



Close the Gap briefing for Scottish Government Debate: Tackling poverty and building a fairer country

June 2021

Close the Gap is Scotland's policy advocacy organisation working on women's labour market participation. We have been working with policymakers, employers and employees for 20 years to influence and enable action that will address the causes of women's labour market inequality.

1. Introduction

Prior to the outbreak of COVID-19, poverty in Scotland was gendered. Women were more likely to be in poverty; more likely to experience in-work poverty; and were more likely to experience persistent poverty than men.¹ As highlighted in the Scottish Government's Tackling Child Poverty Delivery Plan, **women's poverty is also inextricably interlinked with child poverty**. Women's earnings are a crucial factor in child poverty, with evidence showing that where women's disposable income is reduced, spending on children decreases. Consequently, tackling women's inequality in the labour market is key to tackling women's poverty and child poverty.

Women's experience of poverty is directly linked to their experience of the labour market. That one of the key consequences of COVID-19 is labour market disruption is therefore especially problematic for women's poverty as women's pre-existing inequality in the labour market puts them at particular risk of unemployment, reduced working hours and furlough. **Women who were already struggling are now under enormous financial pressure, being pushed into further and deeper poverty.** Ultimately, without specific interventions to promote women's equality and a gendered response to the crisis, COVID-19 will exacerbate the women's and children's poverty in Scotland.

2. Women are more likely to be in low-paid, undervalued work

The gender pay gap is a key factor in women's higher levels of poverty, and tackling women's inequality in the labour market is therefore critical to overcoming women's poverty. In line with the multiple labour market barriers experienced by different groups of women, **there is a particularly high risk of poverty among Black and minority ethnic women, disabled women, lone parents, and refugee and asylum-seeking women.**

¹ Close the Gap (2018) *Women, Work and Poverty: What you need to know* available at <https://www.closesthegap.org.uk/content/resources/1---Women-work-and-poverty-what-you-need-to-know.pdf>

Women are more likely than men to have caring responsibilities and therefore must find work that allows them to balance earning with caring. This sees women concentrated in part-time work which contributes to women's higher rates of in-work poverty as most part-time work is found in the lowest paid jobs and sectors. Women account for 75% of the part-time workforce, and 42% of employed women work part-time compared to 13% of men.² This is significant as **part-time jobs are more than three times as likely to pay below the Living Wage than full-time roles** and **research from Living Wage Scotland found that women in part-time work stand to benefit the most from Living Wage accreditation.**³

Work that is seen as “women's work”, such as cleaning, care and retail, is systematically undervalued in the labour market because this work is done by women. This results in the low pay associated with those jobs and sectors. Undervaluation has lifelong impacts for women including debt, stress and less access to assets and resources. **Women account for 79% of key workers in Scotland,**⁴ with the majority of the key worker jobs identified by the Scottish and UK Governments being undervalued female-dominated occupations including nurses, carers, early learning and childcare workers and supermarket workers. Despite being key to a successful pandemic response, women in these roles are underpaid, undervalued and under-protected. **Research by the Women's Budget Group's found that women account for 98% of the workers in high exposure jobs earning 'poverty wages'.**⁵

3. Women and their children are facing a rising tide of poverty as a result of COVID-19

Women's labour market participation has been significantly adversely impacted by COVID-19 job disruption. Women are more likely to work in a shutdown sector, such as hospitality and retail; women have borne the brunt of the increase in childcare and care for adults in the home, making it difficult to do paid work; and women are more likely to lose their jobs over the course of the recession.⁶ **Women, and their children, will experience a rising tide of poverty as a result of COVID-19.**

Many of the shutdown sectors where women are concentrated, such as retail and hospitality, are low paid and characterised by job insecurity. For example, **four in ten of**

² Boyle, Ruth (2019) 'Tackling the Gender Pay Gap: Key to tackling poverty in Scotland', *Anti-Poverty Review Issue 30*, pp.11-13 available at <https://www.povertyalliance.org/wp-content/uploads/2019/08/SAPR-30-.pdf>

³ Jones, Gareth (2019) 'Women benefit from living wage expansion', *Third Force News*, available at <https://tfn.scot/news/women-benefit-from-living-wage-expansion>

⁴ Close the Gap (2021) *One Year On: How COVID-19 is impacting women's employment in Scotland* available at https://www.closesthegap.org.uk/content/covid-19/1617267711_One-Year-On---How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf

⁵ Women's Budget Group (2020) 'It is women, especially low-paid, BAME & migrant women putting their lives on the line to deliver vital care' available at <https://wbg.org.uk/blog/it-is-women-especially-low-paid-bame-migrant-women-putting-their-lives-on-the-line-to-deliver-vital-care/>

⁶ Close the Gap (2021) *One Year On: How COVID-19 is impacting women's employment in Scotland* available at https://www.closesthegap.org.uk/content/resources/1617267711_One-Year-On---How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf

those working in retail and wholesale are paid less than the real Living Wage⁷ and 80% of people working in hospitality reported that they were already struggling with their finances before going into lockdown.⁸

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. **Women account for 60% of workers earning less than the living wage**, and receiving only 80% of their usual salary through the Job Retention Scheme could push these women into poverty. In line with the multiple labour market barriers experienced by different groups of women, coronavirus leaves some groups of women at even greater risk of poverty. **COVID-19 job disruption having a disproportionate impact on low-paid women, Black and minority ethnic women and young women's employment.** Lone parents have also faced particular difficulties in balancing paid work and unpaid caring responsibilities during the pandemic, especially where employers do not offer sufficient flexibility. This is particularly significant as these groups of women were already more likely to be experiencing in-work poverty prior to the crisis. COVID-19 has therefore placed these women, and their children, at even greater risk of poverty, adding to a growing child poverty crisis.

