It is concerned with equal pay, rather than the gender pay gap as the EHRC website makes clear:

An equal pay audit is the most effective way of establishing whether your organisation is providing equal pay and rewarding employees fairly in practice, and is an effective demonstration of action to promote equal pay under the terms of the equality duties. It provides a risk assessment tool for pay structures.²²⁶

304. Both Sheila Wild and Duncan Brown suggested Equal Pay audits as a useful tool for employers to reduce the gender pay gap for older women.

305. Helen Fairfoul from the Universities and Colleges Employers Association told us that equal pay audits had played an important role in reducing the gender pay gap in the higher education sector:

[Equal pay auditing] has been embedded as habitual practice in the HE sector for many years now ... It is a starting point for an employer to have an interest and to be prepared to do the analysis, to look at where there are discrepancies, and to ask questions.²²⁷

306. **Equal pay audits can be a useful tool for organisations to analyse the relative positions of men and women. They can also be costly and time consuming so we would not recommend them being mandatory. However, expertise that exists around equal pay audits could be successfully be used by organisations looking for ways to take action on their gender pay gap.**

Equal Pay Questionnaires

307. Equal Pay Questionnaires were included in section 138 of the Equality Act. They allowed employees to put questions to their employer through a form in order to ascertain whether they had been subject to unlawful discrimination. The questionnaire focused on establishing whether a woman was receiving less favourable pay, or terms and conditions,

²²⁶ [What is an equal pay audit?](#) EHRC website accessed 14.03.2016

²²⁷ Q193

than a male colleague or colleagues. It also asked for information on whether the employer agreed that the woman and her comparator were doing equal work. There was no legal obligation on the employer to respond, but an employment tribunal could draw an adverse inference from an employer's failure to answer, or from an evasive or equivocal answer.

308. Following a public consultation exercise in October 2012, the Coalition Government decided abolish the questionnaire. Abolition was opposed by 83% of respondents to the consultation. However, all business representative organisations supported repeal.

309. In the response to the consultation, the Government set out its concerns about the questionnaires:

Our concerns about the procedures for obtaining information provisions are that they had not succeeded in increasing pre-hearing settlements and reducing tribunal loads, and that they had resulted in a burden for employers amounting, in the only quantified evidence available, to some 45,000-60,000 employee hours a year.²²⁸

The repeal took effect on 6 April 2014.

310. Several organisations responding to our inquiry, including the TUC, Women's Budget Group and the National Union of Teachers, called for these questionnaires to be reinstated. Duncan Brown explained why he supported this idea:

In my personal experience of helping two people fill it in, it took us an hour. In one case, it stimulated an equal pay audit and in the other one it led to the female member of staff getting a significant increase. To me, it is relatively light touch. If people do not want to use it, it is there, but they will not use it; if they do, they do. I could not see the logic for taking it away, so I very much support its replacement.²²⁹

311. Equal Pay Questionnaires are a simple and cost effective way for employees to gather information about whether they are being paid fairly. As such they have potential to add to the Government's aim of increasing pay transparency.

Recommendations

312. *The Government should amend its draft reporting regulations so that gender pay gap data is broken down by age and also part-time status.*

313. *The Government should include all organisations with 150 employees or more within the gender pay gap reporting regulations. Within two years of the regulations commencing, organisations with more than 50 employees should be included.*

314. *We also suggest that the Government should produce a strategy for ensuring employers use gender pay gap reporting as a first step for taking action rather than an end in itself. This strategy should be published a year before the regulations commence.*

²²⁸ Government Equalities Office [Equality Act 2010: employment tribunals' power to make wider recommendations in discrimination cases](#) Government response to the consultation October 2012

