



Close the Gap briefing for Scottish Government Debate: Each for Equal: Celebrating International Women's Day 2020

March 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.

International Women's Day

This year's theme highlights that gender equality is essential for economies and communities to thrive. Certainly, women's inequality in the labour market is a drag on economic growth and productivity, and occupational segregation is correlated with sector skills shortages. Research by Close the Gap has highlighted that closing the gender gap in employment is worth £17 billion to the Scottish economy.¹

The persistence of the gender pay gap

The gender pay gap, the key indicator of women's labour market equality, represents the divergent experiences men and women have not only in employment but also in education, training, care and other domestic labour. It is a persistent feature of Scotland's labour market, with Scotland's gender pay gap remaining stubbornly high at 13%.²

Women comprise the majority of low paid workers, and work that is seen as 'women's work', such as cleaning, care and retail, is systematically undervalued in the labour market. Women are more likely than men to have caring responsibilities and therefore face the additional pressure of finding work that allows them to balance earning with caring. This sees women further concentrated into low paid and insecure work, as most part-time work is found in the lowest paid occupations and sectors. Women's employment is also becoming increasingly precarious with women

¹ Close the Gap (2016) *Gender Equality Pays: The Economic Case for addressing women's labour market inequality*

² Close the Gap (2020) *Gender Pay Gap Statistics*

accounting for two-thirds of workers earning less than the living wage and 55% of workers on zero-hour contracts are women.³

Disabled women, Black and minority ethnic (BME) women, LBT women and refugee women experience different, multiple barriers to participation in the labour market, and to progression within their occupation, which also contributes to the pay gap. This is why it is necessary to take an intersectional approach to work on the gender pay gap and women's labour market inequality. For example, across the labour market, disabled women and some groups of BME women are more likely to be underemployed in terms of skills, to report higher levels of discrimination, bullying and harassment, and experience higher pay gaps.⁴ Recent research by Close the Gap found that 72% of BME women have experienced racism, discrimination, racial prejudice and/or bias in the workplace.⁵ However, there is a lack of intersectional data pertaining to gender pay gaps to fully illustrate these differences.

Crucially, A Fairer Scotland for Women, Scotland's first gender pay gap action plan, was published in 2019. This Plan is an important step in driving Government action on the gender pay gap. Close the Gap has welcomed the breadth of ambition in the plan which recognises that the causes of the pay gap reach far beyond the workplace with change also necessary in early years settings; schools, colleges and universities; economic development; and procurement. Actions range from building intersectional gender competence among policymakers and delivery agencies, to working with employers to develop robust gender pay gap action plans. Taken together, the actions contained within this plan have transformational potential for women's labour market experience and the tackling of women's poverty. The publication of the gender pay gap action plan represents a commitment to substantive action on the causes of women's inequality at work. However, it is crucial that implementation of the plan ensures that this ambition is realised.

Realising equal pay for women

This year marks the 50th anniversary of the Equal Pay Act 1970. Despite this legislation, pay discrimination remains a persistent cause of the gender pay gap and we still remain some distance from realising the right to equal pay for equal work. Pay discrimination affects individual women, and is also a feature of female-dominated jobs and sectors because the economy systemically undervalues the work they do.⁶

³ Close the Gap (2018) *Women, Work and Poverty: What you need to know*

⁴ Close the Gap (2018) *The Gender Penalty: Exploring the Causes and Solutions to Scotland's Gender Pay Gap*

⁵ Close the Gap (2019) *Still Not Visible: Research on BME women's experiences of employment in Scotland*

⁶ Close the Gap (2018) 'The perennial problem of equal pay' blog available at <https://www.closesthegap.org.uk/news/blog/title/>

The challenge of equal pay is most keenly exemplified by the protracted implementation of Single Status⁷ in local government. When the most recent round of litigation concludes the total cost will be around £1 billion.⁸ There are nearly 27,000 live local government equal pay claims, and workers could potentially make new claims against councils.⁹ The systematic undervaluing of stereotypically female roles in local government serves as a sharp example of the financial and reputational risk to employers of not taking action on equal pay.

