



## **Supplementary evidence to the Women and Equalities Committee inquiry into the gender pay gap for women aged over 40 years**

**January 2016**

### **1. Introduction**

Close the Gap welcomes the opportunity to provide supplementary evidence to the Committee as it considers the findings of the inquiry into the gender pay gap for women aged over 40 years. We make the following recommends for stakeholders on the women, work and the gender pay gap.

### **2. Recommendations**

- i) UK Government should extend the mandatory pay gap reporting regulations to include a requirement to take action to address gaps

Close the Gap's experience, and our research, has shown that employers are less likely to take action to address gender inequality unless they are legally obliged to do so<sup>1</sup>. These findings are echoed by the UK Government's own research into employer action on the pay gap.<sup>2</sup> Companies that will be required to report on the gender pay gap should therefore also be required to take steps to address pay gaps.

- ii) UK Government should extend the mandatory pay gap reporting regulations to all employers

The proposed threshold of 250 employees will exclude smaller organisations, where women are more likely to work. This includes small and medium enterprises which account for 99.9% of private sector companies, and the majority of third sector organisations<sup>3</sup>. Smaller employers are less likely to have undertaken an equal pay review, taken any action on the gender pay gap, and less likely to have internal HR expertise. New regulatory measures should

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<sup>1</sup> Close the Gap (2013) *Missing Out on the Benefits? Summary of research on reporting of the gender pay gap* <http://www.closesthegap.org.uk/content/resources/Missingoutonthebenefits-CTG.pdf>

<sup>2</sup> Winterbotham et al. (2014) *Company reporting: Gender pay gap data*, Government Equalities Office: London

<sup>3</sup> Close the Gap (2015) *Written submission to the Women and Equalities Committee inquiry into the gender pay gap for women aged over 40 years*

therefore be extended to ensure that all working women, irrespective of the size of their employer, may benefit.

iii) UK Government should develop a national early intervention strategy to address occupational segregation

By the time young people are making subject and career choices, ideas around gender and work are already very fixed. Gender stereotyping starts early, and is a major cause of occupational segregation, and women's concentration in undervalued, low-paid work. Early intervention measures are required in order to mitigate gender stereotyping, occupational segregation, and the gender pay gap. A national strategy on addressing occupational segregation should be developed targeting early years setting, as well as primary and secondary schools.

iv) Employers should develop women returners programmes

A significant proportion of the gender pay gap for women aged over 40 is attributable to women returning to work after having children or doing other types of unpaid care, and not being able to work flexibly to accommodate their caring responsibilities, and/or not being able to progress. Employers who support women to return from career breaks, and value their skills are able to retain female talent. There are a number of good practice examples in this area including the engineering, design and project management consultancy firm, Atkins<sup>4</sup>.

v) Employers should undertake gendered job design

Women's disproportionate responsibility for caring, coupled with a lack of flexible working, means that women are working below their skill level. This 'allocative inefficiency' comes at significant cost to employers who are missing out on female talent, and the UK economy<sup>5</sup>. In considering job design, employers can benefit from mapping the skills of the workforce, and ensuring that the skills of all employees are utilised, whether they are being used in current jobs or not.

vi) Employers should pay the National Living Wage

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<sup>4</sup> [https://www.wisecampaign.org.uk/uploads/wise/files/WISE\\_RETURNERS\\_PROGRAMME\\_web1.pdf](https://www.wisecampaign.org.uk/uploads/wise/files/WISE_RETURNERS_PROGRAMME_web1.pdf)

<sup>5</sup> If women's employment and productivity equalled men's, it could add up to £600bn to the UK economy. See Women's Business Council (2013) *Maximising women's contribution to future economic growth*

Horizontal segregation, and the undervaluation of women's work is immensely challenging to address. Raising the pay of the lowest paid is one solution. There is evidence that this measure has disproportionately benefited low-paid working women in Scotland where the Living Wage has been championed by the Scottish Government<sup>6</sup>, and implemented by many Scottish public sector employers, and as a consequence the gender pay gaps in these organisations have narrowed.

vii) UK Government should abolish tribunal fees

Women who have experienced pay discrimination face significant challenges in accessing judicial redress. Since the introduction of tribunal fees of £1200, equal pay claims have dropped by 83%. With fewer women taking equal pay claims, employers who do discriminate remain unchallenged, and gendered pay inequality becomes further entrenched. For many employers, the financial and reputational risk of an equal pay claim is a key motivation for ensuring that employees are paid fairly. Without this risk, some employers will not prioritise equal pay in their business.

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<sup>6</sup> See <https://scottishbusinesspledge.scot/>