



## Women on Low Pay

18 November 2015, Westminster Hall, 9:30

Debate Initiated by **Ruth Cadbury**

This pack provides general background material relating to the subject of the debate.

Debate pack compilers: Feargal McGuinness, Doug Pyper and Sharmini Selvarajah

**New earnings data for 2015 will be published on Wednesday 18 November at 9.30am, including analysis of pay differences by gender. You can find the new data here:**

<http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2015-provisional-results/stb-ashe.html#tab-Gender-pay-differences>

More detailed information and advice can be provided by our subject specialists and statisticians.

Subject specialist: Doug Pyper, extn: 4376

Statistician: Feargal McGuinness, extn: 4904

### Contents

A	Earnings and the Gender Pay Gap	1
B	Government policy	2
C	Recent Parliamentary Questions	4
D	Further reading	5

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## A Earnings and the Gender Pay Gap

Female employees working full-time tend to earn less than their male counterparts; the difference in men and women's median full-time hourly earnings was 9.4% in April 2014. However, median hourly earnings for part-time employees were 5.5% higher for women than for men.<sup>1</sup> (The median is the point at which half of employees earn more and half earn less.)

The gender pay gap for all employees (full-time and part-time) was 19.1%. This is higher than the 9.4% pay gap for full-time employees, since more women than men work part-time and part-time workers tend to earn less than full-time workers.

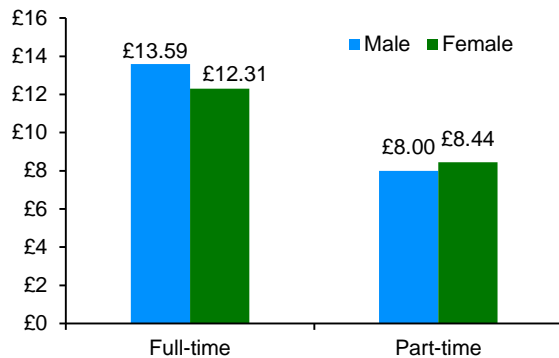
Broadly speaking there has been a downwards trend in the full-time pay gap since 1997 and the overall pay gap has also decreased over the period. Since 2002, the part-time pay gap has widened, with women earning more than men.

### The gap varies with age

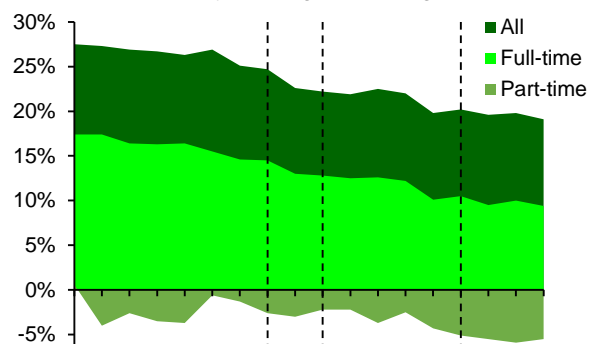
In April 2014, there was little difference between median earnings in full-time jobs for men and women aged 18-39. However there was a large gap in median pay for men and women aged 40 and over.

One possible reason why the pay gap should predominantly affect older workers may be generational differences. The gender pay gap for older age groups may decrease as the younger workers age through the labour market (since 1997 there have been large falls in the pay gap for workers aged 30-39 and 40-49). Another reason could be factors affecting the pay of women only become evident in their 40s.

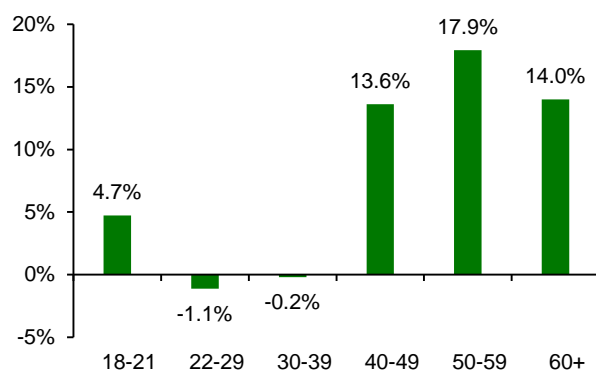
**Median hourly earnings excluding overtime**  
April 2014



**UK gender pay gap, 1997-2014**  
Median hourly earnings excluding overtime



**Gender pay gap by age, April 2014**  
Median full-time hourly earnings excluding overtime



<sup>1</sup> ONS [Annual Survey of Hours and Earnings](#). Data for April 2015 will be published at 9.30am on 18 November.

## B Government policy

The Prime Minister has personally committed to reducing the gender pay gap. In July 2015 he said he hoped to “end the gender pay gap in a generation.”<sup>2</sup>

The *Small Business, Enterprise and Employment Act 2015* provides the Secretary of State must make regulations under [section 78](#) of the *Equality Act 2010*, which would require employers in Great Britain with at least 250 employees publish information about the pay of their male and female employees. [Section 147](#) of the 2015 Act states that the regulations must be made “no later than 12 months after the passing of this Act”. The Act received Royal Assent on 26 March 2015, which suggests regulations should be made by 26 March 2016.

