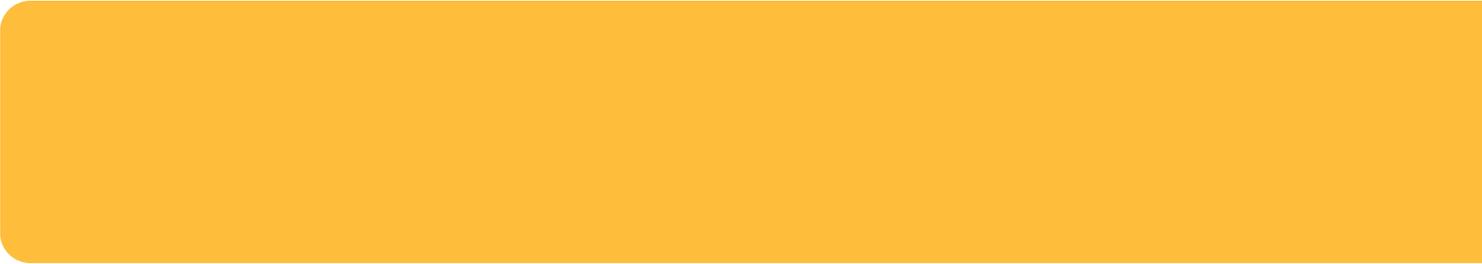


The changing labour market: delivering for women, delivering for growth

April 2013



About the Fawcett Society

The Fawcett Society is the UK's leading campaign for women's equality and rights. We trace our roots back to 1866, when Millicent Garrett Fawcett began her lifetime's work leading the peaceful campaign for women's votes.

Our vision is of a society where women and our rights and freedoms are equally valued and respected and where we have equal power and influence in shaping our own lives and our wider world.

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For more information on the Fawcett Society and our work visit www.fawcettsociety.org.uk

The Fawcett Society is a registered charity – number 1108769.

About this report

This report has been compiled by the Fawcett Society. Sources include original research commissioned or produced by the Fawcett Society, as well as a wide range of secondary sources.

The Fawcett Society would particularly like to acknowledge the lead author of the report Daisy Sands, Policy and Campaigns Manager, as well as Policy and Campaigns Assistant Ely Robson, and interns Rachel Anderson, Annie Peate and Anna Fowler who provided additional support and assistance in preparing this paper.

This report was produced with the generous support of UNISON

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Introduction and overview

Female participation in the labour market has undergone seismic shifts in the last 50 years. This is due to a range of factors, in particular: declining wages and the increasing economic imperative for women to work as a single wage often no longer supports a family; the growing appetite amongst women to engage in public life and to attain economic independence; increasing levels of employment rights – such as maternity leave and pay – that have better enabled women to balance work and family responsibilities and; state investment in childcare. The resultant increases in the numbers of women in work have left the UK labour market almost unrecognisable from where it was 50 years ago.

Women's participation in the labour market matters – for both women themselves and for the economy at large.

For many women, the ability to freely enter into and prosper in paid employment is imperative: for both their autonomy and for their economic independence – factors which are also linked to women's wider status in public life and ability to access positions of influence.

Women's contribution is also vital to the economy, and for the living standards of women and their families – for example, the rise of female employment has been “a central chapter of the story of living standards in the past 40 years” where women's work that has helped counterbalance flat wages and falls in income from male employment in recent years.¹

However, current levels of women's participation are far from ideal. Recent years have seen a slow-down in the rate of female participation and research has shown that, compared to the better performing countries,

somewhere around 1 million women could be considered ‘missing’ from the UK workplace. The evidence suggests a continuing and substantial unmet demand for work amongst women.²

As the Home Secretary Theresa May MP noted in a speech on Women and the Economy in November 2011, if the skills and qualifications of women who are currently out of work were fully utilised, the UK could deliver economic benefits of £15 to £21 billion pounds per year – more than double the value of all our annual exports to China.³

Participation is not the only issue however – women also face stark inequalities within the labour market. Fawcett, amongst others, have been raising our concerns for many years – particularly about the persistent gap between women and men's pay, where women in full-time work currently earn an average of 15% less per hour than men, and about the dominance of women in low paid, low grade work.⁴ These factors also have a knock-on impact on women's economic status in later life – women's average personal pensions are only 62% of the average for men's and they make up the majority of pensioners living below the breadline.⁵

Women are also underrepresented in the worlds of business and finance, particularly at higher levels where women are starkly missing from many of the top tables of power.⁶

Overall, The Women in Work Index recently ranked the UK 18 out of 27 OCED countries on five key indicators of women's economic empowerment including equality of earnings with men and the proportion of women in full-time employment.⁷

¹ Resolution Foundation, *The Missing Million: The potential for female employment to raise living standards in low to middle income Britain*, December 2011: http://www.resolutionfoundation.org/media/media/downloads/The_Missing_Million.pdf

² Ibid.

³ Home Office, *Home Secretary's speech on women and the economy*, 4 November 2011: <http://www.homeoffice.gov.uk/media-centre/speeches/home-sec-equality-speech>

⁴ Calculated using figures from the ONS, *Annual Survey of Hours and Earnings, 2012*. See table 13.6a: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-280149t>

⁵ J. Hills et al, National Equality Panel, *An Anatomy of Economic Inequality in the UK*, January 2010.

⁶ Counting Women In, *Sex and Power 2013*, February 2013: <http://www.countingwomenin.org/wp-content/uploads/2013/02/Sex-and-Power-2013-FINALv2.-pdf.pdf>.

⁷ Price Waterhouse Cooper, *Women in Work Index*, March 2013: <http://www.pwc.co.uk/the-economy/publications/women-in-work-index.jhtml>.

A degree of progress on women's position and status in the UK labour market has been made in recent years – for example the gender pay gap has been gradually narrowing and the numbers of women on boards is improving. However, research shows that the UK's progress on women's economic empowerment has ground to a halt since the recession hit.⁸ In particular, we are concerned that a number of key changes currently taking place are threatening to undermine progress on women's ability to enter and prosper in the labour market.

Cuts to the public sector, where women make up the majority of the workforce, combined with a growing number of single parents being required to seek work has pushed women's unemployment up over the past few years such that it currently stands at a 25 year high.⁹ Strikingly, the increase in women's unemployment more than offsets the fall in men's unemployment that has occurred over the last two-and-a-half years – such that women account for 100% of the increase in the levels of unemployment that has occurred.

Conversely, evidence suggests that women are not accessing job opportunities in the private sector at a sufficient rate: both because there is both fierce and growing competition for the types of flexible work opportunities that many women – particularly single mothers – require and because government strategies for growth and job creation in the private sector are not yet sufficiently reaching women.

Whilst overall levels of unemployment have been improving recently, the combination of these factors has meant that women only account for 24% of the fall in overall unemployment levels since they began falling in the final quarter of 2011.

Furthermore, we are also concerned that as more jobs move from the public to the private sector – as is the governments stated aim – women's pay will take a considerable hit: the private sector tends to offer women reduced pay prospects across the board,

particularly in lower paid work and in part-time work where women tend to be concentrated. These factors also contribute to the considerably higher gender pay gap that women face in the private sector where the overall gap for all work stands at 24% in the private sector versus 17% in the public sector.¹⁰

Thus the labour market is currently characterised by a large number of women seeking work at a time where the types of employment opportunities that best enable women to enter and prosper in the labour market are declining.

What's more, the number of women out of work is expected to rise further as local councils, and many other public employers shed more jobs in the coming years – our analysis of Office for Budget Responsibility (OBR) figures reveal that 75% of job losses are yet to come.

Unless sufficient action is taken to both ensure that women are able to benefit fully from decent work opportunities in the private sector and to tackle the lower levels of pay and the wider gender pay gap in the private sector we are likely to witness:

- Persistent and rising levels of female unemployment, particularly amongst single mothers
- Diminishing levels of female pay across the board and a widening of the overall pay gap between men and women
- The proportion of women in low paid work increasing

In this report, we set out key evidence on the current and projected status of women in the labour market (Chapters 1 and 2) and identify a range of focussed, realistic and often cost-neutral solutions to ensure that current changes taking place do not undermine women's ability to enter and prosper in the labour market and that government progresses its stated ambition of ensuring that the talents and skills of women are fully utilised in the drive for economic growth (Chapter 3).

⁸ The UK has regressed from 14th to 18th out of 27 OECD countries on women's employment since 2007. Ibid.

⁹ ONS, *Statistical Bulletin: Labour Market Statistics*, December 2012: http://www.ons.gov.uk/ons/dcp171778_287888.pdf.

¹⁰ Calculated using figures from the ONS, *Annual Survey of Hours and Earnings*, 2012. See table 13.6a: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-280149>.

Introduction and overview

In summary, the recommendations in Chapter 3 seek to:

- Protect and improve the levels of pay – particularly low pay – that women receive in order to prevent regression on the gender pay gap as more women move into private sector work
- Improve the general accessibility of the labour market for women through the greater extension and promotion of progressive working practices in our workplaces
- Increase the extent to which women are able to benefit from any new employment opportunities in private sector, particularly given government investment in business and male-dominated industries
- Tackle the particular and heightened barriers that single mothers face to entering into quality, well paid work
- Strengthen action on the gender pay gap given the current heightened threats to progress on closing the gap

It should be noted that, whilst some are more board ranging, many of the recommendations set out in this report are short-term and are reflective of the scope of government's current macroeconomic strategy and tax and spending plans. Further, whilst the report concludes with some additional top level recommendations on key linked policy areas, such as ensuring adequate in-work employment protections, reviewing the current approach to deficit reduction and improving childcare provision we do not attempt to address these related areas in any detail here.

In summary, we are calling on government to consider and respond to the challenges and opportunities for reform identified in this report through the implementation of a robust *cross-government strategy on boosting women's employment*. This should be led by the department for Business, Innovation and Skills (BIS) and closely involve the department for Work and Pensions (DWP), Jobcentre Plus, the Government Equalities Office (GEO) and other government departments as necessary.

We urge the government to design, publish and implement this strategy as a matter of urgency – in order to ensure that the labour market both delivers for women and that women can deliver for growth.

Chapter 1:

Women and men in the UK labour market

1.1 Women and men in the labour market: the overall picture

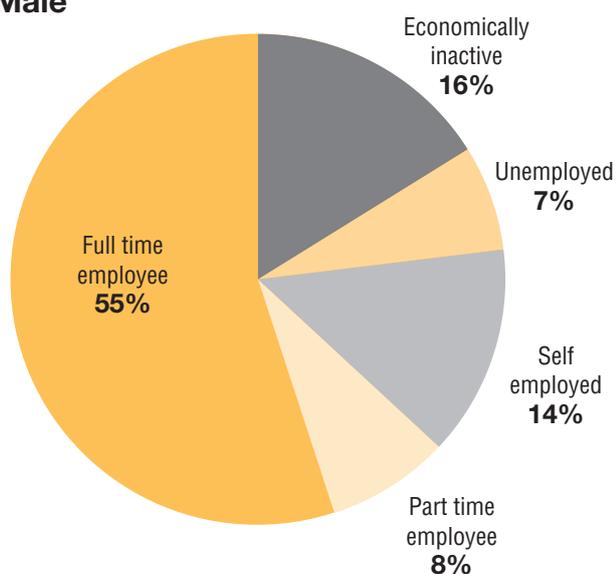
When considering the comparative levels of women and men in and out of employment at any one time it is important to understand the wider context of the labour market as a whole and the relative positions that women and men tend to hold within it, in order to gain a meaningful understanding.

The charts below enable an at-a-glance comparison of where all men and women of working ages 'are' in the UK labour market.¹¹

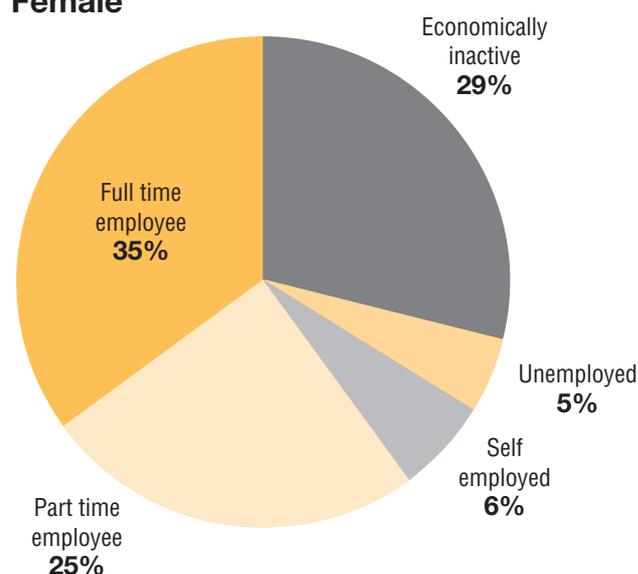
These charts illustrate some key points of difference between the position of women and men in the labour market:

- Overall, fewer women are active in the labour market – that is, either in work or seeking work – than men: 84% of men are economically active, compared to 71% of women. It is important that employment and unemployment figures are considered relative to this wider context.
- Almost twice as many women are economically inactive – that is, not seeking paid employment – than men: 29% of women, as opposed to 16% of men. This is in large part due to the far greater numbers of women whose primary occupation is the unpaid labour of caring for children in the home.
- Three-times as many women are in part-time work than men: 25% of women work part-time in comparison to 8% of men. This is largely due to women's greater caring responsibilities and the need to undertake part-time work to balance paid work with care for children and elderly relatives: for example, on average, mothers do three-quarters of the family's childcare during the week.¹² This largely unrecognised and unpaid caring work contributes to the well-being of both families and the economy.
- More than twice as many men than women are self-employed: 14% of men in comparison to 6% of women. Women face specific barriers in setting up their own business, including difficulties in accessing finance, a lack of confidence, a lack of maternity provisions and issues with childcare.

Male



Female



Source: Fawcett Society analysis, ONS Labour Market Statistics, Q3 2012

¹¹ ONS, *Labour Market Statistics*, November 2012: <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/november-2012/index.html>

¹² The Equalities Review, *The Equalities Review: Interim Report for Consultation*, March 2006: <http://epr.oe.ac.uk/epr3-11/epr3-11%20pdfs/Equalities%20Review%20interim%20report.pdf>.

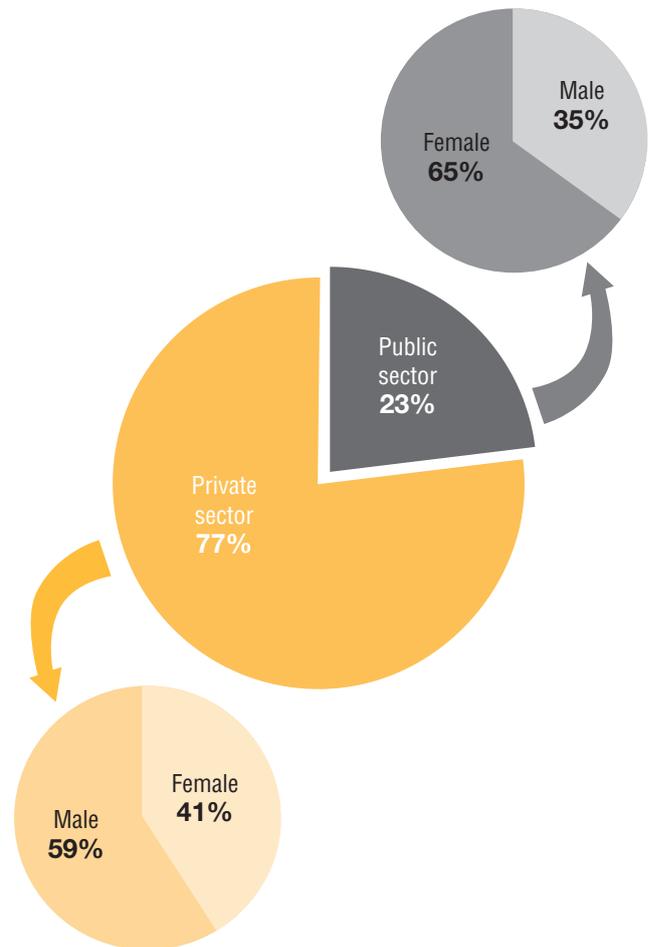
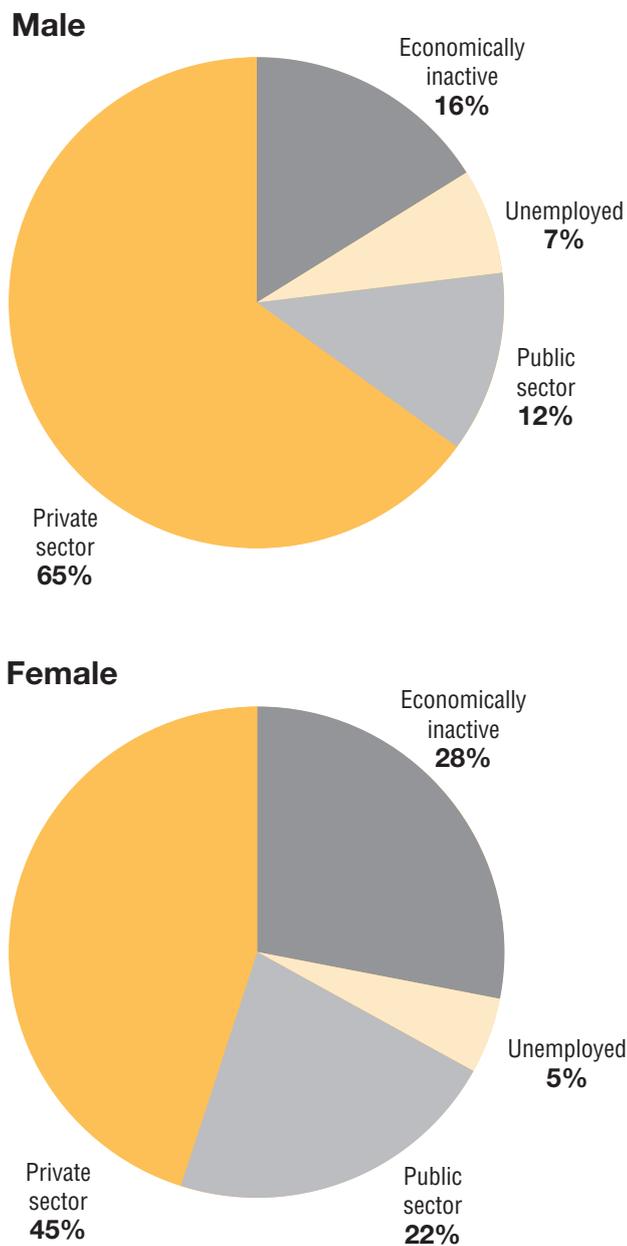
Chapter 1:

Women and men in the UK labour market

1.2 Employment: by gender and sector

A more detailed breakdown of those in employment by sector shows a clear gendered delineation: 65% of men work in the private sector compared to 45% of women and conversely 22% of women work in the public sector compared to 12% of men.

Overall, around three-quarters (77%) of all employees work in the private sector and one quarter in the public sector where women comprise the majority (65%) of public sector workers and men the majority (59%) of private sector workers:



Source: Fawcett Society analysis, ONS data, Q3 2012

In total, around 4.5 million women work in the public sector compared to around 2.4 million men – thus around twice as many women than men work in the public sector.

Source: Fawcett Society analysis, ONS Labour Market Statistics, Q3 2012

1.3. The public sector: better pay for women

Whilst women work in the public sector in greater numbers for a range of reasons, including some evidence that suggests that women have slightly more public service motivation than men, it is likely that the generally higher levels of pay that the sector has offered women – across all levels of earnings – compared to the private sector, is a key factor.

The higher levels of pay that the sector offers women is also a significant contributing factor in the lower overall gap between women and men's wages in the sector where the (mean) gender pay gap for all work (excluding overtime) in the public sector is 17.6% compared to a gap of 24.2% in the private sector. For full-time work (excluding overtime) the gap is 13.6% in the public sector versus 19.9% in the private sector.¹³

On average, all workers in the public sector – both male and female – earn more than those at comparable levels in the private sector, bar the top 20% of male earners. The IFS *Green Budget 2012* finds that, controlling for differences in qualification, education, age and region, on average public sector workers are paid an hourly wage of 8.3% more than those working in the private sector.¹⁴ It is important to note at this juncture however that we are aware that there is ongoing debate amongst analysts as to the extent to which those working in the public sector experience a “pay premium” – this is explored more in the footnote below.¹⁵

The IFS state that the gap in pay between public and private sector workers has been particularly marked since 2008 because of a devaluing of private sector

wages since the recession. However, they predict that the gap will fall by 4.4% between 2010–11 and 2014–15 due to public sector wage freezes and restraints, bringing the public sector premium back to pre-2008 levels.¹⁶ Other reports, that draw on wider sets of data, suggest that this gap is already much reduced – see the footnote below.