²²⁹ Q188

Conclusions and recommendations

Understanding the gender pay gap

1. Paying men and women differently for the same, or equivalent, roles has been illegal since 1975. Discrimination on the grounds of age or gender is also prohibited. There are clear legal remedies to both these issues. The question of whether employment tribunal fees are having an impact on workplace culture was raised during this inquiry. Our colleagues on the Justice Committee are currently investigating this issue. We await their findings on the appropriate levels of fees for employment tribunals with interest. (Paragraph 44)
2. The causes of the gender pay gap are complex and varied. Direct discrimination plays a part in women's lower wages, particularly for older women who entered the labour market on less equal terms to men and who may face dual discrimination on the grounds of age and gender. However, structural factors are the key cause of the gender pay gap. These include occupational segregation; the part-time pay penalty; women's disproportionate responsibility for unpaid caring; and women's concentration in low-paid, highly feminised sectors. (Paragraph 45)
3. We welcome Government action on better careers education for girls; increasing the number of women on boards; and supporting more women into senior roles. However, not enough is being done in the following key areas:
 - Addressing the part-time pay penalty and flexible working
 - Supporting parents to share childcare equally
 - Supporting women back into the workforce after time out of the labour market
 - Tackling low pay in highly feminised sectors (Paragraph 46)
4. There is strong evidence of the economic and productivity benefits of tackling the gender pay gap. The best organisations recognise this and are taking steps to offer flexible working and improve job design to attract and retain talent. However, the productivity case for reducing the gender pay gap has not been made strongly enough to all employers across the UK. The Government, business, trade bodies, unions and public sector organisations must work to move the discussion about the gender pay gap beyond one of equality, to one of economic necessity. Government must also take action to lead by this example, by ensuring tackling the causes of the gender pay gap is a priority for all public services. (Paragraph 71)

The case for flexibility

5. Flexible working is high on the list of priorities for millennials and employers are beginning to recognise it can help them improve productivity as well as attract and retain talent. These changes to the workplace can be harnessed to reduce the gender pay gap. (Paragraph 89)

6. The lack of leadership shown by Ministers in addressing the question of flexible hiring is deeply disappointing. The benefits of flexibility are fully accepted by Government, yet policies encouraging employers to create more opportunities for flexible working are not forthcoming. By refusing to act, the Government is complicit in a system that is undermining productivity and perpetuating the gender pay gap. (Paragraph 97)
7. We welcome the Department for Education's recognition of our findings on taking action to increase flexible working opportunities for teachers and increasing support for women returners. The measures they have announced are an important step in the right direction. (Paragraph 129)
8. There is clear evidence flexible working benefits the UK economy and individual employers. However, a culture of presenteeism and a lack of creative thinking about job design are hampering progress towards flexibility as the norm. Too few employers are considering the benefits of offering jobs as open to flexible working. (Paragraph 131)
9. The extension of the right to request flexible working to all employees does not deal with the problem of flexible hiring. Only 6% of well paid jobs are advertised as open to flexible working. This contributes to the gender pay gap by limiting women's options and hampers productivity. (Paragraph 132)
10. Waiting for cultural change to increase the number of flexible jobs available will not help the Government achieve its aim of reducing the gender pay gap. We need to ensure that all employers consider whether every job they advertise could be worked flexibly. This would tackle skill shortages as well as reducing the gender pay gap. (Paragraph 133)
11. Our key recommendation is that:
 - All jobs should be available to work flexibly unless an employer can demonstrate an immediate and continuing business case against doing so. The EHRC should update its guidance to employers explaining legal requirements to offer flexible work; the benefits of flexible hiring; and the potential risk of indirect discrimination if employers do not consider whether newly advertised roles and existing positions could be worked flexibly. EHRC guidance should make clear that flexible working is not just about part-time working but can include working remotely, adjusted hours and job-sharing, with examples and case studies on good practice. (Paragraph 134)
12. We also recommend that:
 - The Department for Education should monitor the impact of its new policies on: the number of flexible working contracts issued; the number of women returners supported back into teaching; and the impact on the gender pay gap within teaching. This data should be published within a year of the policies being implemented.
 - The right to request flexible working should be amended to allow those working less than full-time hours to request the opportunity to work more.

