



House of Commons  
Women and Equalities  
Committee

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**Gender Pay Gap:  
Government Response  
to the Committee's  
Second Report of  
Session 2015–16**

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**Third Special Report of  
Session 2016–17**

*Ordered by the House of Commons  
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## The Women and Equalities Committee

The Women and Equalities Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Government Equalities Office (GEO).

### Current membership

[Mrs Maria Miller MP](#) (*Conservative, Basingstoke*) (Chair)

[Lucy Allan MP](#) (*Conservative, Telford*)

[Tracy Brabin MP](#) (*Labour, Batley and Spen*)

[Ruth Cadbury MP](#) (*Labour, Brentford and Isleworth*)

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[Ben Howlett MP](#) (*Conservative, Bath*)

[Jess Phillips MP](#) (*Labour, Birmingham, Yardley*)

[Mr Gavin Shuker MP](#) (*Labour (Co-op), Luton South*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

Committee reports are published on the Committee's website at [www.parliament.uk/womenandequalities](http://www.parliament.uk/womenandequalities) and in print by Order of the House.

Evidence relating to this report is published on the [inquiry page](#) of the Committee's website.

### Committee staff

The current staff of the Committee are Judith Boyce (Clerk), Sharmini Selvarajah (Second Clerk), Emma Sawyer (Committee Specialist), Tansy Hutchinson (Committee Specialist), Holly Dustin (Committee Specialist), Shai Jacobs (Committee Specialist), Asaad Qadri (Inquiry Manager), Aaron Huang (Inquiry Manager), Alexandra Hunter-Wainwright (Senior Committee Assistant), Mandy Sullivan (Committee Assistant), and Liz Parratt (Media Officer).

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# Third Special Report

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The Women and Equalities Committee published its Second Report of Session 2015–16, [Gender Pay Gap](#), as HC 584 on 22 March 2016. The Government Response was received on 17 January 2017 and is appended to this report.

## Appendix: Government Response

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### *Introduction*

- 1) The Women and Equalities Committee's (WEC) second report of the 2015–16 session on the gender pay gap was published on 22 March 2016.
- 2) The Committee made 17 recommendations, 16 of which are for Government. They are wide-ranging and touch on a number of areas to tackle the causes of the gender pay gap, including for women over the age of 40.
- 3) There is no place for a gender pay gap in modern Britain. For over 40 years it has been illegal to pay women a lower rate than men for the same job. But the continued gender pay gap shows that there remains a difference in the average earnings of women and men. If we truly want to build a country that works for everyone, we have to take action.
- 4) Women should be confident that their hard work and success in the workplace is recognised and properly rewarded; employers must make sure female employees can make full use of their experience and talents. This isn't just good for women, it's good for business and is vital to the success of our economy. That's why tackling the gender pay gap is an absolute priority for this Government.
- 5) The Government welcomes the Committee's report and is grateful for their work on this important agenda. We have pledged to eliminate the gender pay gap within a generation and have made significant progress, with the current gender pay gap the lowest on record.
- 6) Reporting is key to accelerating progress, so we are fulfilling our manifesto pledge and requiring private companies with more than 250 employees to publish their gender pay data, including bonus pay data. But what we expect of business we should expect of ourselves – that's why we are also extending reporting requirements to public sector employers.
- 7) Government cannot close the gender pay gap on its own. Every employer needs to commit to this because in today's competitive global market, talented women will simply look elsewhere if they don't receive the recognition they deserve. Many employers have already embraced the moral case and business benefits. We urge them to lead by example and encourage their peers to take constructive action.
- 8) Transparency is key to driving changes in behaviour, but Government is also making changes to policy to make it easier for both men and women to balance the demands of work and family life. From April 2015 parents have been able to access Shared Parental Leave Pay - which gives parents more choice and flexibility around which of them cares

for their child in the first year. And in 2014 the Right to Request Flexible Working was extended to all employees with 26 weeks' continuous service. We plan to go further still by introducing 30 hours of free childcare for three- and four-year-olds of working parents.

9) We know that much more still needs to be done and that's what makes the work of the Women and Equalities Select Committee so important. The Committee has undertaken a thorough and thoughtful investigation and Government is grateful for their work on this important agenda. The Government's response to each of their recommendations is set out below.

**Recommendation 1(a): 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.**

We are delighted to see the Committee recognise this position in their report. The Government has long argued that eliminating the gender pay gap is not only the right thing to do but essential for our economy, and the Government has committed to eliminating the gender pay gap within a generation.

It is vital for the economy that women are able to fulfil their potential and we continue to build on the work we have done to make the economic case for gender equality in the workplace.

The benefits to the economy of gender parity in the workplace are widely recognised with a recent estimate that bridging gender gaps in the labour market has the potential to add £150 billion to annual GDP in 2025, and that increasing the proportion of women in work is the biggest driver.<sup>1</sup>

In addition, recent consultations on the gender pay gap have emphasised that fully capitalising on the talent and experience of women makes business sense; it is good for individuals, employers and the economy.<sup>2, 3</sup>

In association with Deloitte, the Government also recently published a report, Trailblazing Transparency – Mending the Gap, that set out the latest best practice for gender pay gap reporting and the ways in which businesses can benefit.<sup>4</sup>

We have made great strides: women now make up 47% of the UK labour force and almost 16 million women are active in the labour market at any time. But while the rate of female participation in the UK labour market has increased, there are still too many people for whom there are unfair or distorting barriers to work, including women whose high levels of skill are too often underused. Part-time working is more prevalent amongst women and women are disproportionately represented in lower- skilled occupations, despite being as educated as men.<sup>5</sup> This means that many women are employed in jobs for which they are overqualified.