It is important to note that the greatest gain is experienced by *those on lower incomes*. Although workers across the income spectrum benefit from working in the public sector, it is those on lower incomes that benefit the most: at the 10th percentile of the wage distribution scale (the bottom 10%), public sector workers are paid around 16% more than their private sector counterparts. The gains then steadily diminish up the wage distribution scale to the top 10% where public and private sector workers are paid more or less the same.

Overall, aside from the lowest 10% of earners, women benefit more across the board than men from the comparably better levels of pay in the public sector. They currently enjoy an *average boost of 11.3%* to their salaries compared with the private sector, compared to the 5.5% average boost that men receive.¹⁷

While it can be argued that the male public sector premium has emerged largely with the recession and a fall in private sector wages, women in the public sector have enjoyed an enduring pay boost of between 5% and 15% over their private sector counterparts since 1995.¹⁸ This suggests that to explain women's public sector pay premium in particular, and why it is bigger than men's, one must look beyond the unintended consequence of falling private sector wages and consider other, longer-term factors.

¹³ Calculated using figures from the ONS, *Annual Survey of Hours and Earnings*, 2012. See table 13.6a: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-280149>.

¹⁴ Institute for Financial Studies, *The IFS Green Budget 2012*, February 2012, p. 113: <http://www.ifs.org.uk/budgets/gb2012/gb2012.pdf>.

¹⁵ In particular, a recent publication by Incomes Data Services ‘*Public Sector Pay Premium: fact or Fiction?*’ (February 2013) questions the robustness of the data used to underpin analysis by IFS and others to assert the existence of a pay premium in the public sector. In brief, the report asserts that the public data sets (ASHE and LFS) used to produce this analysis has a number of weaknesses – for example it does not adequately account for the complete range of variables, such as experience, that could implicate pay levels or include earnings received in bonuses. Clearly the question of pay, including comparisons between like-for-like roles in the public and private sector is an emerging area of research, with a range of respectable research bodies giving difference assessments of the overall picture. Despite contradictions in the evidence produced to date we remain concerned however that women, particularly those at the lower end of the wage distribution scale, currently receive better levels of pay in many areas in the public sector and thus are likely to suffer a hit to their pay if they move over to work in the private sector.

¹⁶ Cumulatively, average pay in public sector has grown more than the private sector by 3.9 percentage points between financial years 2007–08 and 2010–11. Institute for Financial Studies, *The IFS Green Budget 2012*, February 2012, p. 111: <http://www.ifs.org.uk/budgets/gb2012/gb2012.pdf>.

¹⁷ *Ibid*, p. 112.

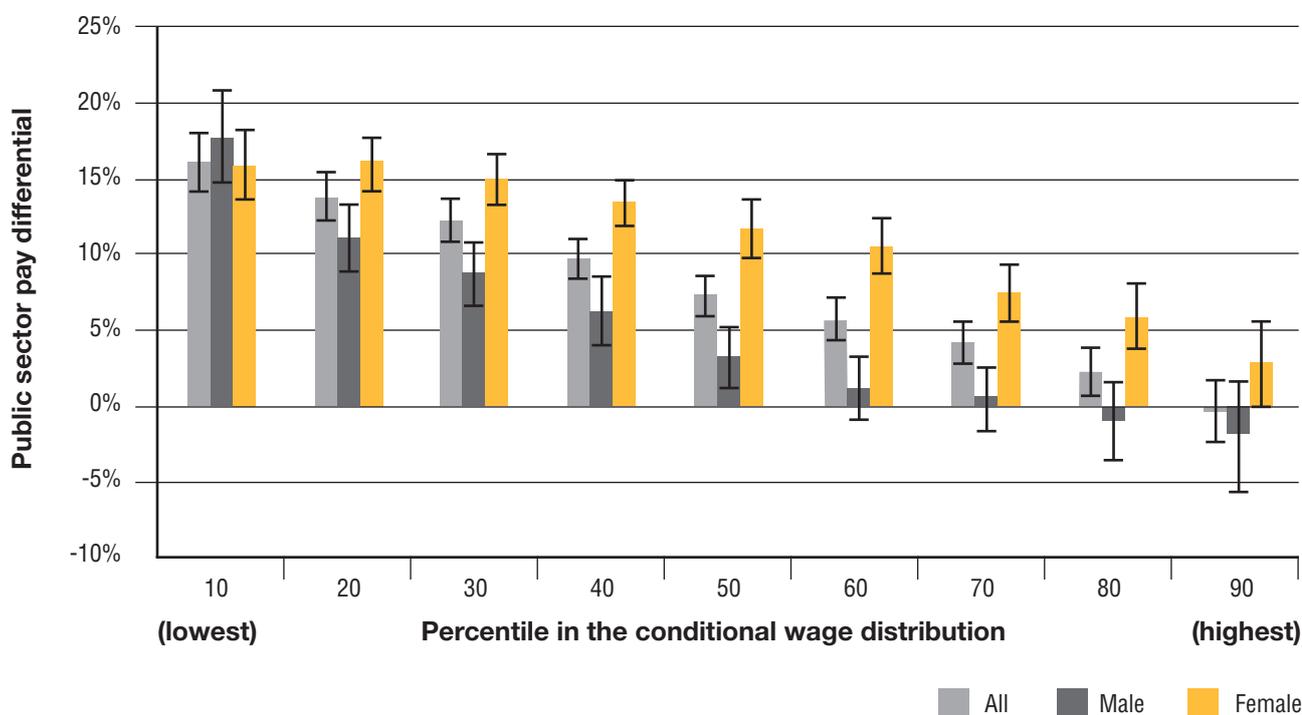
¹⁸ *Ibid*, p. 114.

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The following graph, lifted from the IFS Green Budget 2012, illustrates the male and female public sector pay premium:

Estimated public – private wage differential by percentile in the wage distribution (2009Q2–2011Q1)



One key factor as to why women consistently receive a bigger boost to their wages in the public sector than men is because their wages are comparatively lower than men's across the board in the private sector. In addition, more women are in low paid work in the private sector where low paid jobs are paid worse than those at the equivalent levels in the public sector. Also, part-time work – typically low paid and dominated by women – is paid worse in the private sector than in the public sector.

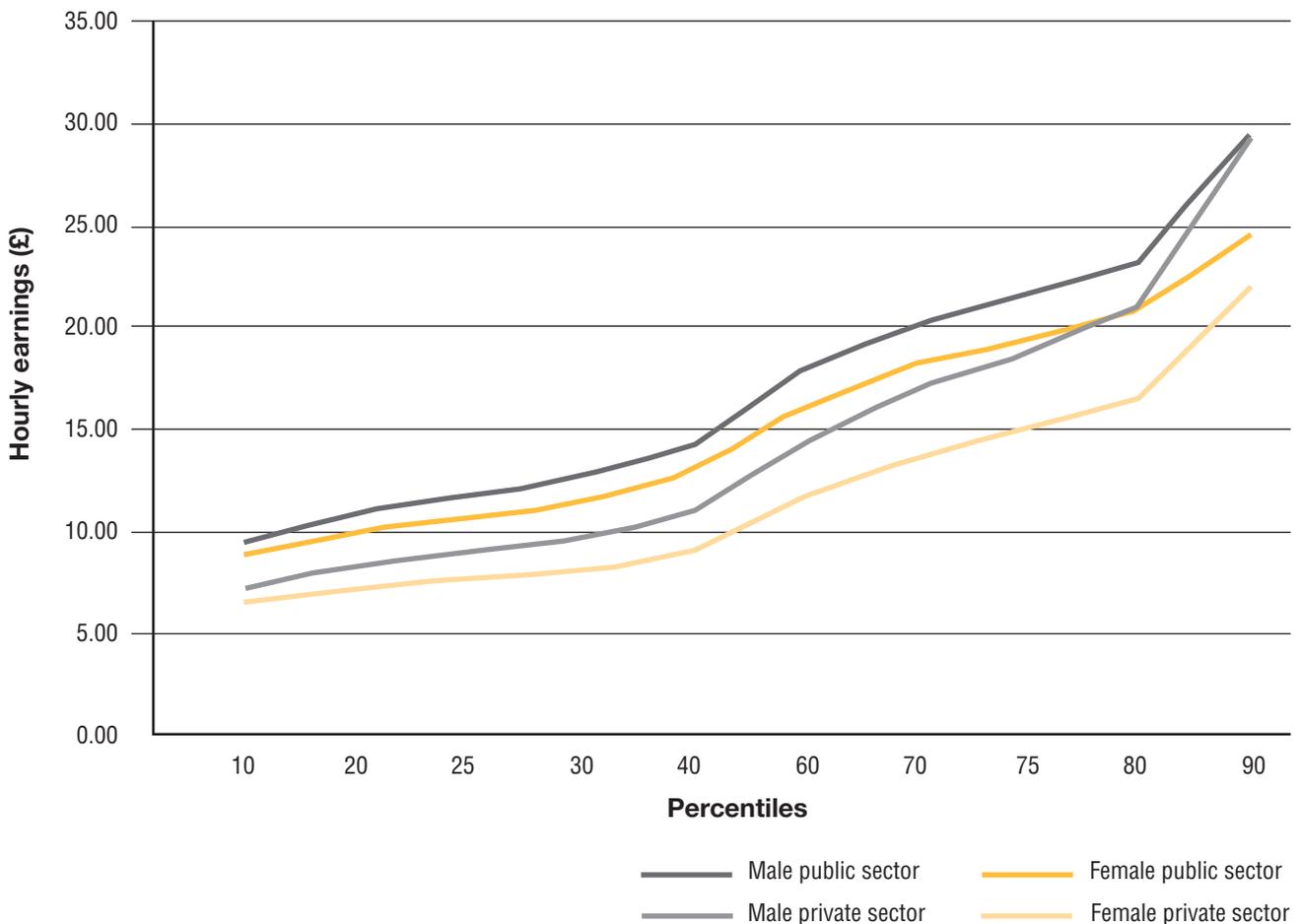
Each of these three key factors is examined in more detail below:

Women's wages are lower than men's across the board in the private sector

Data from the ONS 2012 *Annual Survey of Hourly Earnings* (AHSE) shows that women in the private sector are consistently paid significantly less than men in the private sector. They are also paid less than both women and men in the public sector thus they are 'bottom of the heap' in terms of pay.

As the graph below shows, the pay gap between men and women in the private sector is larger than that of men and women in the public sector at every percentile. Moreover, the pay gap between private and public sector women is larger than that of private and public sector men at every percentile. As a result,

Male and female full time hourly earnings by public and private sector



Source: Fawcett Society analysis, ONS ASHE 2012 data

women receive a comparably bigger boost than men to their wages in the public sector.¹⁹

More women are in low paid work in the private sector, where low paid jobs are paid worse

More women are low paid than men across the board. In 2010, around 17% of men in work were low paid,

compared with 28% of women workers, with those women who work part-time the most likely to be in low paid employment.²⁰ Overall, women constitute almost two-thirds (62%) of those on low pay.²¹

¹⁹ Calculated using figures from the ONS, *Annual Survey of Hours and Earnings*, 2012. See table 13.6a: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-280149>. Unlike IFS data on the public sector premium, the data in this graph is not adjusted for differences in qualification, education, age and region. When adjusted to reflect these differences, the public sector premium is greatest at the bottom end of the pay scale. However, the following graph indicates the comparative trends of male and female pay in the private and public sector using raw data regarding pay by percentile.

²⁰ Equality and Human Rights Commission, *How Fair is Britain? Equality, Human Rights and Good Relations in 2010*, 2010: http://www.equalityhumanrights.com/uploaded_files/triennial_review/how_fair_is_britain_-_complete_report.pdf.

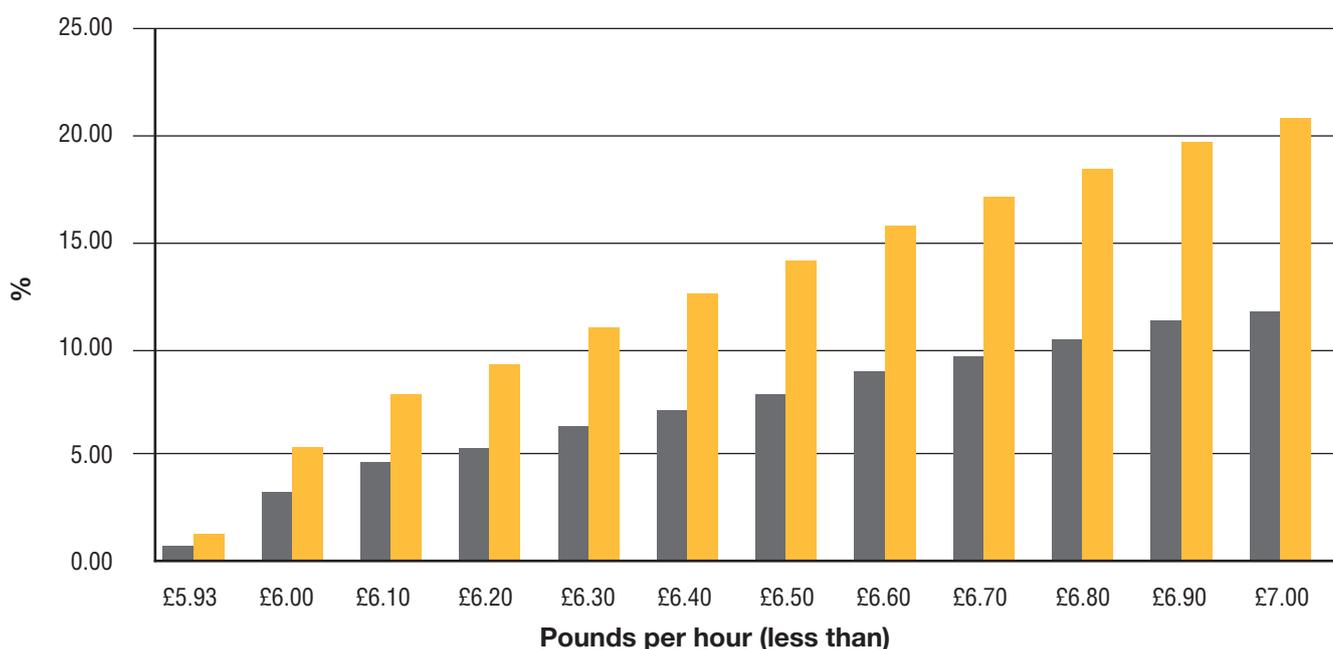
²¹ Resolution Foundation, *Beyond the Bottom Line: The Challenges and Opportunities of a Living Wage*, January 2013: http://www.resolutionfoundation.org/media/media/downloads/Beyond_the_Bottom_Line_-_FINAL.pdf.

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The following chart, showing low pay by gender, demonstrates that women are more likely to be low paid than men at all levels of low pay.

Percentage of over 21s on low pay



Source: Fawcett Society analysis, ONS ASHE 2011 data

Male Female

In particular, the concentration of women in low paid work is illustrated in part by examining the make up of those in minimum wage jobs.

In April 2011, 0.7% of men aged over 21 were paid at or below the national minimum wage (NMW) compared with 1.2% of women – in figures this equates to 84,000 men and 149,000 women. Overall this means that women constitute around two-thirds of those paid at or below the minimum wage.²²

Whilst it is not possible to know the exact number of women and men paid at the NMW, in 2011 around

28,000 men aged over 21 were earning at or just below the NMW (i.e. between £5.91 and £5.93 p/h) compared with around 50,000 women – thus 64% of those earning at or just below the minimum wage are women.²³

The types of jobs that are most likely to be carried out by women are often low paid.²⁴ The Low Pay Commission's report from March 2012 found that part-time jobs, temporary jobs and jobs in certain industries and occupations, such as cleaning, hospitality and hair dressing, are more likely to be minimum wage jobs done by women.

²² In April 2011, the NMW wage for over 21s was set at £5.93 an hour. Figures calculated using data from ONS low pay estimates, April 2011. Table: distribution of low paid jobs by 10p bands – 1998 – 2011. See: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-235479>

²³ *ibid.*

²⁴ Low Pay Commission, *National Minimum Wage: Low Pay Commission Report 2012*, March 2012, p. 25: http://www.lowpay.gov.uk/lowpay/report/pdf/8990-BIS-Low%20Pay_Tagged.pdf.

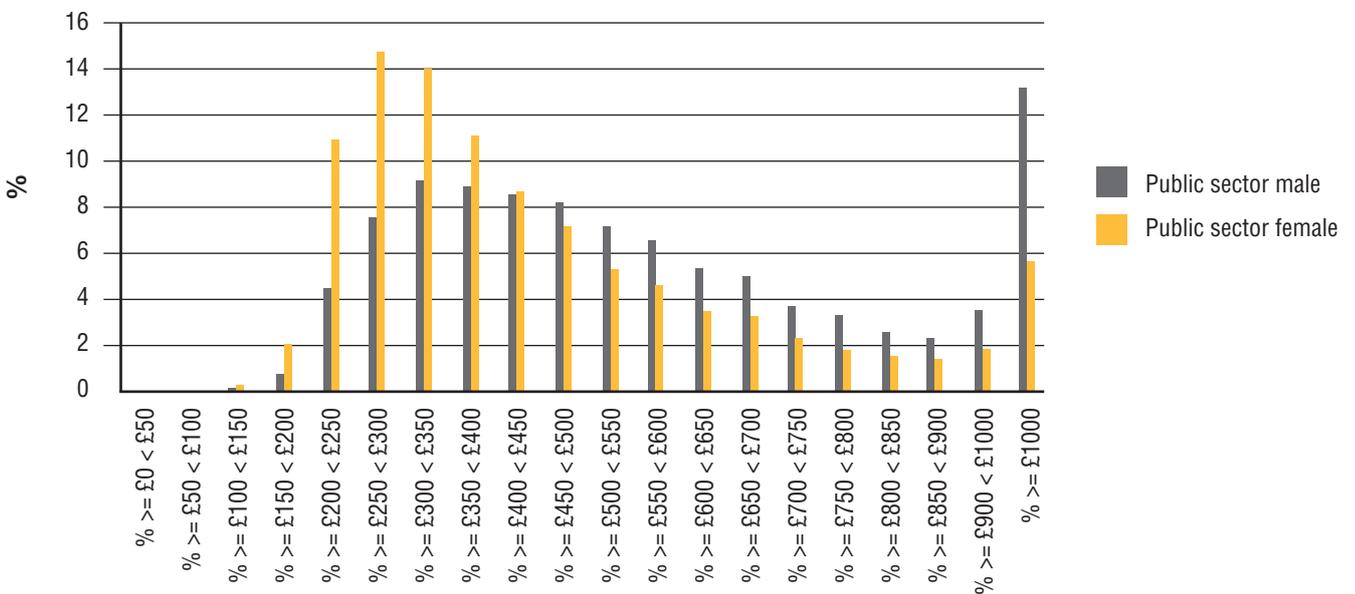
As a whole, low paid jobs are more prevalent in the private sector where, for example, over 6% of jobs in the private sector are paid at or below the minimum wage compared with only 1% in the public sector.²⁵

Thus of women who are low paid, greater proportions are employed in the private sector. Analysis carried out by the TUC using data from ASHE 2011 found that 28%

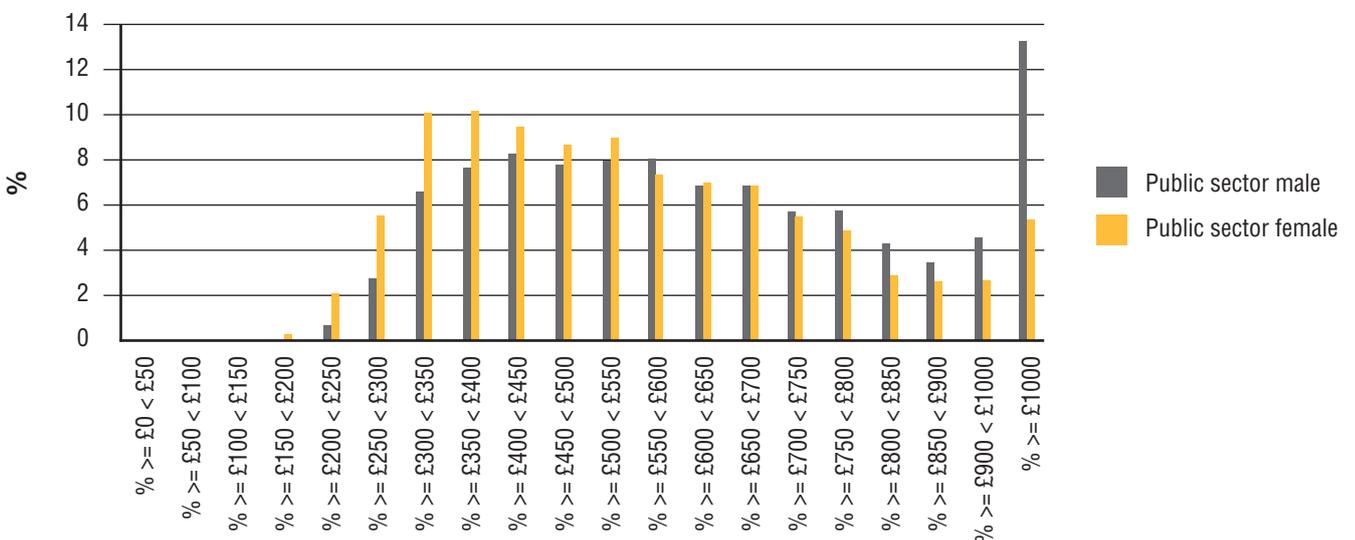
of women working full-time earn less than £300/week in the private sector compared to 8% in the public sector.