- The Department for Business Industry and Skills should immediately facilitate a campaign outlining the productivity and business benefits of flexible working and flexible hiring, sharing best practice within sectors. (Paragraph 135)

Sharing care

13. Supporting men and women to share childcare more equally can help to reduce the gender pay gap, and help organisations retain and recruit staff. Policies that can have a real impact on increasing men's take-up of such leave are therefore likely to have a positive effect on productivity. Such policies are likely to find favour with parents, employers and taxpayers. By ensuring that non-transferrable paternal leave is offered in addition to current maternity leave, the problem of women not wishing to give up their maternity entitlement can be avoided. (Paragraph 162)
14. Improving levels of pay can go some way towards encouraging more men to take up parental leave. Financial measures will not address the social and cultural context in which men and women make decisions about childcare and work. There is considerable scope for further research in this area to inform Government policy. (Paragraph 169)
15. We have seen clear evidence that the disproportionate share of unpaid caring taken on by women can adversely impact their earnings. However, women are not alone in facing these responsibilities. Many people will face periods in their lives when they juggle unpaid care with paid work. If the UK's economy is to prosper more effective ways to balance the two must be found. (Paragraph 179)
16. We are disappointed that the only work the Government raised in the area of supporting carers was the nine pilot projects it has funded. Given that the scale of unpaid caring and its impact on both productivity and the gender pay gap, the Government needs to consider more comprehensive action as soon as possible. (Paragraph 184)
17. The evidence is clear that caring responsibilities are a significant barrier to women's pay and progression prospects. As long as women continue to take disproportionate responsibility for the care of children and other family members, the gender pay gap will persist. (Paragraph 185)
18. More equal sharing of childcare responsibilities can help to reduce the gender pay gap by facilitating women's return to the labour market and changing perceptions of men and women as being equally likely to take on caring responsibilities. Amongst younger couples in particular there is a strong desire to share parenting equally. Unfortunately, current policies are not doing enough to help men and women to achieve this goal. (Paragraph 186)
19. Low levels of pay for paternity and shared parental leave (SPL) are a significant barrier to men taking them up. Better pay and the option of part-time take up for SPL would improve fathers' access to leave, particularly those from lower income groups. There is strong evidence for the effectiveness of non-transferrable paternal leave as a lever for encouraging shared care and reducing the gender pay gap. (Paragraph 187)

20. Balancing caring responsibilities with work is a growing problem for many workers, in particular women aged over 40. To achieve its policy objectives the Government must support employees with caring responsibilities to stay in work. Not only will this help to tackle the gender pay gap, it will also help organisations retain skilled workers in the face of high employment rates and low productivity. (Paragraph 188)
21. Our key recommendation is that:
 - If Government is to achieve its objective of reducing the gender pay gap it needs a more effective policy on shared parental leave (SPL). Current weaknesses can be addressed by three months paid paternal leave for second parents. This can only be taken when the mother returns to work and would be additional to current parental leave benefits. Payment of paternity leave should increase to 90% of salary (the same as maternity pay), capped for higher earners. The three months non-transferrable paternal leave would be paid at 90% of salary (capped) for four weeks and then at the same level as SPL. Eligibility for paternal leave would be the same as current entitlement to paternity leave. The Government should investigate the benefits of offering all forms of parental leave on a part-time basis. (Paragraph 189)
22. We also recommend that:
 - The Government should immediately move to bring in Carers' Leave of six weeks to allow employees facing short-term care issues to take time out of work without losing their jobs.
 - The Government should commission research to examine how decisions about taking time out of work for caring are shared between men and women. The Government should use this evidence to support parents in considering the long-term implications of their decisions around the time they take parental leave. (Paragraph 190)

Making the most of women's skills

23. Many women who have left the labour market due to caring responsibilities, or for other reasons, will need to return to paid employment. This may be because of pension shortfalls or changes in circumstances like divorce. Others will choose to return to work. In both cases, the skills and experience of this group of women can help improve UK productivity. The Government should therefore invest in supporting their smooth return to the labour market as a matter of urgency. (Paragraph 197)
24. We believe there is much greater scope for returnship schemes aimed at women working in a range of occupations. As Close the Gap point out, "there are a number of good practice examples in this area" which could be used to inform a wider roll out of similar initiatives (Paragraph 206)
25. There is clear Government support for the use of apprenticeships as a mechanism to help women return to work. However, they will need to be better designed and branded to appeal to this group, particularly in terms of access. For women looking to increase their skills, or change occupation, apprenticeships could be a

good solution. However, it should be remembered that many women returners will already have the skills and experience they need to function well in the job market and different measures are needed to help them (Paragraph 212)