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1 'The power of parity: Advancing women's equality in the UK', McKinsey Global Institute, September 2016

2 'Closing the Gender Pay Gap' Consultation, Government Equalities Office, 14 July 2015

3 'Mandatory Gender Pay Gap' Reporting Consultation, Government Equalities Office, 12 February 2016

4 'Trailblazing Transparency – Mending the Gap', Government Equalities Office, 9 February 2016

5 'Women in the Labour Market: 2013', ONS

Women are also still penalised for taking time out of work to have and raise children and are having to trade pay and career progression for flexibility. As a result, female talent is being wasted - which not only is unacceptable, but doesn't make business sense.

The government has set out stretching ambitions to increase employment and doubling the free entitlement to childcare to 30 hours a week for working parents of three- and four-year-olds is a significant contribution to this. There is potentially a huge economic prize from enabling parents to play a fuller role in the economy, should they want to. 30 hours free childcare will support nearly 400,000 hard-working parents by making it easier for them to balance work with their family lives. And they will help to ensure that every child, whatever their background and individual needs, can access the high-quality early education they need to prepare for school and improve their life chances.

Recent changes to extend rights to flexible working and introduce shared parental leave make it easier for both women and men to combine work with their caring and other responsibilities. These policies are still very new and we expect to see take-up increase as both employees and employers become more familiar with their new rights and options.

It is now easier for employees to combine their careers with caring and other responsibilities. The statutory Right to Request Flexible Working allows employees with six months' continuous service with their current employer to request a working pattern that suits them and their employer, enabling them to balance work better with other commitments. Employers are required by law to consider requests 'in a reasonable manner' and must have sound business reasons for refusing; the Advisory, Conciliation and Arbitration Service (Acas) have produced a Statutory Code of Practice to set out employer's obligations.

From 5 April 2015, eligible working parents have been able to take Shared Parental Leave and Pay. This enables new mothers to return to work earlier if they wish by 'converting' some of their Maternity Leave and/or their Maternity Pay/Maternity Allowance into leave and pay which they can take more flexibly or share with the child's father or the mother's partner.

As well as increasing flexibility for working women, these policies better enable employers to recruit, cultivate and retain female talent. This is good news for individual employers and good news for business generally.

We will continue our established work with business, trade bodies and other groups to promote the business case for taking a flexible approach to recruiting and retaining talent, and empowering women to access opportunities for employment and progression.

**Recommendation 1(b): 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.**

It is only right that public sector employers should lead the way in promoting gender equality in the workforce. According to the Office of National Statistics' (ONS) Annual Survey of Hours and Earnings (ASHE), the pay gap across the public sector as a whole is 18.3% compared to 24.5% for the private sector, and the gender pay gap for all Government departments and their agencies is 13.6%. The gender pay gap for the Civil Service is based on ONS data from the Annual Civil Service Employment Survey.

We firmly agree with the Committee that Government should lead by example and that is why we have announced that we will make separate regulations to extend the duty to report on the gender pay gap to public sector bodies, as well as the private and voluntary sectors. Shared Parental Pay is already paid at occupational rates throughout the Civil Service, and flexible working is now commonplace in the Civil Service.

**Recommendation 1(c): All jobs should be available to work flexibly unless an employer can demonstrate an immediate and continuing business case against doing so.**

The statutory Right to Request Flexible Working, which was extended to all employees with 26 weeks' continuous service in June 2014, enables employees to agree a working pattern which suits them and their employer and better balance work with other commitments.

The Government is committed to working with business and other groups to promote the business benefits of flexible working. We want to see as many jobs as possible offered in this way and while we recognise the need to increase communications activity around flexible working, we believe that individual employers are best placed to decide what types of working arrangements their business can accommodate.

The current statutory scheme strikes a balance between giving employees the flexibility to combine work with other responsibilities and allowing employers to plan effectively. Employers can also advertise jobs on flexible terms or offer flexible working arrangements to their employees outside the statutory scheme if they wish – and many employers already do so.

While it is too soon to formally evaluate the extension of the Right to Request Flexible Working, we are always keen to explore how policies can be further improved and, as outlined in the Government response to recommendation 14, we will work with Acas to learn from organisations that already take a more flexible approach to recruiting and cultivating talent, to better understand the challenges faced by some employers, and to share best practice. We will also explore options for strengthening our communications to encourage employers and their employees to reap the benefits that flexible working can offer.

We believe that Government should lead by example. The Civil Service is an exemplar employer regarding its approach to flexible working in recruitment practices. When advertising vacancies, jobs are advertised as open to all working patterns and that only in exceptional circumstances should a job be considered as full-time only. The Civil Service offer of flexible working has been further strengthened in recent years through the delivery of the Civil Service Reforms and the more recent Talent Action Plan.<sup>6</sup>

**Recommendation 2: 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.**

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6 'Talent Action Plan 2016: Removing the Barriers to Success' Cabinet Office, 24 March 2016

The Equality and Human Rights Commission (EHRC) will respond separately on this recommendation.

