



## Close the Gap briefing for Scottish Government Debate: Employment Support

September 2020

Close the Gap is Scotland's expert policy and advocacy organisation working on women's labour market participation. We have 19 years' experience of working with policymakers, employers and employees to influence and enable action to address the causes of women's inequality at work.

### 1. Introduction

COVID-19 has resulted in a rapid, and unprecedented shift in the economic landscape in Scotland, with women and men being impacted by the crisis in different ways. For example:

- **Because of occupational segregation, women are more likely to work in a shutdown sector such as hospitality and retail, and this is especially the case for BME women and younger women.**
- **Women are more likely to have lost their job and had their hours cut.**
- **Women make up the majority (77%) of key workers** in care, early years and childcare, nursing and in supermarkets, but are **undervalued, underpaid and under-protected.**
- Women's poverty rates, and subsequently child poverty rates, will rise as a result of **low-paid women being particularly affected by job disruption;**
- **Women are bearing the brunt of the increase of childcare and care** for adults in the home, making it difficult to do their paid work from home, where this is required by their employer.
- **Women are more likely to lose their jobs in the recession, and be affected by underemployment.**<sup>1</sup>

The extension of the job retention scheme is a key means through which to protect women's employment during the crisis. The end of furlough provision is likely to have a particularly negative impact on women's employment, as companies in female-dominated service sectors such as hospitality and retail are more likely to be utilising the scheme, with jobs in these sectors consequently more susceptible to redundancy. If the

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<sup>1</sup> Close the Gap (2020) *Disproportionate Disruption: The impact of COVID-19 on women's labour market equality* available at <https://www.closesthegap.org.uk/content/resources/Disproportionate-Disruption---The-impact-of-COVID-19-on-womens-labour-market-equality.pdf>

scheme ends in October, as planned, a likely consequence will be a further rise in the female unemployment rate.

In the longer-term, the ending of the job retention scheme may present particular problems for women if there is a return to blended learning approaches in schools over the course of the crisis. Women will be reliant on the discretion of their employer to provide paid leave in order to care, with the labour market being characterised by inflexible work making this difficult. Evidence highlights that women have already been reliant on using their annual leave entitlement to fulfil caring responsibilities and women with caring responsibilities in paid work have reduced their paid working hours substantially, and by more than their male counterparts.<sup>2</sup> The ending of the job retention scheme could consequently lead to more women leaving the labour market in the longer-term.

## **2. The impact of ending the job retention scheme on women's employment**

The impact of COVID-19 has not been felt evenly across the labour market, and this trend is likely to continue with the ending of the job retention scheme. Analysis by the Scottish Government found that certain sectors were at greater risk of COVID-19 job disruption than others. **Women account for the majority (51.5%) of those in jobs that are deemed to be at high exposure to job disruption,<sup>3</sup> putting women at greater risk of unemployment and enforced reduction of hours.** The high-risk sectors where women are concentrated are also low-paid in comparison to male-dominant high-risk sectors, putting the women in these sectors at greater risk of poverty with implications for child poverty, too.

Labour market statistics show that the percentage of unemployed women in Scotland rose by 0.7 per cent between March and May 2020 alone, and recent **figures highlight that the female unemployment rate in Scotland has increased by 1.3 per cent over the last year, compared to a 0.3 per cent increase for men.** Figures from the Labour Force Survey found that employees aged 17 were most likely to be furloughed, with **61% of employments with a female employee aged 17 were furloughed,** compared to 58% of their male counterparts.<sup>4</sup>

A further wave of redundancies from businesses that are struggling to stay afloat is expected with the end of the job retention scheme, with low-paid female-dominated sectors, such as retail and hospitality, at particular risk. These sectors are also less likely to 'bounce back' at the end of the crisis as result of consumer spending power, tourism

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<sup>2</sup> Institute for Fiscal Studies (2020) *How are Mothers and fathers balancing work and family life under lockdown?*

<sup>3</sup> Ibid.

<sup>4</sup> Labour Force Survey – 11<sup>th</sup> August 2020 available at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020>

and changing consumer preferences, meaning the impact on women's employment is unlikely to be fleeting. During 2010 and 2011, hospitality and non-food retail accounted for 22% of employment entries from unemployment. However, those traditionally labour-absorbing sectors during recoveries are the very sectors most likely to be shedding labour in the aftermath of COVID-19, potentially making this recovery particularly difficult and prolonged.<sup>5</sup> This is particularly concerning as some of the service sectors where female job losses will be greatest, such as retail, have high rates of outflow into unemployment, particularly long-term unemployment.<sup>6</sup> As young women are more likely to be furloughed, and more likely to be concentrated in low-paid service sectors, young women's employment prospects are likely to be particularly impacted by the end of the job retention scheme. This is likely to have a long-term scarring effect on young women's labour market outcomes, particularly if employability measures, including the youth guarantee, are not gendered by design.