26. Many of the solutions proposed to support women returners show evidence of previous success. As such they need to be considered as part of a wider, national strategy on supporting women back into work. (Paragraph 216)
27. It is surprising that in sectors where the UK needs the skills and experience of women who have left the workforce, more is not being done to help and encourage them back into work. Evidence suggests that it is not enough to hope that individual schools will reach out to women returners and facilitate their much needed re-entry into the profession. (Paragraph 219)
28. Our key recommendation is that:
 - The first task of the Government's new ministerial group on the gender pay gap should be to create a National Pathways into Work scheme for harnessing the skills and experience of women over 40. This scheme would give women a clear entry point into a support system offering careers guidance; retraining where necessary; and information on local skills shortages and job opportunities. (Paragraph 220)
29. We also recommend that:
 - The Institute for Apprenticeships should immediately investigate how its forthcoming guidance and standards on apprenticeships can ensure that older workers looking to improve their skills, change career path or re-enter the workforce, are able to benefit from apprenticeship funding and submit its finding to us. This investigation must include looking at how apprenticeships can be branded to appeal to older workers.
 - The Department for Education should fund and co-ordinate a sector specific national scheme to support women returners back into teaching. (Paragraph 221)

Tackling low pay in highly feminised sectors

30. Women over 40 are concentrated within highly feminised, low paid sectors. Their low pay and lack of progression play a significant part in the gender pay gap. There must be more focus and investment aimed at these low paid employees if the goal of reducing the gender pay gap is to be achieved. (Paragraph 233)
31. The lack of investment in raising the pay and productivity of women working in low paid sectors is short-sighted. We welcome the forthcoming rise in the National Minimum Wage and recognise this will contribute towards reducing the gender pay gap. However, levels of productivity in low paid sectors need to be addressed. Taking action in this area will reduce the gender pay gap, improve the UK's productivity and bring fiscal returns through reduced benefit payments and increased tax receipts. (Paragraph 238)

32. Some women in low paid jobs do not need further training or skills to get better paid employment. They simply need access to flexible work at the right skill level. There are projects that demonstrate that higher paid posts in sectors like retail can be worked flexibly. (Paragraph 244)
33. It is imperative that women in low paid occupations have access to training where it is needed to improve their opportunities to progress. There is a clear opportunity for more national, regional and local strategies to support this work. (Paragraph 250)
34. It is clear that improving skills in the care industry is essential to increasing productivity. However, the industry also suffers from significant market failures, a lack of investment and a lack of strategic thinking about how to address these problems. An industrial strategy for care, championed by BIS, would demonstrate the Government's commitment to a joined up approach to the significant problems faced by the industry. This would drive efforts to improve the pay and productivity of 1.2 million low paid women working in the sector. (Paragraph 260)
35. There is significant scope for Local Enterprise Partnerships to address some of the issues faced by women in low paid sectors through brokerage services and investment in training. (Paragraph 268)
36. Our key recommendation is that:
 - The Department for Business and Skills should develop industrial strategies for low paid highly feminised sectors, beginning with the care sector. This would bring together policies on training and skills; increasing productivity; the use of technology and innovation; regulation; and the role of LEs. (Paragraph 269)
37. We also recommend that:
 - Local Enterprise Partnerships should include lower paid women employees as a key focus for their work. Government funding should be made available to help LEs to pilot career ladder models which use brokers to help women access improved training and better paid flexible working opportunities. This could be included as one strand of the National Pathways into Work scheme we recommend in Chapter 6.
 - The Department for Business Innovation and Skills should set up an employers' forum for organisations working within highly feminised, low paid sectors like retail, care and hospitality as part of its national campaign to promote flexible working. This would share best practice in flexible job design and career progression within these low paid sectors. (Paragraph 270)

Making GPG reporting regulations work

38. The evidence is clear that women over 40 and those working part-time experience the most pronounced gender pay gap. Breaking down gender pay gap statistics by age and part-time status will help organisations to understand and address any issues faced by women in these groups. (Paragraph 281)