**Recommendation 3: 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 Committee raises an important point: the gender pay gap in education is a concern for a number of reasons. A significant proportion of women in work are employed in the education sector (20%), and the education sector has a gender pay gap of 27% so tackling the pay gap in education will have an impact on the overall gap. Not all women working in education will be employed in teaching but given the important role that schools play in shaping young people's expectations about the world it is important that leadership roles are carried out by a balance of men and women. As a nation we also cannot afford to miss out on talent in the education workforce through teachers dropping out when they have children, or not going as far as they are capable in the profession.

We want to see more women reaching the top of the profession and drive up the number of female headteachers. Women are currently under-represented in top school leadership roles, particularly at secondary school, where 40% of headteachers are female compared to 60% who are male.<sup>7</sup> We know the important role coaching can play in increasing teachers' confidence to pursue and secure leadership roles. That is why earlier this year we announced an initiative that will get exceptional female leaders from across the teaching profession coaching other women to help them develop their career. Our ambition is to see at least 1,000 coaching relationships in place next year, establishing a pipeline of promising female talent for the school leadership roles of the future. To date over 200 coach profiles are listed on our online directory and this figure is rising week on week.

We will also encourage schools to develop part-time training routes into teaching, and provide guidance on how best to make flexible working arrangements work in practice (including HR issues such as calculating pay, the impact on pensions, and terms and conditions). We will work with the profession and employers to raise the profile of part-time teaching and publish case studies of schools which are making effective use of part-time teachers, for example providing support through crèches and child-minding facilities to assist staff.

We agree that we can't afford to lose out on talent within the education workforce. That's why we are investing in two initiatives to test what works. We have run two 'Supporting Returning Teachers' pilots to attract inactive teachers back into the workforce. Both pilots have been successful in attracting women returners. We recently published further plans which draw lessons from the pilots and also support the wider agenda of encouraging flexible working opportunities.

While there is clearly more to be done, the gender pay gap in teaching is narrowing. The latest data published on 30 June 2016 show that the gap has narrowed since last year so

that the average pay gap of classroom teachers across all schools is now £800,<sup>8</sup> and in both primary academies and LA maintained nursery and primary schools the average pay of female classroom teachers is higher than that of male teachers.

Regarding monitoring and publishing data on the impact of policies on flexible working and the gender pay gap, we hope the Committee appreciates that it is very difficult to determine the impact of specific Government policies on teachers. We do however, already publish data that sets out each year the pay rate for teachers in primary/secondary schools by gender, and we can use the data to track whether part-time figures are increasing or decreasing.

However, for specific contract types it would not be possible to be more specific on the variants of flexible working such as compressed hours, home-working etc., owing to the limitations of the data. We will look at what more we can do to encourage individual schools to be more transparent about the extent to which flexible working opportunities are available. We will also consider the extent to which our current intelligence-gathering activities with schools could be expanded to take an assessment of the current position on flexible working within schools, and the extent to which the activities set out above are having a positive impact.

**Recommendation 4: 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 Right to Request Flexible Working can already be used to request increases, as well as reductions, to the number of hours that an employee works. Employees with 26 weeks' continuous service with their current employer are already able to use the statutory Right to Request Flexible Working to ask for a permanent change to their terms and conditions of employment (they may do this once in every 12-month period). We will amend the Government guidance on the Right to Request Flexible Working to clarify that employees can ask to increase as well as decrease their hours.

**Recommendation 5: The Department for Business Innovation and Skills should immediately facilitate a campaign outlining the productivity and business benefits of flexible working and flexible hiring, sharing best practice within sectors.**

This Government champions the significant benefits to business and the wider economy in giving individual employers access to the widest possible pool of talent.

We must avoid a situation where women are moving into work that is below their skill level, simply because they wish to work flexibly or fewer hours in order to balance with their caring responsibilities. Enabling women to fully utilise their skills and qualifications is important to increasing productivity and critical to closing the gender pay gap.

The annual benefits to business arising from the extension of the Right to Request Flexible Working were estimated at over £55 million,<sup>9</sup> comprising:

- Increased productivity: £36.8m
- Reduced absenteeism: £1.4m

<sup>8</sup> Ibid

<sup>9</sup> Modern Workplaces Consultation - Government Response on Flexible Working: Impact Assessment, Department for Business, Innovation and Skills, November 2012

- Reduced labour turnover: £8.4m
- Move to a statutory code of practice: £9.1m

Working patterns are becoming increasingly flexible and it is positive to see that the take-up of flexible working practices including part-time working, reduced hours, flexitime, working a compressed week, and job-shares has increased overall since 2000.

This trend started before the extension of the statutory Right to Request Flexible Working to all employees with a qualifying period of service in 2014 (previously the statutory Right to Request only applied to parents and carers). In a 2011 survey of employees,<sup>10</sup> 92% of employees said that at least one flexible working practice was available in their place of work, and 60% of employees said that they had done some form of flexible working in the last year (up from 56% in 2006). In a 2013 survey of employers,<sup>11</sup> 97% said that they had at least one form of flexible working practice available in their workplace and less than one in ten (9%) of employers reported turning down a flexible working request in the previous 12 months.