4. The impact of unpaid caring responsibilities on women's poverty

The lack of flexible and affordable childcare is a key barrier for women entering the labour market or increasing their hours. The provision of quality, flexible childcare is inconsistent in Scotland and the prohibitively high cost means that many women leave their job to do part-time or full-time childcare. **25% of parents living in absolute poverty in Scotland have given up work and a third have turned down a job because of the high cost of childcare.**

Close the Gap welcomed the increase in the number of free hours of ELC to 1140 hours as a positive development in the provision of affordable, flexible childcare. The delay in the delivery of this increased entitlement of childcare, in response to the pandemic, raises significant concerns around the impact of this on women's employment and poverty in the longer term. School and nursery closures during the pandemic, and increased caring responsibilities in the home have drastically affected women's ability to do paid work. Existing gendered patterns of care are being replicated during lockdown, and in many cases magnified. **Evidence highlights that women with caring responsibilities in paid work have reduced their paid working hours substantially, and by more than their male counterparts.⁹** Affordable, flexible and accessible childcare is particularly important for lone parents, 91% of whom are women. Lone parents have faced particular difficulties in balancing paid and unpaid work during the pandemic, are

⁷ Resolution Foundation (2020) *Risky Business*

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

⁹ Institute for Fiscal Studies (2020) *How are Mothers and fathers balancing work and family life under lockdown?*

more likely to be concentrated in low-paid work and were already more likely to be experiencing poverty before the outbreak of COVID-19.

The 1140 hours must be implemented at the earliest opportunity, with this entitlement viewed as the starting point, rather than the end point, of reform. Close the Gap have called for a further increase to the funded childcare entitlement to the equivalent of 50 hours a week to enable women to work full-time.¹⁰ Women, particularly lone parents, need wraparound childcare to allow them to participate in the labour market, and in education and training, on an equal basis with men. In turn, higher female labour market participation contributes to increased economic growth and reduced rates of poverty, including child poverty.¹¹

5. Women's labour market inequality and Scotland's Tackling Child Poverty Delivery Plan

The Scottish Government have acknowledged the inextricable links between gender and poverty, and women's poverty and child poverty in a number of key policy documents including Scotland's gender pay gap action plan, and the child poverty delivery plan. In particular, the Tackling Child Poverty Delivery Plan has a strong focus on women's labour market inequality, including actions to engage with sectors such as tourism, retail and hospitality where women's low pay is a concern. In outlining how these sectors have a critical role to play in tackling child poverty, the plan establishes that the payment of the real Living Wage in female-dominated sectors is vital to lifting women and their children out of poverty.

The next Tackling Child Poverty Delivery Plan, due for publication in 2022, must maintain a strong focus on women's labour market inequality and build-upon the actions contained within the previous plan. As detailed in the End Child Poverty Coalition manifesto for the 2021 Scottish Parliament elections, this should include actions to address the undervaluation of women's work, tackle occupational segregation and the delivery of affordable and flexible childcare.¹²

6. Conclusion

Promoting fair work for women through policies to provide for flexible working, affordable childcare and addressing the low pay associated with women's work in care, cleaning and retail is a critical aspect of tackling poverty in Scotland, including addressing child poverty. **Tackling women's inequality at work and tackling poverty should, and must, be seen as intertwined ambitions.**

¹⁰ Close the Gap (2020) *The Gender Pay Gap Manifesto* available at <https://www.closesthegap.org.uk/content/resources/The-Gender-Pay-Gap-Manifesto---2021-Scottish-Parliament-elections.pdf>

¹¹ Olsen, Prof Wendy, Dr Vanessa Gash, Sook Kim, Dr Min Zhang (2018) *The gender pay gap in the UK: Evidence from the UKHLS*, Government Equalities Office

¹² End Child Poverty Coalition (2021) *A manifesto for ending child poverty* available at <https://cpag.org.uk/end-child-poverty-scotland>

In response to COVID-19, building a labour market and economy that works for women must be core to economic recovery policymaking. **COVID-19 has made it even more pivotal that the Scottish Government prioritise action to tackle women's in-work poverty when trying to meet child poverty targets.**¹³ Of course, while the payment of the Living Wage in female-dominated jobs and sectors is an important starting point, this also has to be accompanied by a more structural response to the continued economic undervaluation of work done by women.

¹³ Close the Gap (2020) *The Gender Pay Gap Manifesto* available at <https://www.closesthegap.org.uk/content/resources/The-Gender-Pay-Gap-Manifesto---2021-Scottish-Parliament-elections.pdf>