Despite this risk, existing employer attitudes to equal pay are a significant problem. The equal pay review is the methodology by which employers can review their pay systems and practice to check for discrimination, and the only way employers can be sure that they are providing equal pay.¹⁰ Research by Close the Gap on employer action on the pay gap found that while 94% of employers surveyed had an equal pay policy, less than a third had undertaken an equal pay review, and only 3% had taken any action to address pay gaps.¹¹ This undue complacency among employers is also evidenced in UK Government Equalities Office research on reporting of gender pay gap data where the majority of employers surveyed (62%) had no current, past or planned future involvement in pay reviews because they considered that they already provided equal pay.¹²

Most pay discrimination isn't intentional, and there are many employers who have taken steps to rectify the sex bias that was built into the design of their pay and grading systems. However, this widespread complacency around employer attitudes to equal pay presents a major challenge in realising pay equality for women in Scotland.

Since 2018, large private and third sector organisations in Scotland have been required to publish their gender pay gap information under UK regulations. Public bodies in Scotland have been reporting their gender pay since 2013 as a requirement of the public sector equality duty (PSED). The theory behind pay gap reporting is that, when uncovering pay gaps within their organisation, employers will be compelled undertake action to resolve the inequalities. However, the current models

⁷ The Single Status Agreement is a UK-wide agreement to unify the pay structures of different groups of council employees. By harmonising employment terms and conditions, and grading all jobs on the same pay scale the agreement sought to address the systemic gendered pay inequality experienced by some groups of lower-paid female employees.

⁸ UNISON (2017) *Submission to the Scottish Parliament Economy, Jobs and Fair Work Committee inquiry into the gender pay gap*

⁹ Audit Scotland (2017) *Equal pay in Scottish Councils*

¹⁰ The equal pay review was developed by the then Equal Opportunities Commission and enhanced by the Equality and Human Rights Commission. See <https://www.equalityhumanrights.com/en/advice-and-guidance/how-implement-equal-pay>

¹¹ Close the Gap (2013) *Missing Out on the Benefits: Summary of research on the reporting of the gender pay gap in Scotland*

¹² Winterbotham et al (2014) *Company Reporting: gender pay gap data*, Government Equalities Office: London

of pay gap reporting has not resulted in the transformational change that was envisaged.

- Research by Close the Gap on public bodies' compliance with PSED in 2017 found that 20% of Scottish public bodies did not publish their gender pay gap; with a further 20% publishing incorrect or inaccurate figures; and 60% of public bodies did not plan to take action to address their gender pay gaps.
- A Close the Gap assessment of Scottish private sector employer reporting in 2019 found that less than a third had published actions; only 6% published targets; and only 4% had published evidence of action taken in the past year.

These findings show that pay gap reporting alone does not create change, and that employers must be legally required to take action on the pay gap not just report headline figures.

Despite the new regulatory levers for action, pay discrimination is becoming increasingly invisible in discussions around the gender pay gap. This is in part because employers think they do not need to carry out an equal pay review because they believe they already provide equal pay. In our 2018 assessment of employer pay gap reporting, only two employers in a sample of 200 mentioned doing an equal pay review or job evaluation exercise¹³.

Conclusion

International Women's Day is an opportunity to consider the actions that are necessary to make progress towards gender equality in Scotland. The focus on the gender pay gap has never been sharper, yet we are still very far from meaningful progress on the inter-related barriers women face in entering and progressing in employment. Substantive action is required by the Scottish Government, policymakers and employers to address the causes of the gender pay gap and women's inequality in the labour market.

¹³ Close the Gap (2018) *A Road to Change? An assessment of Scottish employer reporting of the UK gender pay gap reporting regulations* <https://www.closesthegap.org.uk/content/resources/The-Road-to-Change.pdf>