In response to the 2013 survey of employers<sup>12</sup> (which was undertaken prior to the change in the legislation coming into effect), employers reported that flexible working and flexible leave arrangements had a positive effect on their business, including:

- Improved motivation and commitment among employees (68%)
- Improved employee relations (67%)
- Reduced levels of absenteeism (58%)
- Reduced staff turnover (54%)
- Improved productivity (49%)
- Ease of recruitment (47%)

The Government will continue to work with business and other stakeholders to promote the business case for flexible working actively. Examples of planned and ongoing work in this area include:

- Working with Acas and businesses – particularly employers in low paid sectors with a high proportion of female workers – to share best practice and to re-focus Acas guidance on flexible working to bring out the benefits to business.
- Working in collaboration with business to tackle the barriers that prevent success in the workplace. The Government has already announced a £0.5m package to help business measure their gender pay gap and take action to reduce it; and help for employers to consider how best to support women to return to work after maternity leave.

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10 Fourth Work-life Balance Employee Survey 2011, Department for Business, Energy and Industrial Strategy

11 Fourth Work-life Balance Employer Survey 2013, Department for Business, Energy and Industrial Strategy

12 Ibid

- Working with the EHRC and business to take forward the Government response to recommendations made by the EHRC on tackling pregnancy and maternity-related discrimination and disadvantage in the workplace.
- Continuing to work with the Women's Business Council to tackle outdated, stereotypical assumptions that some employers make about women – and mothers in particular. This forms part of Government's work with business to make clear the value women bring to the workplace and the importance of making sure all employees are able to contribute fully to our country's economic growth.

The Government recognises the need to increase communications activity around flexible working and will now explore options for doing so. We will report back to the Committee in due course.

**Recommendation 6 (a): If Government is to achieve its objective of reducing the gender pay gap it needs a more effective policy on shared parental leave (SPL).**

The Government introduced Shared Parental Leave with the intention of boosting female participation; helping to bridge both the employment gap and the gender pay gap; and enabling fathers and partners to play a more active role in caring for their children from an early stage. It does this by giving working families more choice and flexibility:

- Fathers and partners are now able to be the child's primary carer if the parents wish;
- Mothers who want to return to work early (i.e. take less than 52 weeks leave) can do so;
- Parents can share responsibility for childcare by, for example, taking up to six months off work together or alternatively staggering their leave allowances and pay so that one of them is always at home with their child; and
- Both parents can take leave and pay flexibly (i.e. stop and start it); enabling them to return to work between periods of leave if they wish and thereby retain strong links to the labour market in the first year.

Shared Parental Leave and Pay applies to the parents of children due or adopted from 5 April 2015. It enables eligible parents to share up to 50 weeks of leave and up to 37 weeks of pay in the first year. Each parent can take up to three blocks of consecutive weeks of leave – more if the employer agrees.

In the Impact Assessment that was published when Shared Parental Leave and Pay was introduced, the Government estimated that around 285,000 working couples per year could benefit from shared parental leave.<sup>13</sup> Whilst Government estimates of take-up in the first years were low (between 2% and 8%) we anticipate that take-up will increase in coming years as more new fathers understand their rights in this area.

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13 'Modern Workplaces: Shared Parental Leave and Pay Administration Consultation – Impact Assessment', February 2013, 'Modern Workplaces: Shared Parental Leave Impact Assessment: Revised Equivalent Annual Net Cost to Business', March 2014

This is still a very new policy and has only been available for parents since April 2015. We will be evaluating the Shared Parental Leave and Pay scheme, which is intended to bring about a cultural change in attitudes towards shared parenting over time, and will consider the Committee's recommendations as part of the evaluation.

**Recommendation 6 (b): 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. Eligibility for paternal leave would be the same as current entitlement to paternity leave.**

The Government agrees that both parents have an important role to play in caring for their child or children. The current Shared Parental Leave and Pay system enables a mother who qualifies for Maternity Leave and/or Maternity Pay/Maternity Allowance to end her leave/pay/allowance early to 'create' leave and pay which she can share with a partner she is living with, her spouse or civil partner, or the child's father – irrespective of whether they live with the mother or not.

We will carefully consider the Committee's recommendations when we evaluate Shared Parental Leave and Pay, but we are not currently attracted to this proposal for four reasons:

- When designing the current Shared Parental Leave and Pay scheme we wanted to give parents choice and flexibility around how they take their leave, including simultaneously if they need or prefer to. This proposal is similar in principle to the former Additional Paternity Leave and Pay scheme, which applied to the parents of children due or adopted up to 4 April 2015 and which allowed fathers and partners to take leave and pay after the 20th week following birth and then only if the mother had returned to work.
- Once the mother ends or commits to ending her Maternity Leave and/or Maternity Pay/Allowance early to opt into the Shared Parental Leave and Pay scheme, the nature of the leave and pay changes. It becomes parental in nature and for legal/equality reasons both parents must be given access to the parental leave and pay on the same terms. This means that if fathers and partners were given a statutory entitlement to an additional 3 months of leave and pay which was for them alone, the mother must also be given a statutory entitlement to 3 months of leave and pay which is for her alone.
- Giving fathers and partners access to an additional 3 months of paid paternal leave would significantly increase the cost of family related leave and pay both to business and the taxpayer.
- The mother would be required to give up some of her leave and pay if 3 months of leave and pay was allocated to fathers and partners within the existing allocation.