39. If gender pay gap reporting is to have any impact it must help employers understand why pay gaps exist and lead to action to address these problems. It must be seen as the beginning of a process rather than the culmination of a tick box exercise. (Paragraph 288)
40. The current threshold of 250 employees only covers 34% of the workforce and excludes smaller organisations which have larger gender pay gaps. It is also inconsistent with the Public Sector Equality duty which applies to organisations with 150 employees. There is international evidence that, with support, smaller organisations can be helped to produce and understand their gender pay gaps. (Paragraph 301)
41. Equal pay audits can be a useful tool for organisations to analyse the relative positions of men and women. They can also be costly and time consuming so we would not recommend them being mandatory. However, expertise that exists around equal pay audits could be successfully be used by organisations looking for ways to take action on their gender pay gap. (Paragraph 306)
42. Equal Pay Questionnaires are a simple and cost effective way for employees to gather information about whether they are being paid fairly. As such they have potential to add to the Government's aim of increasing pay transparency. (Paragraph 311)
43. The Government should amend its draft reporting regulations so that gender pay gap data is broken down by age and also part-time status. (Paragraph 312)
44. The Government should include all organisations with 150 employees or more within the gender pay gap reporting regulations. Within two years of the regulations commencing, organisations with more than 50 employees should be included. (Paragraph 313)
45. We also suggest that the Government should produce a strategy for ensuring employers use gender pay gap reporting as a first step for taking action rather than an end in itself. This strategy should be published a year before the regulations commence. (Paragraph 314)

Formal Minutes

Tuesday 8 March 2016

Members present:

Mrs Maria Miller, in the Chair

Ruth Cadbury	Mrs Flick Drummond
Jo Churchill	Jess Phillips
Angela Crawley	Mr Gavin Shuker
Mims Davies	

Draft Report (*Gender Pay Gap*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 314 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available in accordance with the provisions of Standing Order No. 134.

The following written evidence was ordered to be reported to the House for publication.

GPG0066 Working Families additional evidence

GPG0067 Letter from Education Secretary and Minister for Women and Equalities, Nicky Morgan

[Adjourned till Tuesday 22 March at 9.45am]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's [inquiry web page](#).

Tuesday 15 December 2015

Question number

Chris Giles, Economics Editor, The Financial Times, **Dr Alison Parken**, Women Adding Value to the Economy (WAVE), Cardiff University, **Professor Jill Rubery**, Manchester University, **Sheila Wild**, Founder, Equal Pay Portal, and **Professor the Baroness Wolf of Dulwich**, King's College, London

[Q1–35](#)

Neil Carberry, Director for Employment and Skills, CBI, **Ann Francke**, Chief Executive, Chartered Management Institute, and **Monika Queisser**, Senior Counsellor and Head of Social Policy, Organisation for Economic Cooperation and Development

[Q36–58](#)

Tuesday 12 January 2016

Amanda Brown, Assistant General Secretary, NUT, **Dr Sally Davies**, President, Medical Women's Federation, **Amanda Fone**, Chief Executive Officer, F1 Recruitment and Search, **Audrey Williams**, Employment Lawyer and Partner, Fox Williams

[Q59–99](#)

Anna Ritchie Allan, Project Manager, Close the Gap, **Christopher Brooks**, Policy Adviser, Age UK, **Scarlet Harris**, Head of Gender Equality, TUC, and **Mr Robert Stephenson-Padron**, Managing Director, Penrose Care

[Q100–136](#)

Tuesday 19 January 2016

Sarah Jackson, Chief Executive, Working Families, **Adrienne Burgess**, Joint Chief Executive and Head of Research, Fatherhood Institute, and **Maggie Stilwell**, Partner, Ernst & Young LLP

[Q137–164](#)

Tuesday 26 January 2016

Michael Newman, Vice-Chair, Discrimination Law Association, **Duncan Brown**, Institute for Employment Studies, and **Tim Thomas**, Head of Employment and Skills, EEF, the manufacturers' association

[Q165–191](#)

Helen Fairfoul, Chief Executive, Universities and Colleges Employers Association, **Emma Stewart**, Joint Chief Executive Officer, Timewise Foundation, and **Claire Turner**, Joseph Rowntree Foundation

[Q192–223](#)

Wednesday 10 February 2016

Rt Hon Nicky Morgan MP, Secretary of State for Education and Minister for Women and Equalities, Department for Education, and **Nick Boles MP**, Minister for Skills, Department for Business, Innovation and Skills

[Q224–296](#)

Published written evidence

The following written evidence was received and can be viewed on the Committee's [inquiry web page](#). GPG numbers are generated by the evidence processing system and so may not be complete.