The charts below demonstrate the marked concentration of female private sector workers earning £250-£450 a week, whereas the same peak begins at the £350 mark for female public sector workers and is less pronounced.

Private sector distribution of gross weekly earnings for full-time employees 2011



Public sector distribution of gross weekly earnings for full-time employees 2011



²⁵ Ibid, p. 22.

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Women and men in the UK labour market

As well as women being more likely to be in low paid work in the private sector, the lowest paid jobs are also worse paid in the private sector. The bottom 10% of women in full-time work are paid £6.42 in the private sector, compared to £8.77 in the public sector: therefore, low paid women in the public sector are paid 36.6% more than their private sector counterparts.²⁶

More women than men work part-time and part time work is paid worse in the private sector

Part-time work is typically far lower paid than full-time work. ASHE 2012 found that the hourly wage gap between full-time and part-time work is 37%, and that those in part-time work are more than twice as likely to be paid less than the minimum wage: 1.7% of part-time jobs and 0.9% of full-time jobs fall below the minimum wage.²⁷

Women constitute the majority – almost three-quarters (74%) – of part-time workers. Of all women in employment, 44% work part-time, compared to just 13% of men.²⁸

For many women, part-time work is a necessity rather than a choice. According to BIS's Fourth Work-Life Balance Survey, 59% of women with dependent children work part-time, compared to 16% of men with dependent children.²⁹ The high costs of childcare in the UK have been identified as a key reason for the high numbers of women working part-time. Parents in the UK spend one third of their net household income on childcare, compared to an OECD average of 13%. This

means that the amount of money lone parents and second earners forgo in tax credits and childcare costs for every additional hour earned is higher than in almost any other OECD country.

According to a Resolution Foundation/Netmums survey of female part-time workers, 30% felt that part-time working was not a choice. This proportion increased to 39% of benefit-reliant female workers, compared to just 19% of higher income women.³⁰

Again, part-time work is paid worse in the private sector than in the public sector. Analysis of ASHE 2011 statistics shows over three-quarters (77%) of women working part-time in the private sector earn less than £200/week, compared to less than half (47%) in the public sector.³¹

On average, women working part-time in the private sector earn £7.00 per hour, compared to £9.98 in the public sector: therefore women working part-time in the private sector earn 30% less per hour than their public sector counterparts. This pay gap exists at every percentile of pay, increasing from 12.6% in the 10th percentile to 61% in the 90th percentile.³²

Indeed, as a result of the lack of quality part-time jobs in the private sector, women tend to cluster at the lower end of the pay scale. Recent evidence suggests that a lack of decent salary part-time vacancies has resulted in a significant proportion of women living on low incomes because they're not earning their true market value within their available hours of work.³³

²⁶ ONS, *Annual Survey of Hours and Earnings*, 2012. See table 13.6a: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-280149>. Figures not adjusted for age, qualifications, experience etc.

²⁷ ONS, *Patterns of Pay: Results of the Annual Survey of Hours and Earnings, 1997 to 2012*, February 2013: http://www.ons.gov.uk/ons/dcp171766_300035.pdf.

²⁸ ONS, *Labour Market Statistics*, January 2013: http://www.ons.gov.uk/ons/dcp171778_292911.pdf.

²⁹ S. Tipping et al, the Department for Business, Innovation and Skills, *The Fourth Work-Life Balance Employee Survey*, July 2012, p. 274: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32153/12-p151-fourth-work-life-balance-employee-survey.pdf.

³⁰ Resolution Foundation, *The Price of Motherhood: Women and Part-time Work*, February 2012: http://www.resolutionfoundation.org/media/media/downloads/The_price_of_motherhood_-_women_and_part-time_work.pdf.

³¹ TUC, *Women's Pay and Unemployment Update: A Public/Private Sector Comparison*, March 2012: <http://www.tuc.org.uk/tucfiles/251/Womenspay.pdf>.

³² ONS, *Annual Survey of Hours and Earnings*, 2011. See table 13.6a: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-235202>. Figures not adjusted for age, qualifications, experience etc.

³³ Women Like Us/Joseph Rowntree Foundation, *Building a Sustainable, Quality, Part-time Recruitment Market*, March 2012: <http://www.womenlikeus.org.uk/policy/researchdevelopment.aspx>.

Research has found that almost half of women professionals who take up part-time employment move into low skill jobs.³⁴ Moreover, research by Women Like Us has shown that approximately 83,000 women in London alone with the potential to earn over £20k+ FTE are currently not-employed or under-employed in a job on a lower-salary where only 3% of part-time jobs in London advertised at above £20k+ FTE.³⁵

³⁴ Working Families, *Working Families response to the BIS Inquiry into Women in the Workplace*, November 2012: <http://www.workingfamilies.org.uk/articles/pdf/article/444>.

³⁵ Women Like Us/Joseph Rowntree Foundation, *Building a Sustainable, Quality, Part-time Recruitment Market*, March 2012: <http://www.womenlikeus.org.uk/policy/researchdevelopment.aspx>.

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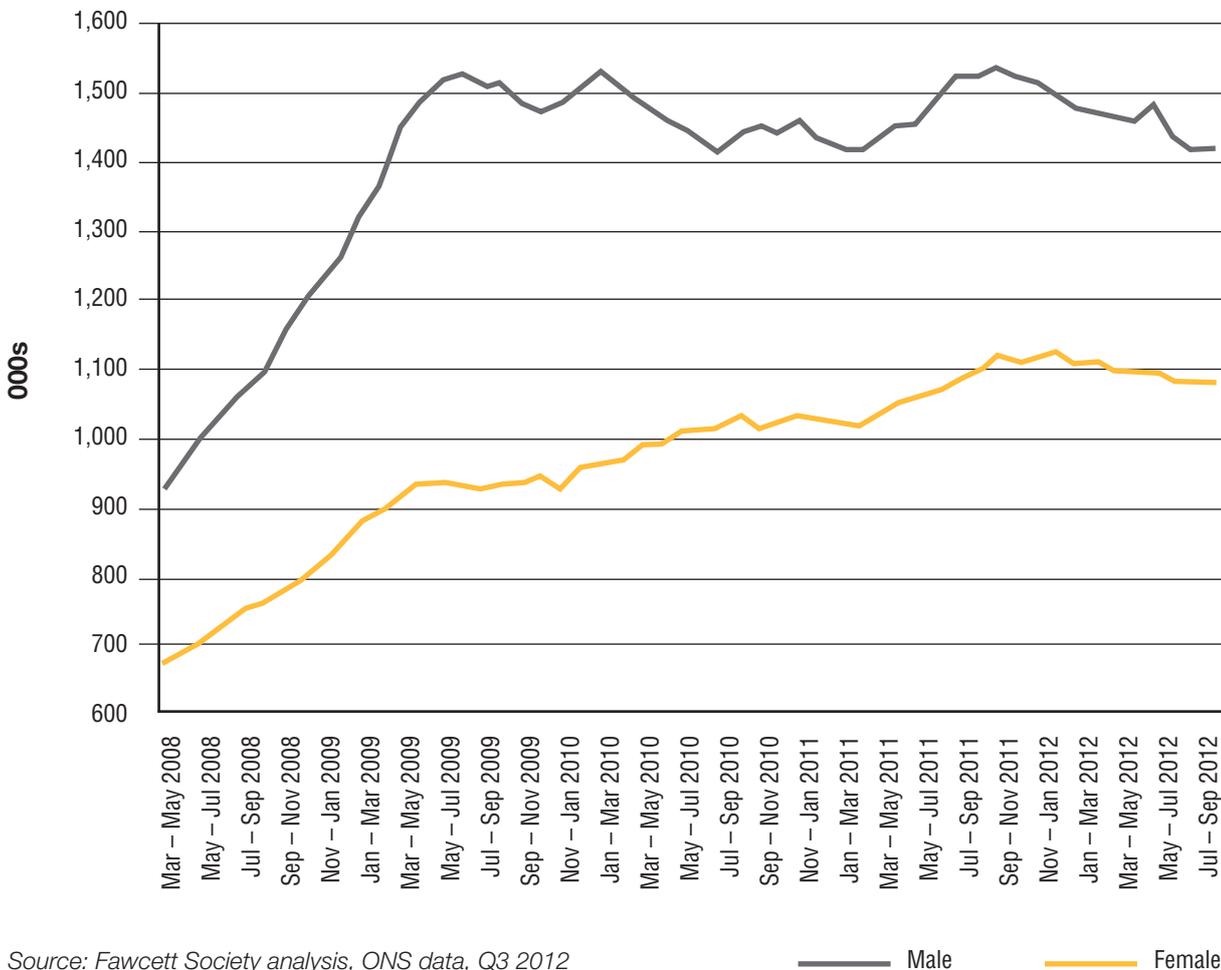
The changing labour market: implications for women

2.1 The changing labour market: women and men's unemployment

Both women and men were hit hard by the 'great recession' of 2008-9, with employment falling and unemployment rising for both groups, although the effects were felt worse by men.³⁶

However, whilst levels of male unemployment largely levelled off in 2010, levels of female unemployment have continued to steadily rise over the past few years.

Unemployment: March 2008 – October 2012



Source: Fawcett Society analysis, ONS data, Q3 2012

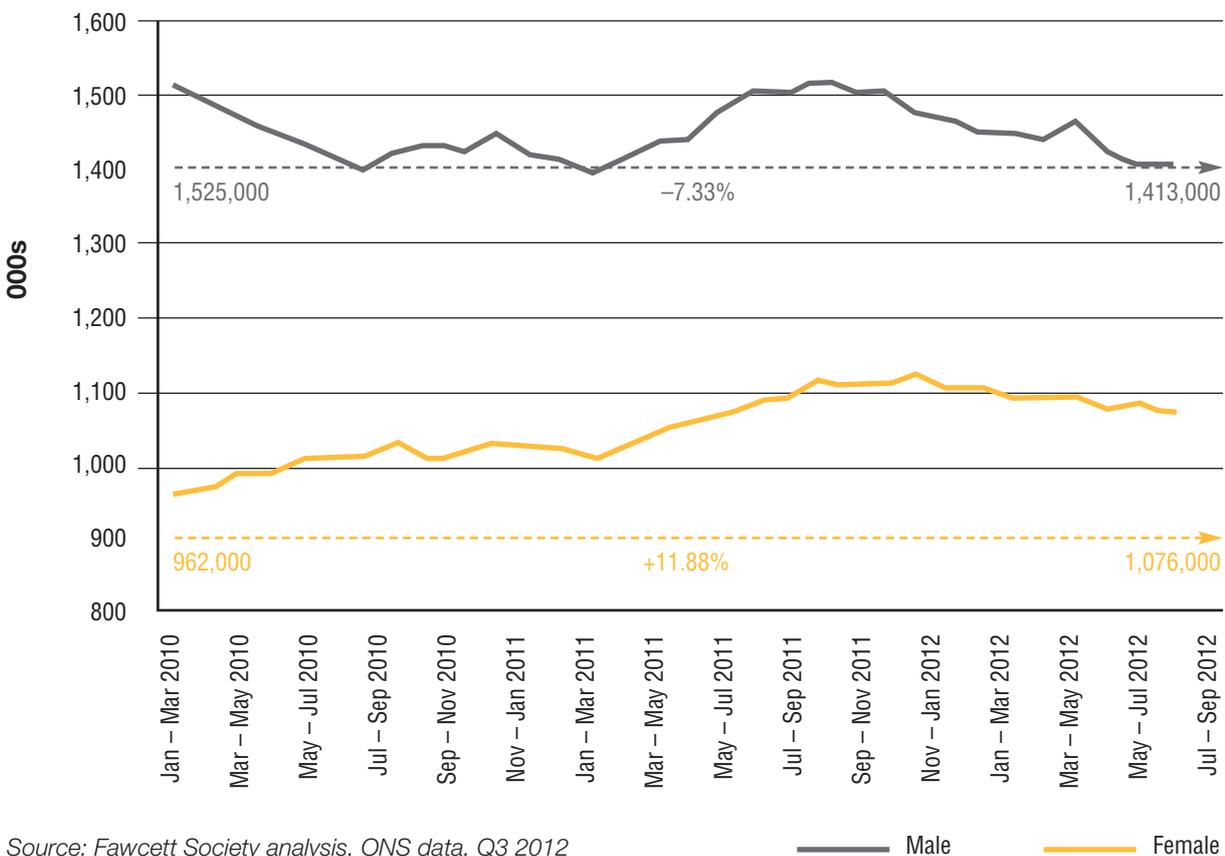
Male Female

³⁶ TUC, *Economic Report*, September 2012: <http://www.tuc.org.uk/economy/tuc-21436-f0.pdf>.

Overall, since the first quarter of 2010 to October 2012, men's unemployment has fallen by 7.33% and women's risen by 11.88%. In real terms, over this period women's unemployment has increased by 114,000 to its current level of 1,076,000³⁷ – a 25 year high – whereas conversely men's unemployment has

fallen by 112,000 to 1,413,000. Thus the increase in women's unemployment more than offsets the fall in men's unemployment that has occurred over the last two-and-a-half years - such that women account for 100% of the increase in the levels of unemployment.

Unemployment: January 2010 – October 2012



Source: Fawcett Society analysis, ONS data, Q3 2012

Both women and men are also affected by long-term unemployment – that is those who have been unemployed for 12 months or more. Overall, men are affected to a greater extent: ONS figures for Aug – Oct 2012 show that 39.1% of unemployed men are long-term unemployed, compared with 31.5% for women.

However, the gap between women and men's long term unemployment has been closing particularly over the past two-and-a-half years where, from Jan – Mar 2010 to Aug – Oct 2012 the number of men long-term

unemployed increased by around 37,000 (7.2%), whereas the number of women long-term unemployed increased by around 103,000 (43.4%).

Evidence indicates there are two key reasons for the declining position of women in the labour market: cuts to the public sector workforce and the increasing numbers of women being classified as unemployed due to changes in benefit conditions for single parents (known as 'lone parent conditionality').

³⁷ ONS, Statistical Bulletin: Labour Market Statistics, December 2012: http://www.ons.gov.uk/ons/dcp171778_287888.pdf.

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Both these factors are explained in more detail below:

Public sector job cuts

The latest figures from the independent Office for Budget Responsibility (OBR) estimate that a total of 929,000 jobs will be lost in the public sector by 2018 as a result of large scale cuts to public spending.³⁸

These job losses impact heavily on women as currently a third (33%) of women in work in the UK are employed in public sector jobs, with women accounting for 65% of the public sector workforce overall.

ONS figures reveal that, since the second quarter of 2010 (the point at which public sector employment peaked before starting to fall as a result of spending cuts), employment in the public sector has fallen by around 230,000, an overall reduction of 3.17%.³⁹ It is important to note here that the official ONS figures show a 426,000 fall in public sector employment over this period; however, 196,000 of this fall can be accounted for by the reclassification of Further Education and Sixth Form College Corporations in England from public sector to private sector in May 2012.⁴⁰ Including reclassified FE jobs, 57.5% of the reduction in public sector employment to date is accounted for by women, and 42.5% accounted for by men.⁴¹

Given OBR projections⁴², we can expect around an additional 699,000 job losses in the public sector by 2018 – meaning 75% of job losses are yet to come. Jobs lost include local government workers, nurses, teachers, council workers, school meal assistants, Sure Start workers, domestic violence support workers and care workers, amongst many others. It is highly likely that women will continue to be hit harder by these losses.

In particular, certain sections of the public sector are being hit hard. ONS statistics reveal that the two of the largest industries: Public Administration and the NHS – both sectors that employ many more women than men – have both seen a dramatic decrease in their employment levels since the second quarter of 2010 with NHS employment (where 77% of the workforce is female⁴³) down by 43,000 and Public Administration employment down by 131,000.⁴⁴

³⁸ Office for Budget Responsibility, *Economic and fiscal outlook*, December 2012, p. 85:

<http://cdn.budgetresponsibility.independent.gov.uk/December-2012-Economic-and-fiscal-outlook23423423.pdf>.

³⁹ The ONS issues two parallel sets of public and private sector employment statistics. One (EMP02) is released quarterly and is based on Public Sector Employment (PSE) statistics, which are derived primarily from Quarterly Public Sector Employment Surveys, along with other sources. EMP02 reports overall public and private sector employment figures, and is seen as more reliable by the ONS. The other set (EMP13) is released monthly and is based on Labour Force Survey figures, which determines public/private sector employment based on respondents' views about the organization for which they work. It is disaggregated by gender, and also by different industries. Although the EMP02 statistics are widely seen as the national measure of public sector and private sector employment levels, for the purposes of considering women's public and private sector employment, EMP13 statistics are invaluable as they disaggregate by gender. They also enable a more continuous measure of public sector and private sector employment due to their more frequent release. As a result, this report uses statistics from the ONS EMP13 dataset as its measure of public and private sector employment levels. For more information see: ONS, A brief guide to sources of public sector employment statistics, January 2011: http://data.gov.uk/dataset/public_sector_employment/resource/12283fb3-a19a-41f8-ba20-8dffbc055a76.

⁴⁰ ONS, *Reclassification of Further Education Corporations and Sixth Form Colleges in England*, May 2012: http://www.ons.gov.uk/ons/dcp171766_266962.pdf.