**Recommendation 6 (c): 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.**

**Recommendation 6 (d): Payment of paternity leave should increase to 90% of salary (the same as maternity pay), capped for higher earners.**

Maternity Leave is provided to enable women to prepare for, and recover from, birth and to bond with their child. There is a legal requirement for women to take a compulsory

period of Maternity Leave (two weeks in most cases, four weeks if they work in a factory or workshop) immediately following the birth of their child, even where they started their Maternity Leave before birth. Fathers or partners are entitled to two weeks of paternity leave after the birth or adoption of a child.

It is right that new mothers receive Statutory Maternity Pay so that they are not disadvantaged by taking time off work immediately before and after the birth of their child. It is paid at an earnings-related rate (90% of earnings with no upper limit) in the first six weeks and at the lower of 90% of earnings or the statutory flat rate (currently £139.58 a week) for a further 33 weeks. For similar reasons, mothers who do not qualify for Statutory Maternity Pay may be entitled to Maternity Allowance (a benefit which is paid to low paid and self-employed mothers).

These health and safety considerations do not apply to fathers and partners, and is largely why Statutory Shared Parental Pay and Statutory Paternity Pay are paid at the lower of 90% of earnings or the statutory flat rate throughout.

The proposal to pay some of the weeks of Statutory Shared Parental Pay and Paternity pay has potential to help close the gender pay gap if it encourages more fathers and partners to take time off work, to fulfil childcare responsibilities and thereby enable mothers who want to return to work early to do so.

Provisional estimates suggest that the cost to the taxpayer of both of these recommendations would run into the hundreds of millions of pounds. There would also be significant costs to business running to tens of millions of pounds in the case of paying Paternity Pay at 90% of earnings and running to hundreds of millions of pounds in the case of extending and enhancing Shared Parental Leave and Pay. We will continue to build the evidence base, including evaluating the Shared Parental Leave and Pay scheme, but we do not currently feel there is sufficient evidence to justify these proposals at this time.

**Recommendation 6 (e): The Government should investigate the benefits of offering all forms of parental leave on a part time basis.**

Under current arrangements, family related leave and pay must be taken in weekly blocks of no less than one week.

In developing the current Shared Parental Leave and Pay system, the Government considered whether parents should be allowed to take leave and pay over a shorter period of time, e.g. in hours or days. In order to make the scheme less complicated (both in terms of parents understanding their entitlements and employers administering the system) the Government decided against this.

However, we recognise that some parents may not want to take a full week off work. To address this, the legislation enables each parent to take up to 20 Shared Parental Leave in Touch or 'SPLiT' Days (40 days in total). SPLiT Days enable an employee to work part of a week that they are on Shared Parental Leave if they wish. This could be particularly useful where, for example, they would like to have a phased return to work following family related leave.

Following consultation with groups representing employers and parents, we concluded that SPLiT days should be 'permissive'. This means that an employer cannot require their

employee to use a SPLiT day to work during a week that they are meant to be on Shared Parental Leave; and similarly the employee cannot insist that their employer allows them to use a SPLiT day.

The rate of pay for a SPLiT Day is agreed between the employer and their employee (subject to the employee receiving at least the National Minimum Wage or the National Living Wage – whichever is applicable). The guidance on Shared Parental Leave and Pay makes it clear that it is expected that an employee will receive their contractual rate of pay if they work their usual hours and perform their usual duties on a SPLiT Day.

**Recommendation 7: 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 recognises the important role that carers play in ensuring that individuals with long-term illnesses, disabilities or impairments receive the support they need. However, the Government believes there is already significant support provided for carers to balance work with their caring responsibilities.

Of the 5.8 million carers in England and Wales, the Government estimates that 4.4 million are of working age, that around 3 million are working and, of those, 2.5 million are employees.

One of the Government’s labour market objectives is to ensure that carers are supported in balancing work with their caring responsibilities, and since 2007 the carers of adults as well as the carers of children who have 26 weeks’ continuous service with their current employer have had a Right to Request Flexible Working.

There are three key employment law entitlements for carers:

- In 2014 the Right to Request Flexible Working was extended to all employees with 26 weeks’ continuous service with their employer to enable more employees and their employers to benefit from flexible working. Employees can use this statutory procedure to request a working pattern which meets their needs and those of their employer. The statutory scheme could, for example, be used to request shorter working hours, working from home, a job- share, compressed hours, or some other working arrangement which would enable an employed carer to fulfil their commitment to the person that they care for.
- Carers also have access to the right to emergency leave, known as ‘Time off for Dependents’, which allows them to take a reasonable amount of time off work to deal with unexpected or sudden emergencies relating to someone who depends on them.
- All workers have the right to take paid annual leave per year. The entitlement is 28 days, which is 5.6 weeks for a full-time employee with a typical working pattern.