Many of the shutdown sectors where women are concentrated, such as retail and hospitality, are notoriously low paid and characterised by job insecurity. For example, **four in ten of those working in retail and wholesale are paid less than the real Living Wage<sup>7</sup> and 80% of people working in hospitality reported that they were already struggling with their finances before going into lockdown.**<sup>8</sup> Women in these low-paid, high-risk sectors are already more likely to be experiencing in-work poverty and are therefore less likely to have savings to fall back on if they are made redundant at the end of the job retention scheme. Women facing involuntary reduction of hours and redundancy at the end of the job retention scheme will be forced to access social security which is not designed to meet the needs of women's lives and after a decade of austerity and welfare reform has proven to push women further into poverty.<sup>9</sup>

### 3. The design of the job retention scheme

The job retention scheme is an extremely welcome intervention by the UK Government, and, as highlighted above, the extension of the scheme is an important means of protecting women's employment during the COVID-19 crisis. However, a gendered approach was not adopted in the design and delivery of support which means that restrictions around the job retention scheme provisions have increased the likelihood of women leaving work in order to care. In particular:

- There is no employee right to be furloughed, it must be jointly agreed between the employer and the employee. Widespread inflexible working practice shows

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<sup>5</sup> Resolution Foundation (2020) *Getting Britain working (safely) again: The next phase of the Coronavirus Job Retention Scheme*

<sup>6</sup> Devins, D, Bickerstaffe, T., Mitchel, B. & Halliday, S. (2014) *Improving progression in low-paid, low-skilled retail, catering and care jobs*

<sup>7</sup> Resolution Foundation (2020) *Risky Business*

<sup>8</sup> IPPR (2020) *COVID-19: What's the outlook for Scotland's workforce?*

<sup>9</sup> Close the Gap (2018) *Women, Work and Poverty: What you need to know*

that many employers do not support women to balance their work with childcare, and in the current context may not furlough their female employees for this reason;

- There is low awareness among employers of the furlough provision for employees with caring responsibilities, and as a result many women have faced immense challenges as they struggle to provide childcare for young children while also working from home;
- A provision to enable employers to bring workers back on a part-time basis was introduced to the job retention scheme on the 1<sup>st</sup> of July. The initial lack of provision for part-time furlough was particularly problematic for women, as this would have provided a solution for many women who wanted to continue to work during lockdown while also providing childcare at home. There is also evidence that some women have had an involuntary reduction in hours which adversely affects their pay and puts them and their families at higher risk of in-work poverty. The delay in providing for part-time furloughing will have forced some women to leave their job creating longer-term impacts to their income, career, and the wider economy as employers lose female talent<sup>10</sup>; and
- There was an appetite among employers for part-time furlough. Survey data from the Institute of Directors in May found that more than one-third of employers using the job retention scheme said they would bring the majority of their furloughed workers back on a part-time basis, if this were permitted by the programme. Less than one in ten employers said they would not bring anyone back part-time.<sup>11</sup> This highlights the importance of flexibility in financial support systems and implies that an earlier introduction of part-time furlough would not only have assisted women in balancing care and paid work, but would also have enabled women to protect more of their earnings during lockdown.

This design and delivery of the job retention scheme highlights the importance of integrating gender perspectives and women's needs into response measures.<sup>12</sup> It is important that any extension to the job retention scheme is accompanied by measures to promote awareness among employers of the furlough provision for women with caring responsibilities, and that the scheme continues to provide for part-time furlough to enable women to balance paid work and caring responsibilities over the course of the crisis.

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<sup>10</sup> Close the Gap and Engender (2020) *Women, Caring Responsibilities and Furloughing during COVID-19*

<sup>11</sup> Institute of Directors (2020) 'Furlough will mean "difficult decisions" for firms' available at <https://www.iod.com/news-campaigns/news/articles/Furlough-costs-will-mean-difficult-decisions-for-firms>

<sup>12</sup> Close the Gap and Engender (2020) *Gender and Economic Recovery*