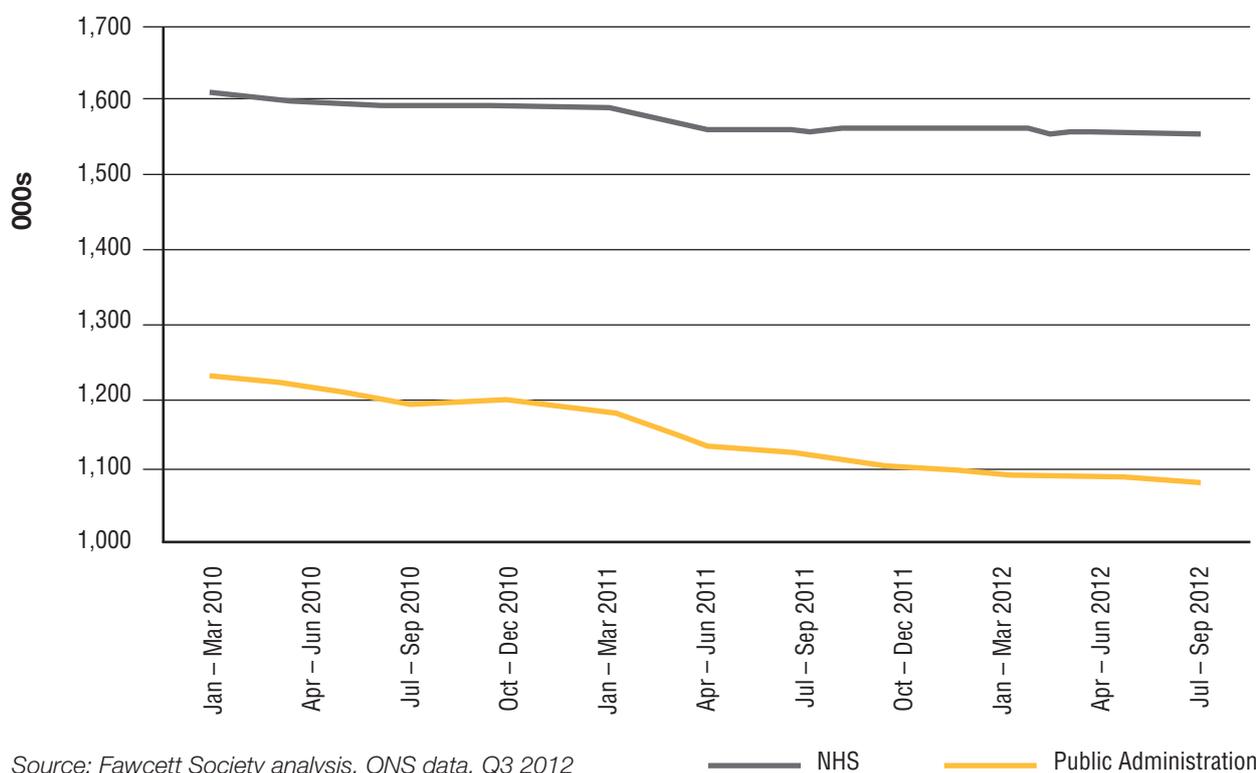
⁴¹ NB: Figures disaggregated by gender excluding the reclassified educational bodies are not available.

⁴² NB: the 929,000 figures excludes the reclassified educational bodies.

⁴³ NHS Choices, *Did you know?* March 2012: <http://www.nhs.uk/Livewell/NHS60/Pages/Didyouknow.aspx>.

⁴⁴ It should be noted that whilst levels of public sector employment in the NHS have fallen since 2010, overall levels of employment in the related 'human health and social work activities' sector (which captures all health and social care workers in the public and private sectors) have risen in the period (although not to the extent that it offsets the overall decline in NHS employment). Therefore whilst NHS employment has fallen over the period it is important to note that some of these jobs may now be captured as private sector jobs.

Public sector employment by industry: April 2010 – October 2012



Source: Fawcett Society analysis, ONS data, Q3 2012

Lone parent conditionality

Reforms to increase lone parent conditionality were initiated by the previous government and have been stepped up by the current government. As of October 2010, single parents (92% of whom are women) were required to move from Income Support (IS) and onto Jobseeker's Allowance (JSA) once their youngest child reached 7 years of age. This conditionality was increased again in the 2010 Budget and, from October 2011, single parents have been required to seek work and move on to JSA once their youngest child reaches 5 years of age.

The migration of those on IS to JSA means that they are represented differently in labour market statistics, because those on IS count as inactive, whereas those receiving JSA are counted amongst the unemployed.

Thus the female unemployment figures have grown not just as a result of job losses in the public sector but also because of those newly classed as unemployed who would otherwise previously have been counted elsewhere.

Since the latest reforms kicked in, the ONS estimate that the number of single parents claiming JSA has increased by around 72,000 where around 66,000 of these will be female single parents.⁴⁵

While this may seem on the face of it to be a simple statistical issue, the reality for many women is a significant change of circumstances, and for the jobs market the fact remains that there are increasing numbers of women actively looking for work.

⁴⁵ ONS, *Labour Market Statistics*, February 2013. Data table CLA03: http://www.ons.gov.uk/ons/dcp171778_297429.pdf.

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2.2 Where are we now?

Since the final quarter of 2011, overall levels of unemployment have been falling – however, whilst men’s unemployment began falling at this time, women’s unemployment didn’t start to fall until May 2012.

This reduction in unemployment is largely due to the increase in the levels of private sector employment that has occurred over the last two-and-a-half years (since the first quarter of 2010), where current levels now slightly exceed where they were pre-recession in 2009.

Private sector employment: July 2008 – October 2012



Source: Fawcett Society analysis, ONS data, Q3 2012

As the graph shows, there has been a net gain of 1,254,000 extra jobs in the private sector since the first quarter of 2010.⁴⁶

However, it is important to remember that 196,000 of these jobs are accounted for by Further Education jobs that have been reclassified from the public to private sector.

It has also been flagged that in the past year, 105,000 of the jobs created in the private sector are in fact

accounted for by those registered on mostly unpaid back-to-work schemes, the majority of whom are still claiming Job Seekers Allowance.⁴⁷

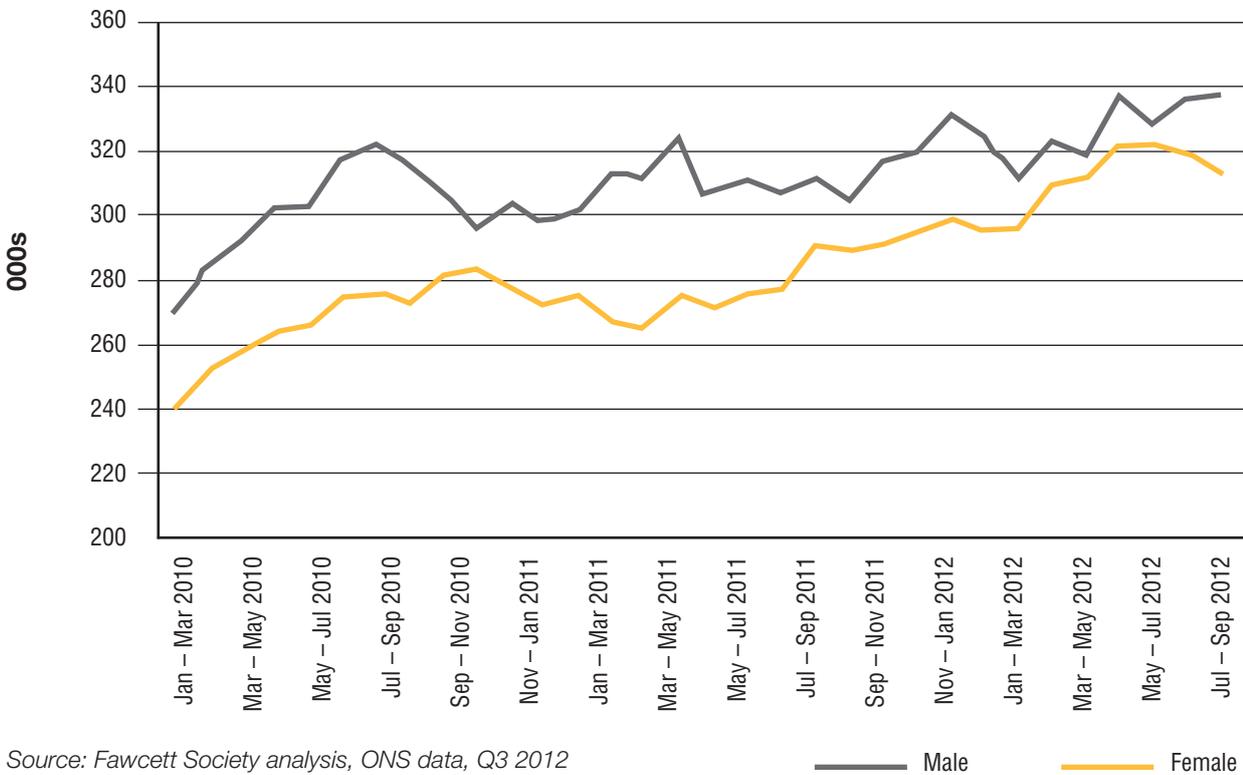
It is also important to consider that part of the increase in private sector employment is accounted for by the increasing numbers of men and women experiencing ‘underemployment’, that is those who are working in part-time or temporary positions because they are not able to find full-time or permanent positions.

⁴⁶ ONS, *Labour Market Statistics*, December 2012: <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/december-2012/index.html>.

⁴⁷ The Guardian, *Statistics cast doubt on coalition’s ‘500,000 new jobs’ claim*, 15 January 2013: http://www.guardian.co.uk/uk/2013/jan/15/statistics-doubt-coalition-500000-jobs?CMP=tw_t_gu.

ONS figures reveal that since private sector employment started to pick up in the first quarter of 2010 the number of those in temporary work who would rather be in permanent work has increased by 140,000, with women and men being affected at around the same rate:

Could not find permanent job: January 2010 – October 2012

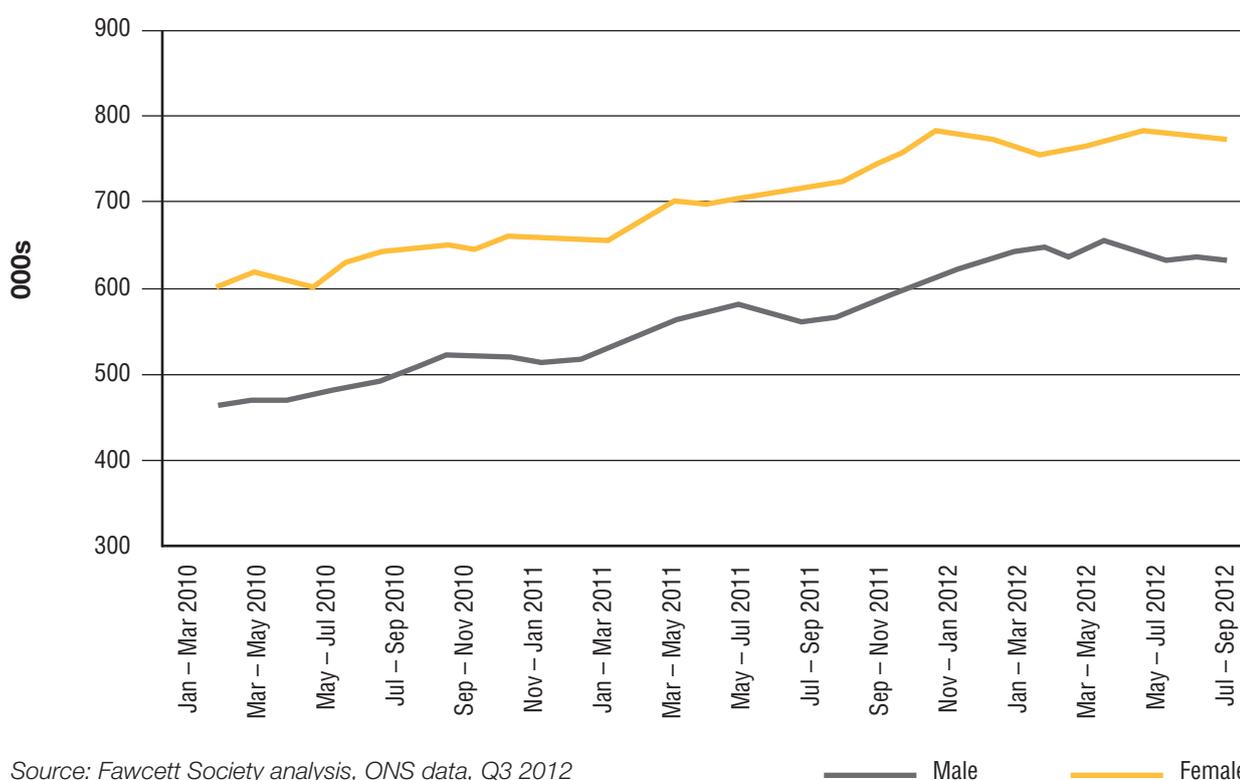


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Further, over the same period the number of those working part-time because they were unable to find full-time work has increased by 339,000, with men and women again being affected at around the same rate:

In part-time work as couldn't find full-time work: January 2010 – October 2012



Source: Fawcett Society analysis, ONS data, Q3 2012

Overall, women are affected by underemployment to a greater extent than men – currently 1,084,000 women are underemployed, compared with 971,000 men. These figures do not include those who want to work additional hours in their jobs – the measure that the TUC use. Including this cohort of people the numbers rise to 1,730,000 for women and 1,570,000 for men with around one in eight women in under-employment.⁴⁸

Further, part of the increase in private sector employment is due to increases in the levels of those in

self-employment where, since the first quarter of 2010, the number of those in self-employment has risen by 200,000 for men and 74,000 for women.

It is important however to note the distinction between self-employment and entrepreneurship where many of those in self-employment will not be business owners. For example, some employers – particularly those operating in 'low-skilled' sectors such as construction and cleaning, may use self-employed workers as a way of saving on National Insurance costs and key employee benefits such as pensions, paid holidays and

⁴⁸ TUC, *Under-employment Crisis: A TUC Analysis of Under-employment across the UK*, September 2012: <http://www.tuc.org.uk/tucfiles/367.pdf>.

sick pay. At the other end of the spectrum, highly skilled professionals such as GPs and barristers sometimes operate as self-employed. Overall however, analysis of pay trends reveals that self-employment is increasingly associated with poor pay. The vast majority of the self-employed earn less than the average wage, particularly in the first few years. The median income of self-employed workers has fallen from £11,300 in 2001 to just £10,300 in 2010, even before allowing for inflation whereas the average income for employees has risen over the same period and is now nearly twice as high (£18,900).⁴⁹

Overall, the headline figure of 1,254,000 jobs 'created' in the private sector since the first quarter of 2010 drops to 953,000 once the numbers of those in re-classified educational bodies and on back-to-work schemes are accounted for.

Further, whilst a number of those moving into 'underemployed' jobs will be in the public sector, given the net decline of public sector work it is reasonable to assume that the majority of these jobs will be located in the private sector – *whilst it should not be taken as a robust figure* therefore it is of some interest to note that the total number of 'underemployed' jobs created since the first quarter of 2010 (479,000) equates to 50% of the jobs created in the private sector, once those in educational bodies and those on back-to-work schemes have been discounted.

In addition, whilst a proportion of those moving into self-employment in the private sector over this period (a total of 274,000) will be well-earning entrepreneurs, it should also be borne in mind that the majority of these will be earning less than the average wage. These workers account for a further 29% of the jobs created in the private sector, again discounting the number of those in educational bodies and on back-to-work schemes.

This *transition to a lower wage economy* may in part go some way to explaining the current conundrum of rising private sector employment and stagnant GDP.⁵⁰

Specifically, despite the higher levels of women losing their jobs, men have benefitted more from the growth in private sector employment in the past two-and-a-half years where 60% of the increase (752,000) since the first quarter of 2010 is accounted for by men, and 40% (502,000) by women.

This fact, combined with the higher levels of women losing their jobs in the public sector and the increasing numbers of single mothers required to seek work, has meant that women's status in the labour market is improving at a far slower rate than men's: *women account for only 24% of the fall in overall unemployment levels since they began falling in the final quarter of 2011.*

2.3 Where are we heading?

Overall, many economists are concerned that the current trend of falling unemployment is tenuous. In particular, much of the recent increases in employment can be attributed to the 'Olympics effect' where, in the third quarter of 2012, employment in London accounted for more than half of the increase in total UK employment over that period, despite the region only representing around 13% of the stock of total employment.⁵¹

Indeed, the OBR forecasts that unemployment will begin rising again in 2013, peaking at 8.3% by the end of 2013.⁵²

It is also clear that much of the growth in jobs in recent times has been due to 'underemployed' jobs and low paid self employment and the signs are that these trends are set to continue.

⁴⁹ TUC, *Economic Report*, September 2012: http://www.tuc.org.uk/tucfiles/376/Economic_Report_Four.pdf.

⁵⁰ Where the Office for National Statistics reported overall growth levels in 2012 of 0.3%.

⁵¹ Office for Budget Responsibility, *Economic and fiscal outlook*, December 2012, p. 83: <http://cdn.budgetresponsibility.independent.gov.uk/December-2012-Economic-and-fiscal-outlook23423423.pdf>

⁵² *Ibid.* p. 82

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In summary, the current changes taking place within the labour market present specific challenges for women's employment. The female labour market is currently characterised by over a million women seeking work at a time where the types of employment opportunities that best enable women to enter and prosper in the labour market are becoming scarcer.

Moreover, the persistent levels of female unemployment, as well as the number of those working in insecure and low paid work look likely to begin rising again as further public sector cuts kick in – as noted above, using OBR figures we have calculated that around 75% of public sector job losses are yet to come.

Whatever the future holds however, the recent changes detailed above have already caused deep and fundamental shifts in the make-up, and opportunities within the labour market that have significant and marked implications for women.

Chapter 3:

The changing labour market: delivering for women, delivering for growth – recommendations for government

Introduction

Government is clear that it believes that the key route to economic recovery lies with private sector growth and job creation and that the jobs lost in the public sector will be ‘picked up’ by emergent employment opportunities in the private sector.

As the Prime Minister David Cameron has said:

“We can only get our economy back on track by creating a climate in which the private sector can grow and develop, creating jobs and opportunities for people across the country... By developing the right skills and jobs I am determined that the many not the few will share in the country’s prosperity.”⁵³

and

“What is happening in Britain is a rebalancing of our economy. We need more private sector growth, we need a smaller public sector.”⁵⁴

This approach is reflected in the growth strategies that the government has adopted thus far – for example £5bn of investment in infrastructure and the recent additional £600m announced for investment in the Science, Engineering and Technology (SET) sectors.⁵⁵

However, as outlined in Chapter 2, despite the greater numbers of women losing their jobs in the public sector they are not currently taking up the job opportunities being created in the private sector at the same rate as men. Evidence suggests that this is due to two key reasons.

Firstly, the supply of flexible and quality part-time work opportunities that many women require is falling far short of demand. This is due to increasing competition

for the relatively few quality part-time jobs available in the private sector (caused by rising levels of male and female underemployment), as well as a general lack of flexible working opportunities – all at a time where increasing numbers of women, in particular single mothers, are actively seeking these types of employment.

Secondly, there is concern that women are not benefitting sufficiently from the opportunities in the private sector arising from the government’s numerous ‘measures for growth’ (both those aimed at job creation and those offering support to existing businesses) as, to date, many of these have been weighted towards male-dominated industries.

Alongside the barriers that women face to accessing job opportunities in the private sector, there are also wider concerns about the quality of jobs available: as shown in Chapter 1, the sector tends to offer women lower prospects for pay across the scale, contributing significantly to the higher overall gender pay gap. In particular, due to the distribution of the gap in pay between the public and private sectors it is those on the lowest pay who face the greatest penalty as they lose their jobs and seek work in the private sector – and there are already signs that more women are moving into low paid part-time, temporary and insecure work in the private sector. It is particularly important therefore to consider the impact on the earnings and wider income levels of this vulnerable group and take action to protect them.

Furthermore, the number of women out of work is expected to rise further as local councils, and many other public employers shed more jobs in the coming years where 75% of job losses are yet to come.

⁵³ David Cameron, Speech: *Rebalancing the economy: Private Sector Jobs and Growth*, 10 January 2011: <http://www.number10.gov.uk/news/rebalancing-the-economy-private-sector-jobs-and-growth/>.

⁵⁴ BBC News, *David Cameron: Rebalancing the UK economy ‘slow and difficult’*, 9 October 2012: <http://www.bbc.co.uk/news/uk-politics-19881293>.

⁵⁵ HM Treasury, *Autumn Statement 2012*, 5 December 2012: http://cdn.hm-treasury.gov.uk/autumn_statement_2012_complete.pdf.

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Unless robust action is taken to both ensure that women are able to benefit fully from decent work opportunities in the private sector and to tackle the lower levels of pay and the wider pay gap in the private sector we are likely to witness:

- **Persistent and rising levels of female unemployment, particularly amongst single mothers**
- **Diminishing levels of female pay across the board and a widening of the overall pay gap between men and women**
- **The proportion of women in low paid work increasing**

Recommendations for government

We have identified a range of measures, many of them cost-neutral, that government can implement to both help prevent any further regression on the current status of women in the labour market and to help support women's role in delivering economic growth.

These recommendations seek to:

- **Protect and improve the levels of pay – particularly low pay – that women receive in order to prevent regression on the gender pay gap as more women move into private sector work**
- **Improve the general accessibility of the labour market for women through the greater extension and promotion of progressive working practices in our workplaces**
- **Increase the extent to which women are able to benefit from any new employment opportunities in private sector, particularly given government investment in business and male-dominated industries**

- **Tackle the particular and heightened barriers that single mothers face to entering into quality, well paid work**
- **Strengthen action on the gender pay gap given the current heightened threats to progress on closing the gap**

3.1 Protecting and improving the value of low pay

Women's pay is likely to take a significant hit at all levels as jobs move from the public to the private sector. As the evidence in Chapter 1 shows, women in the private sector are paid less than women at the equivalent levels of the pay distribution scale in public sector and less than men at the equivalent levels in the public and private sector.