The Government is committed to supporting carers, including employed carers. Recognising the important role of employers in retaining, recruiting and retraining older people, the Government is collaborating with a range of organisations and employers to develop an employer-led national Fuller Working Lives strategy.

Unpaid carers are an important target group for Government in the context of Fuller Working Lives and we are working closely with carer organisations and employers with effective carer-friendly HR policies, to ensure the Fuller Working Lives agenda adequately addresses the issues which carers face, and identifies solutions and best practice for employers that will support carers in balancing their caring responsibilities alongside their work responsibilities.

The Government is also providing £1.7 million for nine pilot projects to explore, at a local level, how carers can be supported to stay in paid work alongside their caring responsibilities, including testing the use of assistive living technology, and providing information and advice to local businesses on supporting working carers. This will help better understand what drives carers' behaviours when it comes to deciding whether to remain, leave or re-enter work. Evaluation of the pilots is on-going and the Government will use the results to better understand what kind of support is effective in enabling carers to remain in or re-enter work.

We are also currently developing a new cross-Government Carers' Strategy and we have been consulting widely to support the development of the strategy. A wide-ranging call for evidence was launched in March 2016 and was supported by consultation events with stakeholders including employers' organisations and individual businesses.

This stakeholder engagement will be supplemented with research on the economic impact of caring on individuals, including the factors that influence carers' decisions around paid work and caring. At this early stage, it is anticipated that the strategy will be built around measures to improve the support that is provided to carers themselves and to their families, to build increasingly carer-friendly communities, and to support carers to remain in or re-enter employment.

**Recommendation 8: 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.**

It is essential that child caring responsibilities are shared between both parents. This Government is committed to closing the gender pay gap and a key part of that is helping mothers return to, remain and progress in work.

It will become increasingly likely that parents will want to consider carefully how childcare responsibilities are shared as it is no longer a given that a man will be the higher earner, especially in the younger generation.

Metcalf and Rolfe published their report *Women's Choices in the Labour Market* in June 2010,<sup>14</sup> outlining the findings of relevant publications and research from the preceding ten years. Although many parents saw work and care arrangements as governed by necessity rather than choice, the report highlighted key factors underpinning decision-making around the time they take parental leave, including:

- Mothers' employment can be constrained by a lack of high-quality full-time childcare.

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14 'Women's Choices in the Labour Market', Metcalf H. and Rolfe, H., June 2010

- UK long-hours working culture may encourage gender division of paid work and childcare with fathers working long hours and providing less childcare.
- Availability of family friendly policies, including flexible working.
- Necessity to commute can lead to withdrawal from the labour market for part-time workers.
- The higher the partner's income, the less likely mothers were to return to work.
- Maternity pay and leave are major influences on the timing of the return to work.
- Lack of knowledge about statutory entitlements (e.g. maternity pay).
- Fathers can face greater constraints in the workplace (e.g. working part-time) based on social expectations around gender roles.

More recent pieces of research have explored parents' decision-making around childcare. This includes a 2013 survey of childcare and work decisions among families with children<sup>15</sup> and a survey of 1,000 parents of 0-3 year-olds in England on their experiences of early years services, including decisions on preparation for schooling and childcare.<sup>16</sup>

Additionally, the Government regularly consults with stakeholders and businesses to better understand the barriers that women may face in returning to and progressing in work.

The Government intends to review the existing evidence base and in March 2016 we announced plans to work with the Behavioural Insights Team to explore the key factors which are taken into consideration by parents in deciding how caring responsibilities are shared between women and men. We will address any evidence gaps with further research on the social and cultural context in which men and women make decisions about childcare and work as needed.

**Recommendation 9: 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**

There is no new ministerial group on the gender pay gap. Government already provides advice and support to help women over 40 through the National Careers Service. It includes careers advice and opportunities to undertake work related training for women over 40. This helps them to make informed decisions about their career options and harness the skills and experience they have gained during their life and career. Users report high satisfaction levels with the service provided. The National Careers Service supports the Government's aim of ensuring the adult workforce is able to be economically productive through contributing to a flexible workforce, realising potential and supporting local growth. Between October 2015 and January 2016 the National Careers Service supported 840,000 customers.

15 'A survey of childcare and work decisions among families with children', Borg, I. and Stocks, A., 2013

16 'Parents' Experiences of Early Years Services' Social Mobility Commission, 4 March 2016

The National Careers Service provides professional, impartial information and advice underpinned by rich up-to-date information on careers, jobs and routes into further education and work, including apprenticeships. A key role of the service is to help customers make informed decisions about their options. The focus of the discussion will depend on the individual needs of each client. It also works locally with Local Enterprise Partnerships to agree Key Performance Indicators that ensure the service meets the needs the local economy.

Additionally in 2013/14, we funded the National Institute of Adult Continuing Education<sup>17</sup> to deliver the Mid-Life Career Review, a project which developed and piloted career review models for people in mid-life. From January 2013 to March 2015 the Institute worked with 17 partner agencies across England to provide reviews to 3,000 people. Based on the evaluation report, between April 2015 and March 2016, the Learning and Work Institute (L&W) have been developing a website and undertaking dissemination activity to increase awareness of the methodology and tools available to support. The evaluation report is available on the L&W website.