- 1 Age UK ([GPG0054](#))
- 2 Alison Parken ([GPG0049](#))
- 3 ARC Trade Union ([GPG0056](#))
- 4 Barclays ([GPG0026](#))
- 5 Behavioural Insights ([GPG0064](#))
- 6 British Pharmacological Society ([GPG0016](#))
- 7 Business in the Community ([GPG0008](#))
- 8 Carers UK ([GPG0057](#))
- 9 Catalyst ([GPG0002](#))
- 10 CBI ([GPG0053](#))
- 11 Chartered Institute of Personnel and Development (CIPD) ([GPG0041](#))
- 12 Chartered Management Institute ([GPG0051](#))
- 13 Chwarae Teg ([GPG0017](#))
- 14 Close the Gap ([GPG0036](#))
- 15 Close the Gap ([GPG0060](#))
- 16 Coventry Women's Voices ([GPG0055](#))
- 17 Department for Education ([GPG0027](#))
- 18 Directors UK ([GPG0018](#))
- 19 Discrimination Law Association ([GPG0042](#))
- 20 EEF The Manufacturers' Organisation ([GPG0048](#))
- 21 Employment Lawyers Association ([GPG0025](#))
- 22 Equal Pay Portal ([GPG0004](#))
- 23 Equality and Human Rights Commission ([GPG0020](#))
- 24 Ernst and Young LLP ([GPG0063](#))
- 25 F1 Recruitment Ltd ([GPG0009](#))
- 26 Fair Play South West ([GPG0047](#))
- 27 Family and Childcare Trust ([GPG0028](#))
- 28 Fatherhood Institute ([GPG0061](#))
- 29 Fawcett Society ([GPG0031](#))
- 30 Government Equalities Office ([GPG0067](#))
- 31 ICAEW ([GPG0058](#))
- 32 Institute of Directors ([GPG0001](#))
- 33 Jasmine Kelland ([GPG0059](#))
- 34 Medical Women's Federation (MWF) ([GPG0043](#))

- 35 Ms Emma Kinloch ([GPG0011](#))
- 36 National Union of Teachers ([GPG0040](#))
- 37 National Union of Teachers ([GPG0062](#))
- 38 Paul Withrington ([GPG0005](#))
- 39 Penrose Care ([GPG0065](#))
- 40 Professor Alison Wolf ([GPG0046](#))
- 41 Professor Jill Rubery ([GPG0039](#))
- 42 Professor Len Shackleton ([GPG0003](#))
- 43 Rhianna Camsell ([GPG0012](#))
- 44 RICS ([GPG0032](#))
- 45 Royal Institute of British Architects ([GPG0029](#))
- 46 Science Council ([GPG0030](#))
- 47 Scottish Women's Convention ([GPG0010](#))
- 48 TechUK ([GPG0045](#))
- 49 The Royal College of Midwives ([GPG0007](#))
- 50 The UK Commission for Employment and Skills (UKCES) ([GPG0037](#))
- 51 The University and College Union (UCU) ([GPG0038](#))
- 52 The Women's Equality Party ([GPG0015](#))
- 53 Timewise ([GPG0052](#))
- 54 TUC ([GPG0014](#))
- 55 UK Women's Budget Group ([GPG0035](#))
- 56 UNISON ([GPG0013](#))
- 57 Universities & Colleges Employers Association (UCEA) ([GPG0023](#))
- 58 Women Returners Ltd ([GPG0022](#))
- 59 Working Families ([GPG0024](#))
- 60 Working Families ([GPG0066](#))
- 61 Young Women's Trust ([GPG0006](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/womenandequalities.

Session 2015–16

First Report

Transgender Equality

HC 390