The likelihood that women will enter into lower quality, lower paid work if they move from the public to private sector is exacerbated by the fact that women in the private sector are concentrated even lower in the pay scale than women in the public sector – and that concentration is more marked.

In particular, due to the distribution of the pay boost that women in the public sector receive it is those on the lowest levels of pay who face the greatest penalty when they lose their jobs and seek work in the private sector.

This downgrading of pay will be particularly marked for those women moving from/entering into part-time work where the gap between the women's public and private sector pay is even greater.

As a result, as women move from the public to the private sector, a greater proportion of women will be low paid, and those in low paid jobs will be paid less well.

(i) Protecting the incomes of the lowest earners in the private sector

Women constitute around two-thirds of those paid at or just below the minimum wage,⁵⁶ mostly in part-time and private sector jobs.⁵⁷ As a result, the Work

⁵⁶ In 2011 around 28,000 men aged over 21 were earning at or just below the NMW (i.e. between £5.91 and £5.93 p/h) compared with around 50,000 women.

⁵⁷ 6% of jobs in the private sector are paid at or below minimum wage, compared to just 1% in the public sector.

Foundation has argued that ‘the UK’s low pay problem is essentially a gender pay problem’.⁵⁸ Whilst women paid at or below the minimum wage make up a small proportion of the total workforce, this group is at high risk of poverty and is set to grow as more women move into low paid work in the private sector. It is essential to protect the incomes of the lowest paid women for a range of compelling reasons: to safeguard living standards for low-income households; to prevent increasing levels of child poverty; to make work pay for women facing increasing childcare costs; and to guard against an increase in the overall gender pay gap.

There are three ways that government can take action to boost the incomes of those on the lowest pay (aside from reducing indirect taxes such as VAT):

1. Raising the National Insurance personal tax allowance and therefore decreasing the level of tax paid

The Fawcett Society recognises and welcomes recent Government moves to improve levels of take-home pay through increasing in the personal tax allowance threshold to £10,000 by the end of this Parliament. However, this is a costly measure that does not specifically target support at the lowest paid, with gains spread thinly across all taxpayers except those in the very highest band of tax. Indeed, analysis from the Women’s Budget Group shows that this measure does little to benefit many of the poorest and most vulnerable women in the UK. Although 59% of those lifted out of income tax by this measure are women, they will not gain as much in real-terms as those above the tax threshold, of whom 55% are men. Moreover, the 4 million people that earn too little to pay tax – 59% of whom are women – will gain nothing at all and 67% of those with earnings below the current personal allowance

are women.⁵⁹ Therefore raising the personal tax allowance is a relatively ineffective way of boosting the incomes of low paid women.⁶⁰

2. Supplementing low earnings through the tax credit system

A more targeted and efficient method of protecting the incomes of working people most in need is through the working tax credit (WTC) system, which helps to supplement the incomes of low paid families. The number of working families receiving working tax credits to top up low wages has risen by 50% since 2003, to 3.3 million in 2012.⁶¹ However, this system places the financial burden of supplementing low private sector wages upon government, and does nothing to address low wages in the private sector. The government has recently made a number of changes to elements of the WTC system including freezing the couple and lone parent elements and increasing the number of hours that a couple must work to be eligible from 16 to 24. WTC’s are also hit by the Benefits Up-Rating Bill that caps increases at 1% for three years. This means that fewer people are eligible for WTC’s, and those that are eligible are gaining less.⁶²

3. Protecting and increasing the value of the National Minimum Wage

The National Minimum Wage (NMW) sets a minimum level of low pay, placing the costs of improving low incomes on employers rather than the state. The Resolution Foundation’s recent report, *Minimum wage, maximum impact* found that the NMW increases incomes and therefore incentives to work. Moreover, the NMW has had a positive effect on low wages, as employers have responded by increasing wages to maintain pay differentials at the lower end of the scale. The knock-on effect of NMW

⁵⁸ The Work Foundation, *The National Minimum Wage. Retrospect and Prospect*, March 2007:

http://www.theworkfoundation.com/assets/docs/publications/57_national%20minimum%20wage.pdf

⁵⁹ WBG, *The Impact on Women of the Budget 2012*, April 2012: <http://wbg.org.uk/pdfs/The-Impact-on-Women-of-the-Budget-2012-FINAL.pdf>.

⁶⁰ WBG, *A Gender Impact Assessment of the Coalition Government Budget*, June 2010: http://wbg.org.uk/RRB_Reports_12_956432831.pdf.

⁶¹ Joseph Rowntree Foundation, *Low Pay No Pay Job Market Snares Millions in Poverty*, November 2012:

<http://www.jrf.org.uk/media-centre/low-pay-no-pay-snares-millions-poverty>

⁶² The Fawcett Society, *The Impact of Austerity on Women*, March 2012:

<http://www.fawcettsociety.org.uk/wp-content/uploads/2013/02/The-Impact-of-Austerity-on-Women-19th-March-2012.pdf>.

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on low paid workers, most of whom are women, contributes to a narrowing of the gender pay gap.⁶³

Despite policy-makers' fears that the increased labour costs entailed in the introduction of NMW would have an inhibiting effect on business, there is little evidence to suggest that this has been the case. The Low Pay Commission stated in 2011 that "the consensus of the research findings on the impact of the National Minimum Wage in the UK is that it has not significantly adversely affected employment".⁶⁴ Indeed, recent international evidence also supports the conclusion that modest increases in the minimum wage have little or no impact on employment as adjustments are made elsewhere – including improvements in organisational efficiency and reductions in the wages of higher earners ("wage compression") – which accommodate for increases. As the Centre for Economic and Policy Research report "these adjustments mechanisms appear to be more than sufficient to avoid employment losses, even for employers with a large share of low-wage workers."⁶⁵

There is evidence that the value of NMW is being eroded. In October 2012, the adult NMW was increased by 11 pence to £6.19/hour: an increase of just 1.8%, well below the 2.9% rate of RPI inflation. The rates for 16-17 and 18-20 year olds were frozen and the apprentice rate was increased by 5 pence to £2.65. Thus, across the board, NMW has seen a real term cut: a measure which will *hit women twice as hard as men*.⁶⁶

In light of the evidence above we recommend that, in order to help protect the incomes of the lowest paid women in the private sector:

- **Government protect the incomes of those on the lowest pay in the private sector through up-rating the minimum wage in line with RPI inflation**

ii) Improving the incomes of the lowest earners in the private sector

As well as protecting the incomes of the very lowest earners, there are also robust arguments for government action on improving low pay – through both ensuring the living wage for public sector employees and through encouraging the voluntary uptake of the living wage by private sector employers.

The introduction of the NMW has helped to protect the incomes of the very lowest paid in the UK, of whom two-thirds are women, and has seen the percentage of workers paid below half the median wage fall dramatically. However, overall levels of those on low pay (defined by the OECD as two-thirds of the median wage) have increased to around 20.6% of all workers, climbing steadily since the late 1970s.⁶⁷ This correlates with an increase in in-work poverty over the same period: the number of working households in poverty now outstrips the number of workless households in poverty.⁶⁸

A UK living wage of £7.45/hour is recommended by the Living Wage Foundation.⁶⁹ As the Resolution Foundation note, women constitute 62% of those paid below the living wage, amounting to around three million women. In total, 25% of all female employees are paid below the living wage compared to 15% of all male employees. The introduction of the living wage would therefore help *almost twice as many low paid women than men*.⁷⁰

⁶³ Resolution Foundation, *Minimum Wage, Maximum Impact*, April 2012: <http://www.resolutionfoundation.org/media/media/downloads/MinimumWageMaximumImpact.pdf>.

⁶⁴ Low Pay Commission, *National Minimum Wage: Low Pay Commission Report 2011*, 2011, p. xi: http://www.lowpay.gov.uk/lowpay/report/pdf/Revised_Report_PDF_with_April_date.PDF.

⁶⁵ Centre for Economic and Policy Research, *Why Does the Minimum Wage have no Discernable Effect on Employment*, February 2013: <http://www.cepr.net/documents/publications/min-wage-2013-02.pdf>.

⁶⁶ The Guardian, *Minimum Wage for over-21s rises to £6.19*, 1 October 2012: <http://www.guardian.co.uk/money/2012/oct/01/minimum-wage-over-21s-rises>.

⁶⁷ Resolution Foundation, *Beyond the Bottom Line: The Challenges and Opportunities of a Living Wage*, January 2013, p. 20-1: http://www.resolutionfoundation.org/media/media/downloads/Beyond_the_Bottom_Line_-_FINAL.pdf.

⁶⁸ Joseph Rowntree Foundation, *Monitoring Poverty and Social Exclusion 2012*, November 2012: <http://www.jrf.org.uk/sites/files/jrf/MPSE%202012%20Bookmarked%20REVISED.pdf>.

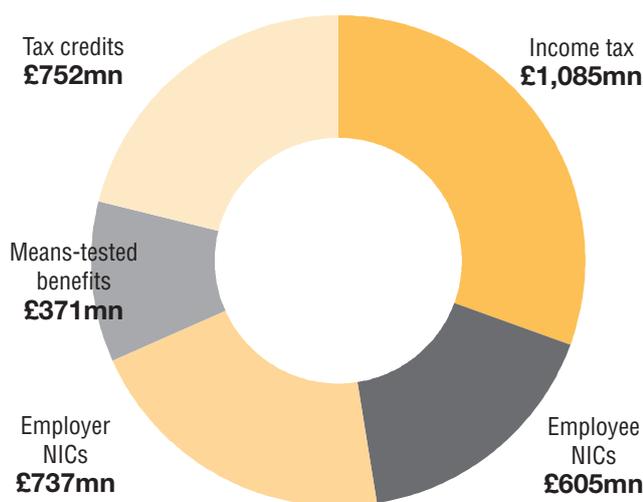
⁶⁹ Living Wage Foundation website, accessed 25 March 2013: <http://www.livingwage.org.uk>.

⁷⁰ Resolution Foundation, *Beyond the Bottom Line: The Challenges and Opportunities of a Living Wage*, January 2013: http://www.resolutionfoundation.org/media/media/downloads/Beyond_the_Bottom_Line_-_FINAL.pdf.

This relates to the fact that 41% of part-time workers, the majority of whom are women, are paid below the living wage, compared to just 11% of full-time workers. Moreover, over 4 in 5 workers (86%) paid less than the living wage work in the private sector.⁷¹ For this reason, it is important that the living wage does not become a purely public sector phenomenon, but reaches large private sector employers with a high proportion of low wage workers; for example, retail and hospitality. Promoting the adoption of a living wage in the private sector would significantly boost women's low incomes and reduce the drop in income they are likely to experience as they move from public sector to private sector jobs.

Moreover, raising wages among workers in low-income families would not only raise standards of living and reduce levels of poverty in working households, but would also generate significant savings for government, as well as increased tax revenues.⁷² The following chart from the IPPR and Resolution Foundation estimates government savings from the living wage, which total £3.6 billion:

Estimated gross savings to Treasury if all employees were paid at least the living wage



Source: Authors' calculations using FRS and LFS

Case study: Living wage – KPMG accountancy

KPMG was the first private sector enterprise to be awarded the Living Wage Award, after introducing the living wage in 2006 for all KPMG employees, as well as third-party supplier employees working on their premises. KPMG believe that it is right to 'pay staff a wage that enables them to meet the basic costs of living and supporting a family'. KPMG employ 700 mainly part-time in-house and outsourced facilities staff in their UK offices who have benefited from the living wage policy.

However, they also argue that it makes good business sense. Since introducing the living wage, the turnover among contractor staff has almost halved, reducing recruitment costs by £75,000 on one contract, whilst their cleaning and catering providers have reduced their training and other overhead costs due to increased employee retention. Moreover, morale and productivity has improved, as has service, with the help desk receiving far fewer complaints. This reflects wider research into the impact of the living wage by Queen Mary University showing that more than 80% of employers believe that the living wage has enhanced the quality of work of their staff, while absenteeism has fallen by around 25%.

Guy Stallard, Director of Facilities, at KPMG Europe says, "It is possible to behave ethically, and pay the Living Wage, while working to earn a profit. It makes sense as a business strategy since it creates goodwill among customers, employees and the community. Trying to increase profits by being unethical or ignoring such concerns will eventually hurt not only those directly impacted, but the business and all its stakeholders."

⁷¹ Ibid, p. 22.

⁷² Ibid, p. 40.

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Short of enacting legislation, we believe the government has an important role to play in promoting the uptake of the living wage in the private sector – for example we particularly welcome recent moves by the Department for Work and Pension to introduce the living wage for all employees and third-party supplier employees.⁷³

In light of the evidence set out above we recommend that:

- **Government demonstrate commitment to the principle of voluntary adherence to the living wage in the private sector through:**
 - **Rolling out the living wage across Whitehall thus making the government itself a model employer**
 - **Encouraging local councils to adopt the living wage**
 - **Extending the reach of the living wage to the private sector through procurement: making all public sector contracts conditional on workers being paid at least the living wage**
 - **Supporting large private sector companies to adopt the living wage as part of a voluntary living wage scheme**

3.2 Protecting, extending and promoting flexible working practices

Flexible working practices – which include part-time working, compressed hours, job shares and working from home amongst a wide range of measures – have been vital in enabling women to combine paid work with their caring responsibilities where women still undertake the majority of unpaid care for children, the elderly and the disabled.

Such practices both enable women with caring responsibilities to access jobs more easily – where the Equality and Human Rights Commission (EHRC) report that mothers highlight the availability of flexible working as a key reason for being able or not able to work⁷⁴ – and also lessens the likelihood that women will experience a knock to their position and pay when they have children – a significant factor in the gender pay gap known as the ‘motherhood penalty’.

The Department for Business, Innovation and Skills *2012 Work-Life Balance Employee Survey*⁷⁵ finds that women take up a range of flexible working arrangements – such as part-time working, flexi-time and term time working – to a significantly greater degree than men, with single mothers reporting a particularly high take up of such measures.

However, the labour market is still characterised by a significant number of women who are unable to find quality flexible work opportunities which match their skills and responsibilities – research by Working Families has found that there is a reality gap between the availability and take up of flexible working and such opportunities tend to be lower paid and lower status.⁷⁶ In particular (as outlined in Chapter 1) part-time work is consistently low paid where there is a 37% gap between the average hourly pay of full-time and part-time work.

It is clear that action to increase the availability and take-up of flexible working opportunities, and to ensure that flexible work does not equate to lower status, lower paid work is imperative to ensure women’s successful participation in the labour market – including as part of the action needed to address the significant pay gap between women and men.

However, current changes taking place within the labour market – namely the increasing number of

⁷³ The Guardian, *Living Wage for Public Servants moves a Step Closer*, 15 December 2012: <http://www.guardian.co.uk/society/2012/dec/15/living-wage-public-servants-closer>.

⁷⁴ G. Ellison et al, Equality and Human Rights Commission, *Research report 15: Work and care: a study of modern parents*, 2009: http://www.equalityhumanrights.com/uploaded_files/research/15_work_and_care_modern_parents_15_report.pdf.

⁷⁵ S. Tipping et al, BIS, *The Fourth Work-Life Balance Employee Survey*, July 2012: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32153/12-p151-fourth-work-life-balance-employee-survey.pdf.

⁷⁶ Working Families, *Working Families evidence to the Business, Innovation and Skills Committee Inquiry into Women in the Workplace*, 14 November 2012: <http://www.workingfamilies.org.uk/articles/pdf/article/444>.

single mothers being required to seek paid work and the increasing competition for quality part-time jobs from workers unable to find full-time employment (as outlined in Chapter 2) – mean that it is *more important than ever* that robust action is taken as a matter of priority to ensure that women are not unduly penalised by these changes and are able to play a full and productive role in the evolving labour market. In particular, due consideration should be given to how the private sector can be supported and enabled to provide quality flexible work opportunities given the concerted ambition to grow this sector in place of the shrinking public sector.

i) Flexible working: protecting current legal provision

Fawcett very much welcomes current government plans to extend the ‘right to request’ flexible working to all employees as we believe that this is an important measure that will further support women in the labour market.⁷⁷

The extension of the right to request is a vital step forward in ensuring that both parents and others can seek a decent work-life balance and will enable employers to better hold onto experienced and skilled staff and draw on a wider talent pool – not just those who can commit to long, fixed hours. The measure will also help diffuse a sense of resentment that some employees may currently feel towards colleagues who have access to greater employment rights and thus foster more positive attitudes towards flexible working and progressive working practices more generally.

However, the Children and Families Bill removes the procedures by which employers should respond to a request from primary legislation with a duty to respond ‘reasonably’ to requests within a three month timetable. The duty will be supported by a statutory ‘Code of Practice’ which is proposed will be drawn up by ACAS.

Fawcett has concerns that removing procedures by which employers should respond from the statute

could see a weakening of instructions for employers. Fawcett maintains that where a Code of Practice details how employers should have to ‘reasonably’ respond, guidance is clear to ensure that the quality and robustness of statutory instructions are replicated.

The Bill also introduces a provision that an employer can treat a flexible working request as having been withdrawn if an employee fails to attend two consecutive meetings to discuss the request without good reason. Evidence from Working Families’ helpline shows that requests are often made during maternity leave when a woman wishes to return to work on a different pattern. Flexible working practices may be difficult to negotiate while on leave, and this change could have particular implications for women negotiating working patterns on maternity leave. For women on maternity leave, it may be difficult to meet the new requirement for practical reasons, such as lack of childcare provision. Therefore it is important that meetings to discuss requests are arranged to suit both employer and employee and that this prerequisite is made clear in guidance.

Further, we also have concerns about the conflicting messages currently coming from government on the inherent value of flexible working. Government is sending employers mixed messages about whether certain rights, such as the right to request flexible working, will enable labour market flexibility or will hinder growth. Government’s ‘Modern Workplaces’ consultation proposes to extend the right to request flexible working to all employees as it cites a robust business case for doing so; however the right to request flexible working has recently been presented as a forfeitable employee right that hinders growth. This is evidenced by the inclusion of flexible working in recently announced plans for an ‘employee-shareholder’ (ES) status whereby employees can forfeit certain ‘burdensome’ employment rights in exchange for company shares.

In particular, we are concerned that the Equality Impact Assessment accompanying the proposal for the ES

⁷⁷ The Fawcett Society, *Press release: ‘Fawcett welcomes extension of the right to request flexible working’*, 12 November 2012: <http://www.fawcettsociety.org.uk/fawcett-welcomes-extension-of-the-right-to-request-flexible-working/>.

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proposals presents an incomplete picture with regards to both the uptake of, and value that women place on the ability to work flexibility. Overall, it presents a misleading analysis that the proposals will not have a disproportionate effect on either sex.

Not only are women – in particular those with caring responsibilities – much more likely than men to take up measures such as part-time working, they are also more likely to consider flexible working measures important and necessary to stay in work. Thus waiving the right to request flexible working is likely to have a significantly greater impact on women than men. Women who rely more heavily on flexible working arrangements will find it more problematic to take up ES and are more likely therefore to be discriminated against in the recruitment process – either by being pressured by employers to take up ES as a condition of their job offer, or being disregarded from the talent pool due to their likelihood to exercise these very rights. This scheme is likely therefore to impact negatively on women's access to work in an already austere climate but will also have negative implications for business. Simply put, making it more difficult for women to access jobs and job security will limit the talent pool available to employers. Furthermore, as the EHRC has highlighted, removing parental leave and flexible working rights in ES proposals is likely to encourage more tribunal claims through discrimination law, increasing costs to employers.

Given the concerns outlined above we recommend that:

- **Government ensure that recent positive moves to extend the right to request flexible working are not undermined in any way by:**
 - **Ensuring that where a Code of Practice details how employers should have to 'reasonably' respond to a right to request, guidance is clear and the quality and robustness of statutory instructions are replicated**

- **Removing the right to request flexible working from rights that can be forfeited under current proposals for employee-shareholders**

ii) Flexible working: extending current legal provision

Alongside current plans to extend the right to request flexible working, there is also scope to further strengthen and refine the statutory right to request with a view to making the process more adaptable to family needs.