In 2015/16, the Department for Work and Pensions (DWP) with backing from the Department for Education trialled enhanced central funding in four Districts for work experience and training programmes to test their suitability for benefit claimants aged 45 or older. Jobcentre Plus staff in participating Districts could refer claimants to take part in a sector based work academy (sbwa) of up to six-weeks duration consisting of three elements: pre-employment training, a work-experience placement and a guaranteed interview for a job or support to help the participant through the application process. A separate Work Experience programme offered participants a work placement generally lasting between two and eight weeks. A DWP research report *Sector based work academies and work experience trials for older claimants: combined quantitative and qualitative findings*, will be published in early 2017. The research provides evidence that both programmes can help participants overcome age-related and other barriers to work, become more job-ready, improve confidence and well-being, and in some cases support claimants to move closer to the labour market or into work. Both programmes were found to be suitable for older workers. The majority of participants interviewed, reported that they had benefitted from the provision, were satisfied with their experience and would recommend taking part to others in similar situations. A separate impact analysis will be carried out in 2017 in order to assess net outcomes of the provision trialled.

Finally, Advanced Learner Loans are now available to thousands of adults wishing to retrain. Learners aged 24 and above studying at Level 3 and Level 4 can access loan support to help meet up-front fees, removing one of the main barriers to learning. Loans enhance shared responsibility for skills funding, recognising that much of the benefit of advanced vocational study goes to the learner. In 2016/17, Advanced Learner Loans will be expanded to be available to those aged 19 and above, studying at level 3 to level 6.

The Advanced Learner Loans offer is attractive to all groups across society. Data suggests that the introduction of loans in 2013/14 at Levels 3-4 for those aged 24 and above increased the proportion of female learners, those with a declared learning difficulty or disability and those not declaring their ethnicity as white. In 2014/15, around 15,000 applications were received from those aged over 40.

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17 Now merged with the Centre for Economic and Social inclusion to become the Learning and Work institute (L&W)

**Recommendation 10: 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.**

In 2014/15 there were 213,900 apprenticeship starts by people aged over 25, an increase of almost a fifth from 182,100 in 2010/11. Apprenticeships will remain our flagship programme for delivering the skills that employers need and enabling people of all ages to learn whilst they earn.

The Institute for Apprenticeships will be fully operational by April 2017. It will be responsible for setting quality criteria for the development of apprenticeship standards and assessment plans, reviewing, approving or rejecting them, determining the maximum level of Government funding available for standards, and quality-assuring some end point assessments. The Institute is independent and led by employers to ensure that apprenticeships provide the high-quality training and workforce that employers want and need. We will encourage the Institute to consider the Committee's recommendation.

**Recommendation 11: The Department for Education should fund and co-ordinate a sector specific national scheme to support women returners back into teaching.**

The Government agrees that it is important to support women returners back into teaching and we have already taken action. As set out in recommendation 3 we have run two Supporting Returning Teachers pilots to attract inactive teachers back into the workforce. Both pilots have been successful in attracting women returners and we recently published further plans which draw lessons from the pilots and also support the wider agenda of encouraging flexible working opportunities.

We also want to ensure more is done to celebrate the talent and potential of female teachers at all stages of their career and to make the most of the exceptional talent within the teaching profession, ensuring that more women enter leadership positions.

In addition, we will be running an initiative that will get exceptional female leaders from across the teaching profession coaching other women to help them develop their career. The aim of this programme is to see at least 1,000 coaching relationships in place next year, establishing a pipeline of promising female talent for the school leadership roles of the future.

**Recommendation 12: 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.**

The Government recognises the importance and value of the care sector and our priority is to listen to all businesses from all sectors, including the care sector, working with them to remove barriers to growth and productivity, and creating the conditions in which they can thrive. We consider that a highly engaged approach, in which we listen to those who best know their sectors, is the right way to address the problems of low paid sectors

with a high proportion of female workers. We think this will be more effective than the recommended highly interventionist approach which would risk a lack of business buy-in to any strategy.

The Government is also setting the economic conditions to enable businesses across all sectors to invest in the technology and skills they need to compete and to deliver productivity growth. As the Prime Minister has set out, the ambition for the Government's Industrial Strategy is to deliver an 'economy that works for everyone'. This will include working closely with industry to support businesses to invest, grow and prosper in the UK and promote the UK as a world leader in productive and emerging technologies and making Britain the best place in the world to start up and grow a business.

The Industrial Strategy will be focused on how the whole of Government can come together to deliver the skills businesses and individuals need most and by increasing our long-term investment in science and research, so that we maintain our position as a global leader and make the UK the best place in Europe to innovate and patent new ideas.

Through the Industrial Strategy, the Government is open to dealing with representatives of all sectors, including the main sector skills councils, and will respond positively to industry-led solutions. We are planning to publish further details this year that will set out our plan for engagement with all sectors and regions of the UK on building a comprehensive long term strategy.

**Recommendation 13: 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.**

LEPs are local partnerships of business and public sector organisations and as such are best placed to decide how to invest for the benefit of their area. LEPs create Strategic Economic Plans that set the strategy for investment to achieve maximum local growth. Government does support LEPs to do this both directly and through the LEP Network, but decisions on what to prioritise rightly rest with local areas.