Fawcett is disappointed that the Children and Families Bill does not remove the current 26-week qualifying period for requesting a right to flexible working as we see this as a barrier to women entering the labour market.

As the single parent charity Gingerbread flags, the right to request flexible working has enabled many parents and carers to change and adapt their existing working patterns to fit around their family and caring responsibilities.⁷⁸ However, it has been a significant flaw that – due to the current 26-week qualifying period – the same flexibilities have not been available to those looking for work or starting in a new job. Many parents and carers, particularly parents of children with a disability and single parents, find it impossible to combine full-time work with their caring responsibilities, yet few are able to find decently paid jobs that have family-friendly hours. Thus many women are forced to take up the low-quality flexible and part-time positions on offer – often that fall below their qualification and ability levels. This not only has a personal cost to the individual but also a potential longer term cost to the government who is not utilising the skills of the individual and has to fund potentially higher costs through tax credit and housing benefit payments.

Removing the qualifying period would make a significant difference that would help parents and carers – as well as those with other needs for flexibility

⁷⁸ Gingerbread, *Gingerbread consultation response: Consultation on Modern Workplaces – Flexible Working*: <http://www.gingerbread.org.uk/uploads/media/17/7285.pdf>.

– to balance paid work with other responsibilities. This is particularly critical particularly given the increasing numbers of single parents currently being required to seek paid work.

Further, current rules mean that employees can only make one application to request flexible working every 12 months – even if the second request in this period is for a different caring responsibility. Enabling employees to make a second flexible working request within a year would benefit those wanting to put in a request for a different caring responsibility and for a potentially different form of flexible working. Given women’s disproportionate role as carers such a move would give women greater flexibility to alter their working patterns responsively as their caring responsibilities change – for example if an elderly relative were to become ill – and help to match up workplaces and work cultures with the realities of working women’s lives.

The government has also recently announced a system of shared parental leave which will afford some parents greater choice about the distribution of care following the birth of a child. The ‘Modern Workplaces’ consultation which introduced this system originally proposed that new parental leave entitlements could be taken flexibly to enable part-time work and part-time parental pay. Enabling leave to be taken flexibly as part-time work would have supported women who wanted a phased return to work after leave and would allow employers to trial different working patterns for parents who did not wish to return to work full-time. However, the final proposals do not enable leave to be taken flexibly as part-time work but rather propose that leave can be taken in weekly blocks. This arrangement is less likely to support women back to work and enable a phased return to work; it is likely to be unappealing to parents who may find it difficult to arrange childcare arrangements for discontinuous weekly blocks.

Given the evidence and concerns outlined above we recommend that:

- **Government further strengthen and refine the statutory right to request flexible working by:**
 - **Removing the current 26-week qualifying period**
 - **Allowing employees to make a second flexible working request within a year**
 - **Allowing new leave entitlements introduced by the Children and Families Bill to be taken flexibly as part-time work to enable a phased return to work**

iii) Flexible working: promoting uptake

As well as ensuring that flexible working legislation is fit for purpose, there is also a role for government to play in promoting the use and uptake of flexible working, particularly within the private sector where greater numbers of women are now seeking work.

The business case for instating flexible working practices is well rehearsed where the benefits include saving costs by avoiding absenteeism, improving retention, increasing flexibility for the customer base and improving employee motivation.⁷⁹ Furthermore, employers who choose to adopt flexible working policies are able to capture more talented women who may otherwise pick another employer on the grounds of flexibility.

There is also a largely ignored business case for government – if women are pushed into low paid, low quality employment below their ability levels they will have a greater and unnecessary reliance on state subsidies. Further, encouraging employers to design jobs with greater flexibility could also signal a potential saving for government where, for example, women working from home during school hours only will have a far reduced need for state support with childcare.

⁷⁹ Working Mums, *Flexible working: a guide*: http://www.workingmums.co.uk/advice-and-support/career-toolkit/page_2/197211/flexible-working-a-guide.html

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Case study: successful uptake of flexible working practices in the private sector

Northern Trust – Winner of the 2012 Working Families Best for Flexible Working Award

Northern Trust is a financial services company employing 1,400 people worldwide. Northern Trust focuses not just on the availability of flexible working, but also recognises that the uptake and use of these policies is the real test of how flexible an organisation is. The company approaches flexibility in a positive way and aims to accommodate all requests for flexible working. As part of promoting their commitment to their staff members work-life balance, all managers are trained on flexible working practice. This includes the benefits of flexible working to the organisation as well as challenging unconscious bias. A large proportion of Northern Trust's managers are female (40%) and this sends out positive signals about career success, gender and flexibility.

Northern Trusts says: *“We experience a positive perception of flexible working because we have visible role models and advocates and a culture of caring for the wellbeing of our employees, local communities and clients.”*

Case study: successful uptake of flexible working practices in the private sector

Henmans LLP – Shortlisted for 2012 Working Families Best for Flexible Working Award

Henmans LLP is a great example of flexible working being successfully implemented in an SME. A law firm based in Oxford, Henmans employs 123 people. A strong focus on work-life balance was implemented to challenge the belief that lawyers needed to spend 10 hours a day at their desks.

A core hour's scheme is supplemented with the ability to work from home on an ad hoc basis. Staff are encouraged to make use of the flexibility on offer to attend important family events. Examples of the flexible approach at Henmans included a reduction in hours for an employee whose husband changed jobs and could no longer cover childcare, and allowing a mother whose child has health problems to significantly reduce their hours to three mornings a week. In both instances the organisation prioritised retaining their skills and experience.

However, despite these clear benefits, women are too often refused their requests to work flexibly where the employer is given a wide range of possible reasons as to why a request can be refused. A recent survey of women returning to work after taking maternity leave found that almost 2 in 5 of all women polled were refused the right to part time hours (17.5%). Moreover, of the 40% of women who saw changes to their job on their return to work, more than a quarter had their request for flexible working arrangements refused (26%).⁸⁰

⁸⁰ Slater & Gordon, *Press release: No Mother's Day celebration for women returning from maternity leave*, 10 March 2013: <http://www.slatergordon.co.uk/media-centre/press-releases/2013/03/no-mothers-day-celebration-for-women-returning-from-maternity-leave/>.

“have a 9 month old, my mother has MS, [and] my father is undergoing cancer treatment so they both need a fair bit of looking after. I too have MS and am finding the pressure of working and looking after everyone else a bit much and a recent relapse left me almost unable to look after myself, never mind any of them. I applied for flexible working and was rejected, and again on appeal. The company I work for are not interested and say that “there is too much work” to allow me to go part time. They “allowed me” to work three day weeks for three months while they tried to recruit a job share partner for me, except they advertised it (in their words) “discreetly” (invisibly as far as I can tell, and believe me I was looking).”

Mumsnet, May 2009

“I had asked if I could return doing full time hours compressed in to a 4 day week so I could have 1 day with daughter who will be 6 months when I go back. My boss verbally told me ‘no’ today as ‘it wouldn’t be fair on the rest of the team and she couldn’t justify it to them’.”

Mumsnet, November 2012

There is currently a lack of a comprehensive understanding into the reasons why employers refuse applications to work flexibly. Research into the responses that employers give under the right to refuse section of the Employment Rights Act (s. 80F) would provide valuable insight to the concerns that employers have about allowing employees to work flexibly – which are likely to be heightened given the current economic

climate. Such insights could then be used to inform the remit and scope of government guidance on flexible working that should ultimately seek to encourage employers to take a proactive, rather than a reactive approach to dealing with flexible working requests.

We welcome work currently being undertaken to streamline employer guidance on dealing with requests which should help to make the process smoother for both employers and employees.⁸¹ In particular, there is scope to clarify the purpose and status of flexible working trial periods in this guidance. The use of trial periods can be an effective approach to test whether a new flexible working pattern will work – for both employer and employee – however there is evidence that there is some confusion amongst employers over the use of trials where some employers wrongly believe that a trial will automatically lead to a change in contractual terms and start the formal statutory process, thus they can be reluctant to use them.⁸²

Given the evidence outlined above we recommend that:

- **Government takes steps to promote the uptake of flexible working by:**
 - **Commissioning comprehensive research into the responses that employers give under the right to refuse of the Employment Rights Act (s. 80F) when refusing applications to work flexibly in order to inform employee guidance on flexible working**
 - **Clarifying the use and purpose of flexible working trial periods as well as promotes their usage in employee guidance on flexible working**

Alongside ensuring that employer guidance on flexible working is useful, relevant and encourages a proactive approach to handling flexible working requests at all

⁸¹ Jo Swinson MP, oral evidence to the Business, Innovation and Skills Committee Inquiry into Women in the Workplace, 15th January 2013: <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmbis/c754-vi/c75401.htm>

⁸² Family Lives, *Family Friendly or Failing Families*, 2012: <http://familylives.org.uk/sites/default/files/Family%20Friendly%20or%20Failing%20Families.pdf>

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stages of employment, there are a number additional of measures that government could implement in order to increase the availability of flexible roles at the point of advertisement.⁸³ We recommend that:

- **Government takes action to increase the number of jobs advertised as available on a flexible/ part-time basis by:**
 - **Requiring that the public sector leads the way in promoting this change**
 - **Providing assistance to employers to design flexible and quality part-time jobs**
 - **Enabling Jobcentre Plus (JCP) to play a proactive role in encouraging employers to design flexible and quality part-time jobs and the piloting of a job-share register**
 - **Ensuring that the ‘Jobsmatch’ service does not hinder direct negotiation between employers and JCP, as it currently does, in order that JCP can encourage employers to advertise jobs as flexible**

3.3 Action to ensure that women benefit from measures to boost private sector growth

The government has introduced a range of measures and initiatives to boost private sector growth. However in many instances, due to a range of barriers, women will not be able to take up and benefit from these measures at the same rate as men. It is vital therefore that these measures are twinned with robust action to enable women to overcome these barriers and benefit fully from the opportunities created by government investment.

i) Action to improve opportunities for women to engage in entrepreneurship

To date the government has introduced a range of measures to support UK businesses in order to help drive economic recovery and growth. Most notably, *The Plan for Growth* that accompanied the 2011 Budget introduced a range of measures to support small and medium size businesses including exempting micro and start-up business from new domestic regulation for three years, measures to open up public procurement to small and medium-sized businesses (SMEs) and finance for new start ups and business growth through an increase in income tax relief.⁸⁴ Further, the 2011 Autumn Statement announced the establishment of the *Business Finance Partnership* fund to help create and support new sources of lending for small and mid-sized businesses. The fund co-invests government and private sector capital and currently totals £1.2 billion.⁸⁵ The 2012 Budget also included further measures such as specific tax reliefs for the video games, animation and high-end television industries.⁸⁶

Support for SMEs is welcome. However, given men make up the vast majority of those who own and invest in business, they will disproportionately benefit from these measures. Indeed, the government itself recognises the skewed impact of such measures. In an assessment of one tax break for business investment, it is noted that the investment will benefit investors that tend to be ‘male, located in the South of England and have higher overall income levels.’⁸⁷

Women are about half as likely as men to be entrepreneurs: in 2011, 5% of working-age women were engaged in entrepreneurial activity, compared with 10% of men.⁸⁸ Overall, just 14% of SMEs are

⁸³ *Working Families evidence to the Business, Innovation and Skills Committee Inquiry into Women in the Workplace*, 14th November, 2012: <http://www.workingfamilies.org.uk/articles/pdf/article/444>

⁸⁴ HM Treasury, *Plan for Growth*, March 2013: http://www.hm-treasury.gov.uk/ukecon_growth_index.htm

⁸⁵ HM Treasury, *Autumn Statement 2011*, November 2011: http://cdn.hm-treasury.gov.uk/autumn_statement.pdf.

⁸⁶ HM Treasury, *Budget 2012*, March 2012: http://cdn.hm-treasury.gov.uk/budget2012_complete.pdf.

⁸⁷ Women’s Budget Group, *The impact on women of the Budget 2011*, April 2011, p. 10: http://www.wbg.org.uk/index_7_282363355.pdf.

⁸⁸ NB: These statistics refer to the Total Entrepreneurial Activity – defined as the proportion of working age adults who are either actively involved in setting up a business or are the owner-manager of a business that has been active for less than 42 months.

majority-led by women (either run by a woman or have a management team that is over 50% women). Of these, the vast majority (86%) are micro-businesses (1 to 9 employees) and women-led SMEs have a lower average turnover than SMEs as a whole.⁸⁹ However it is noteworthy that recent research by Barclays has revealed that at the very top echelons, female entrepreneurs outstrip the earning potential of their male counterparts where the average income of a high net worth female entrepreneur is 14% higher than their male equivalent.⁹⁰ This suggests that where the barriers associated with the pay gap – such as inflexible working cultures and pay secrecy – are removed, women are able to flourish.

The deficit of women engaged in entrepreneurial activity represents huge untapped potential for the UK. The government itself reports that if women set up businesses at the same rate as men, there would be an extra 150,000 start-ups in the UK each year and if the UK had the same level of female entrepreneurship as the US, there would be approximately 600,000 extra women-owned businesses, contributing an extra £42 billion to the economy.⁹¹

For women themselves – particularly those with caring responsibilities – running their own business can offer a flexible and fulfilling way to combine work with family and caring commitments. Women looking for part-time or flexible work face far more competition than they otherwise would when seeking full-time roles, meaning that they often either give-up looking or settle for jobs which pay below market price for their skill set. Conversely, by starting up in business women can fully utilise their skills without the need to settle for low-quality work.

However, despite the opportunities that entrepreneurship presents for both individual women and the wider economy, women still continue to face considerable barriers to setting up their own businesses where issues include difficulties in accessing finance, a lack of confidence, the lack of maternity provisions and issues with childcare.⁹²

The last decade has seen a welcome increase in the levels of women engaged in entrepreneurial activity which has risen from 3.2% in 2001 to 5% in 2011.⁹³ Since the recession started in 2008, there are 60,000 more women either running, or a partner in, a business or professional practice, or a sole director of a limited company.⁹⁴

However, women still remain half as likely as men to be engaged in entrepreneurial activity. Given the current increasing competition for the types of quality flexible work opportunities that women often require in order to balance work with their caring commitments, as well as the government's growth strategy that focuses on supporting and growing the private business sector, it is more important than ever that concerted action is taken to address the barriers that women currently face to setting up their own businesses. It is also particularly important that due consideration is given to how single parents can be best enabled to explore and engage in entrepreneurial activity given the increasing numbers currently seeking adequate work opportunities (see section 4 on 'addressing the specific needs of single parents' for more detail).

We are pleased that government is taking concerted action around women in entrepreneurship via the Women's Business Council – a one-year independent inquiry, with the aim of 'ensuring real action by

⁸⁹ Women's Business Council, Evidence Paper 5: <https://www.gov.uk/government/publications/womens-business-council-evidence-paper-5>

⁹⁰ Barclays, *Unlocking the Female Economy: The Path to Entrepreneurial Success*, January 2013: <http://www.barclayswealth.com/Images/unlocking-fem-economy.pdf>

⁹¹ The Home Secretary, Speech: Women and the economy, 4 November 2011: <https://www.gov.uk/government/speeches/the-home-secretarys-speech-on-women-and-the-economy>

⁹² Delta economics, *Challenges and Opportunities for Growth and Sustainability (COGS): A focus on women in the UK and Europe*, 2011.

⁹³ The Women's Business Council, *Evidence Paper: Women and Enterprise*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/138349/EvidencePaper_EnterpriseFinal.pdf

⁹⁴ Labour Force Survey Q2 2008 – Q1 2012. This figure is for women who are self-employed and are either running a business or professional practice, partner in a business or professional practice or sole director of a private company. It should be noted that this is not a perfect measure for those running a business, as "professional practice" may include those in the public sector (e.g. GP surgeries) and some employers use limited companies in their employment structure.

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government, business and others to maximize women's contribution to economic growth'.⁹⁵ The Council will report to the Home Secretary, the Chancellor and the Business Secretary in summer 2013 and will provide concrete policy recommendations on ways in which the business environment can be improved for women. We support this initiative and look forward to reviewing, and where appropriate supporting, the recommendations of the final report this summer.

We also welcome the allocation of funding to recruit and train 15,000 volunteer mentors to support both male and female entrepreneurs. This initiative was originally launched (with the announcement of an initial 5,000 mentors) as part of a package of measures to specifically help women to "fulfil their potential" in business with mentors receiving "specific training on how to support women with the particular barriers they face."⁹⁶ It is not currently clear however whether volunteer mentors receive this specific training as standard, or if this training includes any focus on the particular barriers that single parents face to setting up their own business.

In light of the points above, we recommend that:

- **Government takes action to improve opportunities for women to engage in entrepreneurship by:**
 - **Providing a firm commitment that it will act on the findings and recommendations of the Women's Business Council**

- **Ensuring that all volunteer business mentors receive training on the particular barriers that women face to engaging in entrepreneurial activity as standard, including a focus on the particular barriers that single parents face**

ii) Ensuring women benefit from Local Enterprise Partnerships

Local Enterprise Partnerships (LEPs) were proposed and set up following the March 2010 Budget as part of the drive for private sector growth. LEPs, which replace some of the functions carried out by the now abolished Regional Development Agencies, are "business-led partnerships" between local authorities and businesses with the "goal of driving sustainable economic growth across local economic areas".⁹⁷

LEPs influence investment in roads, buildings and facilities in their areas, and are designed to reduce burdens for businesses, particularly in terms of tax levels, planning and other administrative burdens. However, they are not intended to become delivery authorities – local authorities or other bodies will deliver programmes and projects.⁹⁸ The 2012 Autumn Statement states that LEPs must devise "strategic growth plans" which should "lead the development of new strategic plans for local growth consistent with national priorities... LEPs will be expected to consult with all relevant local partners, including the local chambers of commerce and other business bodies. These multi-year plans will build on any existing plans and include coordination with ongoing public programmes."⁹⁹

As of March 2013, 39 LEPs have been created.¹⁰⁰ To date, £730 million in funding has been allocated by the

⁹⁵ Home Office press release, *Business council will boost women's role in the economy*, 13 March 2012: <http://www.homeoffice.gov.uk/media-centre/news/WOB>.

⁹⁶ The Guardian, *Theresa May reveals £2m mentor scheme for female entrepreneurs*, 04 November 2011: <http://www.guardian.co.uk/politics/2011/nov/04/theresa-may-mentor-women-entrepreneurs>

⁹⁷ DCLG, *Enterprise Zone Prospectus*, March 2011: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6274/1872724.pdf

⁹⁸ Local government chronicle, *Autumn Statement: Heseltine review backed*, December 2012: <http://www.lgcplus.com/briefings/services/economic-development/autumn-statement-heseltine-review-backed/5052612.article#>

⁹⁹ The LEP Network, *Autumn Statement 2012 – Good news for Local Enterprise Partnerships*, December 2012: <http://www.lepnetwork.org.uk/autumn-statement-2012-good-news-for-local-enterprise-partnerships.html>

¹⁰⁰ Gov.uk, *Supporting economic growth through local enterprise partnerships and enterprise zones*: <https://www.gov.uk/government/policies/supporting-economic-growth-through-local-enterprise-partnerships-and-enterprisezones/supporting-pages/local-enterprise-partnerships> (accessed March 2013)

Department for Communities and Local Government and the Department for Transport specifically to support infrastructure projects that promote the delivery of jobs and housing. In his 2012 Autumn Statement the Chancellor also announced a new £474 million Local Infrastructure Fund and LEPs were invited to apply for £250,000 annually to draw up their strategic growth plans.¹⁰¹ Further, following recommendations in Lord Heseltine's report on growth, a "single pot" funding scheme is expected to be launched in 2015, exact details of which will be set out in the next spending review in 2013. The pot is intended to include employment and business support, skills, local infrastructure and housing.¹⁰² The Autumn Statement made clear that whilst there is considerable government investment in LEPs, allocation will depend on the quality of the strategic proposals put forward by LEPs and planning should also involve the seeking of funding from local authorities and the wider public and private sector.

If adequately funded and supported LEPs could prove to be powerful drivers of local growth. In particular, they could also provide a key mechanism through which to progress the government's stated ambitions of both ensuring that the talents of women are fully utilised in the drive for economic growth and ensuring that, as Equalities and Employment Minister Jo Swinson MP has noted, "new measures for growth [...] go hand in hand with continued measures to promote equality."¹⁰³

Thus we recommend that:

- **Government ensures that women benefit from Local Enterprise Partnerships by:**
 - **Requiring that Local Enterprise Partnerships, in their funding applications for strategic growth plans, clearly set out how they intend to ensure that women are able to benefit as fully as possible from the employment and businesses opportunities created by government investment**

iii) Addressing the underrepresentation of women in male-dominated industries

Alongside measures to support businesses, the government has also announced spending on a number of capital investment projects, particularly in the science, engineering and technology (SET) sectors and in construction in order to help drive economic growth in the private sector.

For example, the 2011 Budget announced investment of £100 million in science capital development,¹⁰⁴ and the Autumn Statement of the same year announced £5 billion capital investment as part of the National Infrastructure Plan, including initiatives such as road building, energy and telecommunications.¹⁰⁵

However, women are typically vastly under-represented in these sectors: currently, women make up only 12.3% of the SET workforce¹⁰⁶ and 13.5% of the construction industry.¹⁰⁷ In certain sectors, the gender imbalance is even starker, with just 6% of professional engineers and 2% of engineering apprentices being women.¹⁰⁸

¹⁰¹ The Guardian, *Local enterprise partnerships: a hopeful sign or a threat to local democracy?* 11 December: <http://www.guardian.co.uk/society/2012/dec/11/local-enterprise-partnerships-decentralise-funding>

¹⁰² The Rt Hon the Lord Heseltine of Thenford CH, *NO STONE UNTURNED*, October 2012:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/34648/12-1213-no-stone-untuned-in-pursuit-of-growth.pdf

¹⁰³ Jo Swinson MP, Speech to Liberal Democrat conference, September 2012:

<http://www.politics.co.uk/comment-analysis/2012/09/26/jo-swinson-speech-in-full>

¹⁰⁴ HM Treasury, *Budget 2011*, March 2011: http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf

¹⁰⁵ HM Treasury, *Autumn Statement 2011*, November 2011: http://cdn.hm-treasury.gov.uk/autumn_statement.pdf

¹⁰⁶ Women's Budget Group, *The impact on women of the Autumn Financial Statement 2011*, January 2012:

<http://wbg.org.uk/pdfs/The-Impact-on-Women-of-the-AFS-2011.pdf>

¹⁰⁷ Business Innovation and Skills Committee, *Apprenticeships Fifth Report of Session 2012-3*, November 2012

<http://www.publications.parliament.uk/pa/cm201213/cmselect/cmbis/83/83.pdf>

¹⁰⁸ The Institute of Engineering and Technology, *Engineering and Technology: Skills & Demand in Industry – Annual Survey 2012*.

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In other areas, the gender imbalance is actually *increasing*: the percentage of women employed as IT and telecoms professionals declined from 22% in 2001 to just 18% in 2010.¹⁰⁹ Thus, unless specific action is taken to address the under-representation of women in these sectors, women are likely to benefit far less than men from the new job opportunities created as a result of this government investment.

Women face a range of key barriers to working in the SET sectors. Female participation in the related science, technology, engineering, and mathematics (STEM) subjects tapers off from primary school age onwards. Almost 50% of girls sit STEM GCSEs, and 42% sit STEM 'A' levels.¹¹⁰ Women account for 33% of undergraduates¹¹¹, and only 12% of the STEM workforce. In fact, over 70% of female graduates in these subjects do not go on to work professionally in these fields.¹¹²

Research suggests that women face a wide range of barriers throughout the pipeline, from a lack of role models and the influence of gender stereotypes on girls' career choices, through to sexist workplace cultures and a lack of support and flexible working opportunities for women with caring responsibilities.¹¹³

There are concerns that at the same time as the SET sectors are being heralded as the centre of economic recovery, measures to combat occupational gender segregation are going backwards rather than forwards. A number of key successful initiatives to support women into traditionally male-dominated industries have suffered from severe funding cuts. In 2011, the UK Resource Centre for Women in SET, the government body established to combat entrenched occupational gender segregation in the SET sectors, had its funding cut by 80%. It has since been merged with Women into Science, Engineering and Construction (WISE), which aims to support women into STEM subjects.¹¹⁴

¹⁰⁹ E-skills website, *Why you need to know more about the gender imbalance in IT*: <http://www.e-skills.com/> (accessed 28/09/12)

¹¹⁰ Secondary analysis by the UKRC of JCQ GCSE and Entry Level Certificate [Provisional] Results Summer 2012.

¹¹¹ Secondary analysis by the UKRC, *The working age population by ethnicity, economic activity and occupation in the UK, 2009, 2010*.

¹¹² The UKRC, *Women and men in science, engineering and technology – The UK statistics guide 2010, 2010*: <http://www.theukrc.org/resources/ukrc-statistics-guide-2010>

¹¹³ Prospect union, *submission to the Science, Engineering and Sustainability Advisory Committee*, July 2012: http://www.prospect.org.uk/dl/pdf/31431_1364459364.pdf/as/2012-01091-Circular:-Standard-Women-in-STEM-Version-06-07-2012.pdf?_ts=14716&_ts=14716

¹¹⁴ Professional Engineering, *Cuts hit gender initiatives*, 07 February 2011: <http://profeng.com/news/cuts-hit-gender-initiatives>

Case study: The Women & Work Sector Pathways initiative¹¹⁵

The Women & Work Sector Pathways Initiative (WWSPI) was established in 2006 as a response to recommendations made in the UK Commission for Employment and Skills' report 'Women and Work: Shaping a Fairer Future'. The report recognised a need to broaden women's horizons in the workplace and enable their progress in traditionally male-dominated industries.

Government initially invested £10 million in WWSPI, matched by contributions from employers, to provide skills training, development and support for women in sectors where they are currently under-represented. The initiative aimed to test new recruitment and career pathways for up to 10,000 women across nine different sectors throughout England. In 2008, a further £15 million was invested to continue the programme until its conclusion in March 2011.

Overall, the evaluations of the WWSPI seem to reveal a very successful training programme, offering a helpful toolkit for employers and recruiters in their efforts to tackle gender inequality in the workplace. By the end of the programme, 95% of participants felt that they had acquired skills to help them do their jobs better and 84% reported raised career aspirations. The vast majority of employers (86%) said the programme had increased the likelihood of retaining female staff. Employers said they were also far more likely to monitor the career progression of female staff in their organisation, take steps to ensure that more women progress into management roles, and to invest in female talent.

This initiative, despite producing good results, was concluded in 2011, and future work is funded under the Employer Investment Fund.

Fawcett welcomes a number of current measures to increase the accessibility of the STEM sectors. However, we are concerned that many of these seem to lack a targeted and specific focus on tackling gender imbalance in the workplace.

In 2008, the government, along with the Wellcome Trust and private sector partners, established a fund of £30 million in Project ENTHUSE to increase the accessibility of the STEM sector for young people for the next 5 years.¹¹⁶ The programme, run under the banner of STEMNET, aims to build a network of STEM ambassadors, made up of 25,000 volunteers with STEM backgrounds, to give young people in schools and colleges insight into STEM occupations and raise the profile of the STEM sector.¹¹⁷ However, the programme has no specific focus on overcoming

gender barriers and enabling young women to enter the STEM sectors, a regrettable omission in this important attempt to increase accessibility.

The Employer Investment Fund (EIF), run by the UK Commission for Employment and Skills (UKCES), was launched in March 2011 to stimulate employer investment in skills, promote the effective use of these skills in the workplace and develop new ways of working. The EIF has had some focus on tackling gender imbalance. In Phase 1, with a fund of £5 million, the UKCES invited short term innovative projects designed to tackle gender imbalance in the areas covered by Sector Skills Councils. Phase 3, due for completion in March 2013, sees a total £9 million of investment in "projects that are explicitly aimed at improving equality and diversity outcomes, including

¹¹⁵ The National Archives, *Women and work: Boosting women's skills and career prospects*: <http://webarchive.nationalarchives.gov.uk/+http://www.ukces.org.uk/ourwork/women-and-work>

¹¹⁶ Wellcome Trust, *New £30 million investment to 'enthuse' the next generation of scientists*, 12 March 2008: <http://www.wellcome.ac.uk/News/Media-office/Press-releases/2008/WTD039207.htm>

¹¹⁷ <http://www.stemnet.org.uk/>

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new initiatives that create opportunities for women in the workplace.”¹¹⁸ However, only 2 of the 10 funded projects in Phase 3 appear to prioritise gender equality, accounting for only £1.2m of the total £9m spend.¹¹⁹ Moreover, the second phase of the EIF, with a total fund of £103 million, far outweighing the two other phases, saw a move away from a strong focus on Women and Work Projects.

Case study: Wired for Success

Wired for Success is two year initiative launched in October 2011 by the Electrical Contractors’ Association (ECA), aiming to challenge perceptions and break down the barriers that prevent women from entering the sector. It is spearheaded by ECA Skills Ambassador and outgoing president, Diane Johnson, in response to the dual problems of a skills shortage in the industry and high levels of female unemployment.

The ECA, along with partner housing association L&Q, have placed 12 female residents aged 25 to 51 on a bespoke, flexible programme combining technical training, on-site placements and business skills. The course intends to offer the participants the opportunity to start a career in the domestic market of the electrical industry and incorporates a new electrical qualification, which is expected to be launched in early 2012. It is hoped that by the end of the programme, some of the women will go on to set up their own businesses and even provide employment to others.¹²⁰

Wired for Success could offer a “blueprint for success” and could be replicated in other gender-imbalanced sectors.¹²¹

If women are able to benefit from the employment opportunities created by current and future government investment in typically male-dominated industries it is vital that action is taken. Thus we recommend that:

- **Government addresses the underrepresentation of women in male-dominated industries by ensuring that current action on STEM delivers for women by:**
 - Auditing publicly funded STEM education and engagement programmes to assess their impact on the number of women and girls taking STEM subjects and entering the STEM industries
 - Refocusing women as a priority group in the Employer Investment Fund, with an ongoing strategy for the development of women’s skills
 - Requiring that businesses that receive government contracts can demonstrate their strategies for women’s employment and development
- **Government takes additional action to increase the representation of women in STEM industries by:**
 - Securing and extending funding for important initiatives focussing specifically upon women’s progression in the STEM sectors (for example, WISE)
 - Extending successful schemes such as ‘Wired for Success’ as a model for targeted action on gender inequality in the STEM sectors

¹¹⁸ MMM Funding Solutions, *Employer Investment Fund: phase 3*, 09 July 2012: <http://www.mmmfundingsolutions.co.uk/funding-blog/employer-investment-fund-phase-3>

¹¹⁹ UKCES, *Employer Investment Fund: phase 3*: <http://www.ukces.org.uk/ourwork/investment/eif/eif3>

¹²⁰ ECA, *ECA launches Blueprint for Success*: <http://www.eca.co.uk/news-and-events/eca-wired-for-success-initiative/>

¹²¹ ECA, *Wired for Success*: http://www.eca.co.uk/_assets/files/ECA-Wired-fir-Successbrochure---SCREEN-EDITION--31Oct11.pdf

Case Study: West Midlands Forum

The Common Standard for Equalities in Public Procurement

Under section 149 of the Equality Act 2010, public authorities have a duty to show due regard to equality considerations when undertaking procurement. In 2010, the public sector spent over £220 billion per year on contracts with external organisations, amounting to 15% of GDP. This means that public authorities have the potential to make a significant impact on gender equality in the private sector workplace; for example, enabling them to ensure that increased investment in SET industries benefits women as much as men.

An innovative approach has been pioneered by a group of six West Midlands' local authorities, known as the West Midlands Forum (WMF), who since 1998 have developed and utilised 'The Common Standard for Equalities in Public Procurement'. They have been supported in this work by the EHRC and Improvement and Development Agency (IDeA), amongst other bodies.

The aims of the Standard include:

- helping contractors to meet their obligations for non-discrimination
- encouraging and acknowledging firms who comply with the Standard
- sharing good practice and securing contracts that deliver equalities in public procurement, including better practice and higher employment rates for women, disabled people and BME groups.

Firms are asked to achieve up to ten criteria depending on the number of staff they employ, including providing a comprehensive equal opportunities policy; using open recruitment practices; identifying and addressing imbalances in job applicants and employees according to gender, ethnicity and disability; providing equality training for managers; and consulting and reporting on equality in the workplace.

Authorities can use the Standard to assess whether or not contractors are meeting their obligations under equality legislation at an early stage (pre-qualification), when the authority decides who they will invite to tender or put on to their approved lists. The Standard demands a proportionate response from firms, with the size of contractor determining the level of evidence that is required. Once a contractor has been approved they need not reapply for three years and the six participating local authorities use a shared database, which reduces the level of paperwork and bureaucracy required.

The Common Standard has shown how good equality practice can be brought into the mainstream of public procurement and how local authorities can promote equalities in the private sector workplace.

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iii) Addressing the gender gap in the apprenticeship sector

Alongside investment in measures for business and capital investment projects, the government has also announced significant investment in the apprenticeship sector in order to respond to the challenge of youth unemployment and boost private sector activity.

Investment to date includes £180 million in funding announced in the 2011 budget for up to 50,000 apprenticeship places over four years,¹²² a £25 million Higher Apprenticeship Fund, announced in July 2011, to create 20,000 higher apprenticeship places – in careers such as engineering, law and accountancy – from 2011-14¹²³, and a £1 billion Youth Contract launched in April 2012 which includes funding for at least 40,000 incentive payments for small firms to take on young apprentices aged between 18-24 years old.¹²⁴

Figures released in January 2013 reveal a significant rise in the number of apprenticeships has already occurred – in 2011-12, 520,600 people started an apprenticeship, an increase of 13.9% on the preceding year and 86.1% since 2009-10.¹²⁵

Support for apprenticeships is welcome and is clearly an important part of addressing the current high levels of youth unemployment. It is particularly encouraging that the number of women taking up apprenticeships has risen significantly in recent years such that they now represent around half of all apprentices.

However, the problem of entrenched gendered occupational segregation within the apprenticeship sector remains stubborn. For example, 97% of

engineering apprenticeships – which pay around £189 a week – are done by men, whereas 92% of hairdressing apprenticeships – which pay around £109 a week – are done by women. This occupational segregation is a major contributing factor to the gender pay gap that women face in the apprenticeship sector where on average they earn 21% less than men. This in turn perpetuates the overall national gender pay gap as women move into lower paid careers.¹²⁶

A range of other factors also contribute to the apprenticeship pay gap including gender pay differentials within occupations (where for example 61% of apprentices in the retail sector are female but they are paid 16% less than male retail apprentices¹²⁷) and a lack of paid overtime in apprenticeships where women dominate. However it is clear that gendered occupational segregation is the biggest single contributing factor to the gender pay gap in the apprenticeship sector.

Barriers to women's participation in better paid apprenticeships include stereotyped publicity material for courses, a lack of visible and accessible information on the vast pay differentials across occupations, a lack of role models of women working in non-traditional sectors and societal, familial and peer group expectations of appropriate career paths for women.

Skye: “electricians get paid a lot more than what I’m earning ... a lot of my [female] friends do the stereotypical jobs ... they do cleaning and things like that ... they’re all hairdressers.”

[Ipsos MORI research for Fawcett]

¹²² HM Treasury, *Budget 2011*, March 2011: http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf

¹²³ BIS, *Apprenticeships starts almost double in two years*, 31 January 2013: <http://news.bis.gov.uk/Press-Releases/Apprenticeships-starts-almost-double-in-two-years-686f0.aspx>

¹²⁴ DfE, *Government sets out strategy for helping young people access education, training and work*, 15 December 2011: <http://www.education.gov.uk/inthenews/inthenews/a00200925/government-sets-out-strategy-for-helping-young-people-access-education-training-and-work>

¹²⁵ BIS, *Apprenticeships starts almost double in two years*, 31 January 2013: <http://news.bis.gov.uk/Press-Releases/Apprenticeships-starts-almost-double-in-two-years-686f0.aspx>

¹²⁶ TUC, *Apprenticeships and Gender*, 2011: http://www.tuc.org.uk/extras/Apprenticeships_and_Gender.pdf

¹²⁷ TUC, *Business, Innovation and Skills Committee Written evidence submitted by the TUC*, 03 February 2012: <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmbis/83/83we16.htm>

Whilst government investment in apprenticeships is welcome it is clear however that this stimulus must be twinned with concerted action to address the issues that lead to women clustering in lower status and lower paid occupations within the apprenticeship sector.

This is particularly important given that, as the 3rd Report of the Women's Business Council notes, many of the areas where job growth is predicted in the future are male-dominated areas such as architecture, engineering, economics, computer programming and IT.¹²⁸

If such action is not taken, the government's flagship expansion in apprenticeships will further entrench the disadvantage that women, and particularly young women, face in the labour market.

We recognise and the consistent work of the TUC on the gender gap in the apprenticeship sector and support their more detailed work and recommendations for action on this issue. In particular, we would restate the importance of the following key recommendations. Thus we recommend that:

- **Government takes action to address the gender gap in the apprenticeship sector by:**
 - **Improving career services and introducing school-led work experience opportunities for young people to encourage consideration of non-traditional sectors**
 - **Publicising positive images and case studies of women in non-traditional sectors**
 - **Instating a duty on employers and the National Apprenticeship Service to clearly and transparently advertise apprentice pay rates if the apprenticeship is supported by public funds**
 - **Prioritising the collection of apprenticeship data by gender – including on participation rates and levels of pay**

3.4 Addressing the specific needs of single parents seeking work

Alongside the recommendations included thus far, many of which – if implemented in full – will improve outcomes for single parents seeking quality, flexible and decently paid work opportunities, single parents also face a range of specific issues that require targeted action.

As outlined in Chapter 2, increasing numbers of single parents are currently being required to seek work. The evidence is clear that the majority of single parents want to work – where motives include being better off financially, being a role model for their children, gaining social contacts and building a career.¹²⁹ However, single parents face particular barriers to securing and undertaking paid work, in particular securing adequate and affordable childcare and finding adequate flexible/part-time work opportunities that are compatible with their childcare responsibilities.

The conditionality attached to JSA means that after migration, single parents will be required to actively search for work and take up a job if one is offered, or face a possible cut in the amount of benefit they receive (including potential withdrawal of benefits for up to three years). Whilst a number of negotiable flexibilities do exist for single parents on JSA – the most significant being that single parents with a dependent child under 13 years of age have the right to limit the hours they work to school hours – in reality there is a lack of specialist awareness and support from Job Centre Plus staff around the particular needs of single parents. As the single parent charity Single Parent Action Network (SPAN) flag, Specialist Lone Parent Advisors are no longer available to single parents on JSA who now only have access to generalist advisor support and support options.¹³⁰

¹²⁸ Women's Business Council, *Evidence Paper 3*: <http://www.homeoffice.gov.uk/publications/equalities/womens-equality/business-council/wbc-paper3?view=Binary>

¹²⁹ T. Haux et al, Single Parent Action Network, *A Longitudinal Qualitative Study of the Journeys of Single Parents on Jobseeker's Allowance*, May 2012.

¹³⁰ *ibid*

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This lack of targeted support, coupled with increasing competition for quality and flexible work opportunities mean that single parents are finding it ever increasingly difficult to enter into appropriate work opportunities.

Research by SPAN into the experiences of single parents moving onto JSA reveals that many single parents – including those who have been out of the jobs market for many years – hope that the move onto JSA will help them to build their employability. However in reality, many are disappointed by the training on offer. Since all as job seekers must be available for work from day one, opportunities for long term training are limited, and on making the move onto JSA some single parents found they could not continue with existing training course, thus restricting their chances of career development.

“If you want to do something more than packing shelves in supermarkets or cleaning toilets, you know you are going to have to do something aren’t you, some kind of training.”

(Beth, SPAN research)

“Once you’re on Job Seekers they just kind of leave you to it and they just... I don’t know, they don’t offer support or help, they just sign.”

(Penny, SPAN research)

“I can’t go back to any kind of training, because if you do that you got to get a job and be willing to give it up straight away.”

(Samuel, SPAN research)

Single parents also face particular challenges to setting up their own business – an employment option which can prove to be very successful in enabling single parents to balance work with their caring

commitments. Research SPAN reveals that, in some instances, Job Centre Plus advisors have been found to actively discourage single parents from exploring setting up their own business and can be dismissive of their plans for self-employment, instead pushing them toward any available work options.