Many LEPs are specifically supporting women and the sectors they work in, reflecting local priorities. For example, a key part of Sheffield's City Deal focuses on skills development, with targeted sectors including care, hospitality and retail - all major employers of women. Greater Cambridgeshire and Greater Peterborough is collaborating with Connecting Cambridgeshire to support female entrepreneurs.

Many LEPs, including Swindon and Wiltshire, Greater Lincolnshire and Heart of the South West have established women's networks or/and offer business workshops and events to help upskill and increase opportunities for women.

The LEPs continue to work together to share good practice and lessons learnt through forums such as the LEP Network, as well as regular meetings on specific issues such as skills.

**Recommendation 14: 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.**

We agree that some organisations are more progressive in terms of their approach to recruiting and retaining talent, and ensuring that all of their employees are given the opportunity to not only do their job to the best of their abilities but to progress within their organisation if they wish.

The Department for Business, Energy and Industrial Strategy has widespread engagement with business, including at sectoral level, and we will work with Acas and business to better understand the challenges that employers in highly-feminised, low paid sectors face. Acas have considerable experience in bringing organisations from different sectors together to challenge outdated ways of working which can foster inequality. We will bring employers from different sectors together to share best practice and learn from organisations which already benefit from taking a more flexible approach to recruiting and cultivating talent. These discussions will be used to inform and re-focus Acas' existing guidance, to ensure that it addresses issues that contribute to the gender pay gap and limit employment opportunities for women.

**Recommendation 15: The Government should amend its draft reporting regulations so that gender pay gap data is broken down by age and also part- time status.**

The Government has pledged to eradicate the UK gender pay gap. The gender pay gap shows the difference between the average earnings of women and men, not whether an employer complies with equal pay law. Paying women and men unequally has been illegal for over 40 years.

Following three public consultations (July-September 2015; February-March 2016; August-September 2016) that cumulatively received nearly 950 responses, new regulations will require large employers and public sector employers to publish the following information every year:

- Mean and median overall gender pay gaps calculated using employee's hourly earnings.
- Mean and median gender bonus gaps calculated using bonus pay for a 12- month period.
- The proportion of women and men in four equal quartiles based on hourly earnings - helping identify blockages to women's progression into senior roles.

As stated in the Government response to the first gender pay gap consultation, publishing separate figures for full-time and part-time workers may not be useful for those employers that do not have a large part-time workforce.<sup>18</sup> No responses to our follow-up consultation (on gender pay reporting for large employers) provided evidence that part-time and full-time employees in similar or comparable roles are paid unequally across the UK economy.

The Government acknowledges that women over 40 experience the most pronounced gender pay gap, although it is important to recognise that the gap is already narrowing

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18 'Closing the Gender Pay Gap – Government Response to the Consultation', February 2016

for all women over 40 in full-time employment. As workforce demographics will vary significantly across employers and sectors, such reporting may raise confidentiality issues (e.g. where a small number of employees occupy a particular age range).

**Recommendation 16: 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**

The requirement to publish a gender pay gap figure will apply to private, voluntary and public sector employers with at least 250 employees. The regulations aimed at private and voluntary sector employers will affect around 7,960 employers with around 11.3 million employees. This represents 34% of the total UK workforce. It is estimated that a further 600 employers in the public sector, with around 3.8 million employees, will be covered by the separate public sector gender pay gap regulations being introduced by the government. These regulations, which will replicate the reporting requirements that will apply to private and voluntary sector employers, will be aimed at public bodies in England and non-devolved authorities.

The combined coverage of the new gender pay regulations will be approximately 8,500 employers, with over 15 million employees, representing nearly half of the total workforce. The table below shows how many employers we expect to be covered by the new gender pay gap regulations.

	No. of employers with 250+ employees	Employees (thousands)	Percentage of total UK employees
Private/Voluntary Regulations	7960	11294	34%
Public Sector Regulations	627	3845	12%
Total	8587	15139	46%

Over half the organisations that responded to our first consultation last summer agreed that our planned threshold (250+ employees) was appropriate as small and medium sized employers may find it difficult to comply due to system constraints. We would also encourage all employers to publish this information and to see how they can make the most of the female talent available.

We will support all businesses regardless of size to publish their gender pay gap including non-statutory guidance developed with Acas, a series of regional and national events with employers and employer organisations and sharing of best practice through initiatives like *Think, Act, Report* and the Women's Business Council.

We will keep the operation of the regulations under review.

**Recommendation 17: 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.**

We agree that while transparency is important, employers must have a clear role to play in tackling the causes of the gender pay gap.

The Government announced in February 2016 that it will provide a package of support to help business calculate, understand and address their gender pay gap, including:

- Regional and national events with employers and employer organisations; simple multimedia guidance (encouraging employers to publish action plans) to help companies calculate the data they will be required to publish following the laying of regulations.
- Targeted support for smaller employers, and those in sectors that are least advanced on gender equality.
- Promote the benefits and share best practice of exemplars through initiatives like Think, Act, Report and the Women's Business Council, including a published report on the trailblazing action many businesses are taking to tackle the gender pay gap.

We are also taking action to address the causes of the gender pay gap, from encouraging girls' and young women's take up of STEM subjects and careers, to improving female representation on FTSE boards, to supporting women to have fuller working lives.