SPAN also reports a lack of consistent knowledge between advisors as to how they can qualify for the New Enterprise Allowance support scheme, and its suitability for all types of business set ups, which can lead to confusion and anger and ‘prevent single parents moving into self employment which could have been a way of them using their skills and being able to care for their children.’¹³¹

“But I had thought that, you know. I would be encouraged, you know, given the opportunity to kind of put myself back together, as opposed to...it was a very lax kind of, nobody gave a damn attitude, you know you were treated without any respect, without any dignity.”

(Aisha, SPAN research)

“It’s frustrating having to sign on whilst I’m trying to set up a business. They’re constantly pressuring you to get a job...it’s frustrating. Especially when you’ve asked for help and you won’t get it, it’s really quite a head banging time...”

(Marie, SPAN research)

“She made it as difficult as possible for me to start my own business or do anything towards a creative, artistic job, she just wanted me to go for any kind of interview to get any job to get off Jobseeker’s.”

(Irene, SPAN research)

¹³¹ T. Haux et al, Single Parent Action Network, *A Longitudinal Qualitative Study of the Journeys of Single Parents on Jobseeker’s Allowance*, May 2012.

SPAN has also conducted initial research into how the Work Programme (WP) – which began in June 2011 to help the longer term unemployed – is delivering for single parents.¹³² This raises a number of key concerns including: that the WP does not take adequate account of the need for single parents to care for their children as well as participate in the programme; that single parents are too often denied appropriate flexibility in the work that they are expected to obtain and; that their experience of the programme is characterised by a lack of clarity over rules to which they are required to abide and a lack of predictability about the services that they should expect to receive.

We support SPANs detailed work on the specific experiences and needs of single parents seeking work and endorse their board ranging recommendations outlined in their research publications on the subject. In particular, we would restate the importance of a number of their key recommendations. Thus we recommend that:

- **Government takes action to address the specific needs of single parents seeking work by:**
 - **Setting Jobcentre Plus a specific gender equality objective related to single parent job seekers – this should be with a view to changing practice regarding the design and delivery of services on the ground**
 - **Ensuring that every Jobcentre Plus has a trained Lone Parent Advisor in post and that all lone parents, including those on JSA, have full access to this support**
 - **Ensuring that single parents, including those still on Income Support, have access to training programmes that would further their advancement in the labour market**

- **Ensuring that the DWP should have an effective monitoring process in place to ensure that the Work Programme is meeting the needs of single parents**
- **Urging the Work and Pensions Select Committee to investigate the treatment of single parents in the unemployment benefits system to make sure that the services offered are better tailored to address the specific needs of single parents**

Further, we would also like to see:

- **The Women's Business Council give due consideration to the particular barriers that single parents face to setting up their own business**

3.5 Concerted action on tackling the gender pay gap

The gender pay gap remains a persistent problem for women in the UK. In 2012, comparing all work, women earned 18.6% less per hour than men. Comparing those in full-time work, women earned an average of 14.9% less per hour than men. Discrimination in the workplace is rife, with over 45,000 women a year bringing claims against their employers on the grounds of unequal pay.¹³³

If implemented, many of the measures above – such as action on improving low pay, promoting quality flexible working opportunities, supporting more women to set up in business, and encouraging more women into typically male dominated industries – will necessarily improve work opportunities and pay for women, particularly those in low paid work. These measures are crucial to help prevent regression on the pay gap as more women move into the private sector.

¹³² Dewar, L. Single Parent Action Network. *Is the Work Programme Working for Single Parents? An analysis of the experience of single parents moving onto the Work Programme*, March 2012. Laura Dewar, *Oral evidence to the Work and Pensions Committee inquiry into The Work Programme: Experience of Different User Groups*, 30th January 2013: <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmworpen/uc835-ii/uc83501.htm>. Gingerbread, *Tailor Made? Single Parents' Experiences of Employment Support from Jobcentre Plus and the Work Programme*, March 2013: <http://gingerbread.org.uk/content/1017/Tailor-made>

¹³³ UNISON, *Equalities: Equal Pay*: <http://www.unison-iow.org/our-policies/equalities/>

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The Government has already taken some important steps towards supporting women in work: Fawcett particularly welcomes the Government's 'Modern Workplaces' policies, which will see the introduction of a system of shared parental leave and extend the right to request flexible working to all employees. These measures challenge the assumption that women must be the primary caregiver, affording some parents a greater choice about the distribution of caring following the birth of a child, as well as enabling friends and family to alter their working arrangements to take part in childcare if they wish. These measures will be important in tackling the 'motherhood penalty' to which women are subject when they have children.

However, as outlined in Chapters 1 and Chapter 2, fundamental shifts in the labour market present heightened threats to women's pay: as women move from the public sector to the private sector, the pay gap is highly likely to widen, hindering rather than helping progress towards pay equality. As a result, it is imperative that government does not just rely on the indirect effects of women's employment policies to reduce pay inequality, but also takes direct, robust and targeted action to expose and enable action on pay gaps as they exist within individual organisations and companies.

A wealth of evidence shows that secrecy, or a lack of transparency around pay is a root cause of the pay gap between women and men, enabling entrenched bias and hidden discrepancies to go unnoticed and unchallenged. Under the current legislative framework, the onus is placed on the individual to seek redress; thus an individual woman must be able to identify that she is being paid unfairly before she can even begin to make an equal pay claim. However, the UK workplace is host to a culture of secrecy around pay that militates against the exposure of pay inequality. By contrast, where robust transparency is instated, action can be taken to remedy instances of unequal pay.

Case study: The gender pay gap – the role of transparency

At the University of Sunderland, a move to annual, published pay audits led to a reduction in the full-time pay gap from 20.9% in 2003 to 15.0% in 2009. One of the first universities to undertake an equal pay audit, the University of Sunderland embraced the opportunity for increased transparency and now publishes annual reports online.

The University of Sunderland case illustrates how increased transparency, combined with an onus on employers to identify and remedy pay inequalities, can result in a reduced gender pay gap. Pay transparency has also resulted in a shift in attitudes, so that members of staff are accountable for the decisions they make concerning pay, reward, recruitment and retention.

Paul Andrew, Equality and Diversity Manager at the University of Sunderland: *"Transparency has been powerful in terms of encouraging managers to be more consistent [...] and has encouraged employees to take the plunge and aim higher. Where our results have borne fruit is by talking about them and by being transparent."*

In the 40 years since the introduction of the Equal Pay Act, voluntary measures have failed to close the pay gap. Home Office research has shown that only 4% of large and medium employers have reported on the gender pay gap internally within their organization. 50% of large employers see reducing the gender pay gap as a low priority or not a priority at all, whilst only just over 1 in 5 large and medium employers have a planned approach to tackling the gender pay gap in their organisation. Research has found that attitudes, not resources, are responsible for the lack of action on gender pay analysis.¹³⁴

¹³⁴ GEO, *Factsheet: Voluntary gender equality reporting*, September 2011: <https://www.gov.uk/government/publications/factsheet-voluntary-gender-equality-reporting>

Section 78 of the 2010 Equality Act allows the government to require large employers (with over 250 employees) to measure and publish information on the gender pay gap. Employers were to be given until April 2013 to make progress on voluntary reporting of the gender pay gap and to take action to close it. After this date, government would have had the power to require mandatory 'equal pay audits' to be implemented if insufficient progress had been made. However, in December 2010, the Government announced that they would suspend the implementation of section 78, in favour of pursuing a purely voluntary approach in collaboration with businesses.¹³⁵

In September 2011, the Government launched the 'Think, Act, Report' framework,¹³⁶ a voluntary initiative designed to encourage private and voluntary sector employers with over 150 employees to 'be more open' about how they are helping women overcome barriers in the workplace. This involves a three stage process, beginning with businesses undertaking their own analysis of gender in the workplace, taking any action needed to address these issues and, 'in time', reporting on gender equality in the organisation – including the pay gap. Fawcett welcomes government action on workplace equality, including evidence that 10% of the UK workforce in the private and voluntary sectors works now works for employers signed up to the 'Think, Act, Report' scheme.¹³⁷

However, we have had a number of concerns about the Government's current approach to tackling the gender pay gap.

The 'Think, Act, Report' scheme

Reporting on the pay gap is the last step in the 'Think, Act, Report' scheme, indicating that the government does not require urgent action from business on this

matter. A report published one year on showed how many employers had signed up to the scheme, but it did not indicate what progress had been made or how outcomes would be monitored.¹³⁸ The framework does not include any timescales for progress, or any indication of what will happen if the voluntary approach is not successful.

Fawcett are concerned that a purely voluntary approach will lead to a self-selecting group of employers who wish to promote their own good practice. Whilst a platform to promote good practice can be a powerful incentive for business and can drive real culture change, it does nothing to identify those employers who are not carrying out good practice on equal pay and do not participate in voluntary schemes. Fawcett recommend that 'Think, Act, Report' is underpinned by legislative powers to require employers to make pay transparent, in order to identify pay gaps within the workplace and require them to take action on equal pay.

Employment Tribunals

In June 2012, the Government announced that they would give Employment Tribunals the power to impose pay audits on employers (except for micro-businesses) who have been found to discriminate on the basis of gender in pay. This will be decided on the basis of whether the Employment Tribunal considers there may be continuing discrimination, unless a pay audit has been completed in the last three years.¹³⁹ Fawcett are concerned that these proposals do not proactively place the onus on employers to ensure that they are paying their employees fairly, allowing only for retrospective action on the pay gap after lengthy and costly Employment Tribunal proceedings initiated by individual women.

¹³⁵ *Parliamentary Questions: Women and Equalities*, 15 June 2011: <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110615/text/110615w0001.htm>.

¹³⁶ GEO, *Think, Act, Report framework*, 14 September 2011: <http://www.homeoffice.gov.uk/publications/equalities/womens-equality/gender-equality-reporting/think-act-report-framework?view=Binary>

¹³⁷ GEO, *Think, Act, Report: one year on*, 15 November 2012: <https://www.gov.uk/government/publications/think-act-report-one-year-on>

¹³⁸ *ibid*

¹³⁹ GEO, *Modern workplaces consultation – government response*, June 2012: <http://www.homeoffice.gov.uk/publications/equalities/womens-equality/modern-workplaces-consultation/government-response?view=Binary>

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This approach relies on individual women identifying a pay gap, in workplaces where pay structures are opaque and it is therefore difficult to prove the existence of pay gaps. They must then progress their claim through the Employment Tribunal system, whereby, under new Employment Tribunal fees being introduced by the Ministry of Justice, they will be liable for fees of up to £1,200.¹⁴⁰ These new and significant costs are likely to deter many women from pursuing equal pay claims through the Employment Tribunal system, and thus make it even more likely that pay discrimination will go unchecked, both in individual cases and, more systematically, in workplaces. As a result, Fawcett are concerned that Employment Tribunals are not an effective way of identifying employers who are discriminating on pay, nor of redressing those affected.

Fawcett has strong concerns that the pay gap will widen, rather than close, as women move from public sector to private sector employment, unless direct, robust and targeted action is taken by the Government. The responsibility to ensure equal pay must sit with employers who should proactively ensure that they are paying their employees fairly, rather than with female employees in challenging their employers.

We would like to see a requirement for companies to measure and publish information on their gender pay gap to ensure pay transparency and to enable robust action to be taken to address any pay gap exposed. Thus we recommend that:

- **Government takes concerted action on tackling the gender pay gap by:**
 - **implementing section 78 of the Equality Act 2010 – which gives it the power to introduce gender pay audits for employers of more than 250 employees – as a matter of priority**

¹⁴⁰ MoJ, *Introducing fees in employment tribunals and Employment Appeal Tribunal*: <https://consult.justice.gov.uk/digital-communications/et-fee-charging-regime-cp22-2011>

Conclusions and wider recommendations

The evidence set out in this report presents a worrying picture for women's current and projected status in the UK labour market. Moves to reduce the public sector workforce and to increase the number of single parents required to seek work, coupled with an increasingly competitive jobs market and a range of private sector growth measures that are not yet sufficiently reaching women have resulted in a labour market characterised by a large number of women seeking work whilst the types of employment opportunities that best enable women to enter and prosper in the labour market are declining – all while the number of women out of work is expected to rise further as councils and other public sector bodies shed many more jobs in the coming years.

Furthermore, the evidence suggests that, without mitigating action, the drive to move jobs away from the public sector and toward the private sector will likely signal a downgrading of women's pay and may lead to a possible widening of the gender pay gap for the first time since records began.

Fawcett have long raised our concerns that successive governments have failed to adequately adhere to their duty (under the Public Sector Equality Duty) to assess the likely impact of their policies on equality between women and men – both with a view to minimising any potential negative impacts and, where possible, to advancing equality of opportunity between women and men.

The evidence set out here suggests that this process was not adequately adhered to by the current government as it drew up its key macro-level employment and growth strategies. Had such a process been undertaken, the likely impacts of these policies might have been better predicted, enabling government to take steps to both minimise any likely negative impacts on women and to better capitalise on any potential opportunities presented – for both women and for the economy at large.

Whilst we very much welcome the current action being undertaken by government to improve the status of women in the labour market – in particular the important work of the Women's Business Council – it is

clear that a much more robust cross-government strategy is needed in order to respond effectively to the broad range of challenges currently facing women in the labour market and to ensure that women are enabled to play their full part in the economic recovery. We very much hope that the suggested reforms set out in this report will prove useful in drawing up any such strategy.

Further to the current opportunities and threats facing women in the labour market set out in this report, we also have a number of concerns around current attempts to weaken some of the key protections that have helped enabled women to prosper in the labour market in recent years where in some cases provisions have been characterised as 'red tape' that 'hinder growth'. The introduction of fees for employment tribunals, for example, will likely prevent many women experiencing employment-related pregnancy discrimination from seeking claims and accessing justice. It is imperative therefore that government gives due and careful consideration to the impact of any revisions to existing employment rights and provisions on women and ensures that any such reforms do not undermine women's ability to access and prosper in the labour market.

Alongside this focused work it is also vital that government makes a clear and renewed commitment to its legal duty to ensure that all future policies on employment and growth are drawn up with a view to their potential impact on equality between women and men. Such an approach would ensure that any future strategies explicitly respond to the current and projected status of men and women in the labour market and focus on creating jobs opportunities that best utilise the skills and abilities of the latent workforce.

Further, we would also like to see government routinely evaluate the position of women in the labour market as it is implicated by the government's wider macroeconomic approach to austerity. Currently, the decision to reduce the deficit primarily through cuts to public spending is hitting women harder as hundreds of thousands of women's public sector jobs are culled.

Conclusions and wider recommendations

A decision to shift the balance of deficit reduction away from such a focus on austerity would necessarily reduce the prospective number of future job losses and thus help protect against the further degradation of women's position in the UK labour market.

Finally, the evidence is clear that alongside the lack of 'family shaped jobs', the lack of affordable high-quality childcare in the UK is currently a major barrier to women's full and productive engagement in the labour market. Thus we are calling on government to take immediate action to reduce childcare costs as a percentage family's expenditure and to oversee wide scale and long term reform of the UK childcare market to ensure that affordable high-quality childcare is available for all.

Recommendations in full

We have identified a range of measures, many of them cost-neutral, that government can implement to both help prevent any further regression on the current status of women in the labour market and to help support women's role in delivering economic growth.

These recommendations seek to:

- *Protect and improve the levels of pay – particularly low pay – that women receive in order to prevent regression on the gender pay gap as more women move into private sector work*
- *Improve the general accessibility of the labour market for women through the greater extension and promotion of progressive working practices in our workplaces*
- *Increase the extent to which women are able to benefit from any new employment opportunities in private sector, particularly given government investment in business and male-dominated industries*
- *Tackle the particular and heightened barriers that single mothers face to entering into quality, well paid work*
- *Strengthen action on the gender pay gap given the current heightened threats to progress on closing the gap*

Thus we recommend that Government:

- *Protects the incomes of those on the lowest pay in the private sector through up-rating the minimum wage in line with RPI inflation*
- *Demonstrates commitment to the principle of voluntary adherence to the living wage in the private sector through:*
 - *Rolling out the living wage across Whitehall thus making the government itself a model employer*
 - *Encouraging local councils to adopt the living wage*

- *Extending the reach of the living wage to the private sector through procurement: making all public sector contracts conditional on workers being paid at least the living wage*
- *Supporting large private sector companies to adopt the living wage as part of a voluntary living wage scheme*
- *Ensures that recent positive moves to extend the right to request flexible working are not undermined in any way by:*
 - *Ensuring that where a Code of Practice details how employers should have to 'reasonably' respond to a right to request, guidance is clear and the quality and robustness of statutory instructions are replicated*
 - *Removing the right to request flexible working from rights that can be forfeited under current proposals for employee-shareholders*
- *Further strengthens and refine the statutory right to request flexible working by:*
 - *Removing the current 26-week qualifying period*
 - *Allowing employees to make a second flexible working request within a year*
 - *Allowing new leave entitlements introduced by the Children and Families Bill to be taken flexibly as part-time work to enable a phased return to work*
- *Takes steps to promote the uptake of flexible working by:*
 - *Commissioning comprehensive research into the responses that employers give under the right to refuse of the Employment Rights Act (s. 80F) when refusing applications to work flexibly in order to inform employee guidance on flexible working*

Recommendations in full

- Clarifying the use and purpose of flexible working trial periods as well as promotes their usage in employee guidance on flexible working
- Takes action to increase the number of jobs advertised as available on a flexible/ part-time basis by:
 - Requiring that the public sector leads the way in promoting this change
 - Providing assistance to employers to design flexible and quality part-time jobs
 - Enabling Jobcentre Plus (JCP) to play a proactive role in encouraging employers to design flexible and quality part-time jobs and the piloting of a job-share register
 - Ensuring that the ‘Jobsmatch’ service does not hinder direct negotiation between employers and JCP, as it currently does, in order that JCP can encourage employers to advertise jobs as flexible
- Takes action to improve opportunities for women to engage in entrepreneurship by:
 - Providing a firm commitment that it will act on the findings and recommendations of the Women’s Business Council
 - Ensuring that all volunteer business mentors receive training on the particular barriers that women face to engaging in entrepreneurial activity as standard, including a focus on the particular barriers that single parents face
- Ensures that women benefit from Local Enterprise Partnerships by:
 - Requiring that Local Enterprise Partnerships, in their funding applications for strategic growth plans, clearly set out how they intend to ensure that women are able to benefit as fully as possible from the employment and businesses opportunities created by government investment
- Addresses the underrepresentation of women in male-dominated industries by ensuring that current action on STEM delivers for women by:
 - Auditing publicly funded STEM education and engagement programmes to assess their impact on the number of women and girls taking STEM subjects and entering the STEM industries
 - Refocusing women as a priority group in the Employer Investment Fund, with an ongoing strategy for the development of women’s skills
 - Requiring that businesses that receive government contracts can demonstrate their strategies for women’s employment and development
- Takes additional action to increase the representation of women in STEM industries by:
 - Securing and extending funding for important initiatives focussing specifically upon women’s progression in the STEM sectors (for example, WISE)
 - Extending successful schemes such as ‘Wired for Success’ as a model for targeted action on gender inequality in the STEM sectors
- Takes action to address the gender gap in the apprenticeship sector by:
 - Improving career services and introducing school-led work experience opportunities for young people to encourage consideration of non-traditional sectors
 - Publicising positive images and case studies of women in non-traditional sectors
 - Instating a duty on employers and the National Apprenticeship Service to clearly and transparently advertise apprentice pay rates if the apprenticeship is supported by public funds

- *Prioritising the collection of apprenticeship data by gender – including on participation rates and levels of pay*
- *Takes action to address the specific needs of single parents seeking work by:*
 - *Setting Jobcentre Plus a specific gender equality objective related to single parent job seekers – this should be with a view to changing practice regarding the design and delivery of services on the ground*
 - *Ensuring that every Jobcentre Plus has a trained Lone Parent Advisor in post and that all lone parents, including those on JSA, have full access to this support*
 - *Ensuring that single parents, including those still on Income Support, have access to training programmes that would further their advancement in the labour market*
 - *Ensuring that the DWP should have an effective monitoring process in place to ensure that the Work Programme is meeting the needs of single parents*
 - *Urging the Work and Pensions Select Committee to investigate the treatment of single parents in the unemployment benefits system to make sure that the services offered are better tailored to address the specific needs of single parents*
 - *The Women’s Business Council give due consideration to the particular barriers that single parents face to setting up their own business*
- *Takes concerted action on tackling the gender pay gap by:*
 - *implementing section 78 of the Equality Act 2010 – which gives it the power to introduce gender pay audits for employers of more than 250 employees – as a matter of priority*