A consultation by the Government Equalities Office on [Closing the Gender Pay Gap](#) closed on 6<sup>th</sup> September 2015.<sup>3</sup> The consultation document asked for views on:

- gender pay reporting;
- encouraging girls to consider a broad range of careers;
- support for women returning to work after having children; and
- support for older working women.

It is expected that the government will publish its response in early 2016, together with draft guidelines on gender pay reporting.

In October 2015, the Government announced:

- new steps to compel larger employers to publish bonus information by gender;
- gender pay reporting rules being extended to include the public sector, as well as private and voluntary organisations; and
- a new scheme in which graduate employers from across the public and private sector will process applications without names being visible to reduce possible discrimination by gender or background.<sup>4</sup>

The Government highlights the following as evidence of its work on the gender pay gap:

- This government's record on women includes:
  - includes more women in work than ever before
  - more women on FTSE boards than ever before
  - hit the target of 25 per cent of FTSE 100 directors
  - more women-led businesses than ever before

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<sup>2</sup> ‘[Prime Minister: My one nation government will close the gender pay gap](#)’, Gov.uk, 14 July 2015 (accessed 16 November 2015)

<sup>3</sup> ‘[Closing the Gender Pay Gap](#)’, Gov.uk, 14 July 2015 (accessed 16 November 2015)

<sup>4</sup> ‘[PM announces new measures to eradicate gender pay inequality](#)’, Gov.uk, 25 October 2015 (accessed 16 November 2015); David Cameron, ‘[The Conservatives have become the party of equality](#)’, *The Guardian*, 26 October 2015

- around 1 million (20%) of all small and medium-sized enterprises (SMEs) in the UK were majority women-led in 2014, an increase of around 170,000 from 2010
- gender pay gap is lowest on record. (19.1%, overall median gap) and is virtually eliminated among full-time workers under 40
- in the last Parliament, 2.1 million women were taken out of income tax
- last year, 233,000 women started an apprenticeship
- more than 20 million employees can now request flexible working
- 285,000 couples per year can now benefit from shared parental leave

In addition to transparency we are tackling the root causes that prevent women from prospering in the workplace. This is why this government is:

- providing a wide programme of support for women in the workplace
- introducing 30 hours of free childcare
- giving 20.6 million employees the ability to benefit from flexible working
- rolling out a new careers service putting businesses in the lead and showing schoolgirls that no profession is off limits

As part of the Budget, the Chancellor announced a further £1.1 million to help women take full advantage of all the opportunities that superfast broadband can bring to business.<sup>5</sup>

In November 2015 the Women and Equalities Select Committee launched an inquiry into the gender pay gap, focusing specifically on women over 40, as set out on the Parliament website:

The Government announces its proposals to tackle the gender pay gap in early 2016. However, despite extensive evidence that the gender pay gap affects women aged over 40 the most, the Government's recent announcements devote surprisingly little attention to the issues faced by this particular group.

The gap between all male and female employees currently stands at 19.1% (2014), measured by median gross hourly pay, excluding overtime. For all full time employees the gender pay gap is 9.4%, but there are wide variations by age and sector.

Younger women, from 18-39, in full-time work experience a very low or even reversed gender pay gap. ONS data shows the gap for hourly earnings growing from the age of 40 onwards. It is greatest for women in their 50s. This is partly due to the fact that half of women over 50 work part-time, and hourly wages for part-time workers are significantly lower than those for full-time employees.

The gender pay gap is not confined to those working part-time though. Women over 50 working full-time earn 82% of what men of the same age working full-time earn. Some of this discrepancy is down to occupational segregation. At present, two-thirds of women aged over 50 are employed in just three sectors: education, health and retail.<sup>6</sup>

<sup>5</sup> ['PM announces new measures to eradicate gender pay inequality'](#), Gov.uk, 25 October 2015 (accessed 16 November 2015)

<sup>6</sup> ['Gender pay gap inquiry launched'](#), Parliament website, 4 November 2015 (accessed 16 November 2015)

## **C Recent Parliamentary Questions**

### **Equal Pay: [Written question – 12845](#)**

**Asked by: Dr Matthew Offord (Hendon)**

**Asked on: 21 October 2015**

To ask the Minister for Women and Equalities, what response her Department has received to the consultation on regulations on the gender pay gap.

**Answered by: Caroline Dinenage**

**Answered on: 28 October 2015**

This government is committed to closing the gender pay gap in a generation by addressing the underlying causes of the gender pay gap, including the gender bonus gap. Our consultation on Closing the Gender Pay Gap closed on 6 September, and received nearly 700 responses. Over 200 employers and business organisations responded, including the CBI, whose members employ around a third of the private sector workforce. We have announced that this will apply to large employers and to large public bodies. We will be working with employers on how this will be implemented as they will be required to publish information showing the differences in pay between men and women.

### **Equal Pay: [Written question – 13095](#)**

**Asked by Stephen Timms (East Ham)**

**Asked on: 22 October 2015**

To ask the Minister for Women and Equalities, what plans her Department has to close the gender pay gap.

**Answered by: Caroline Dinenage**

**Answered on: 27 October 2015**

The gender pay gap has fallen to its lowest ever level, and our ambition is to eliminate it within a generation. That is why we will require large employers to publish information on the differences between men and women's pay and bonuses. Gender pay gap reporting will also be extended to the public sector. We will continue taking action to inspire girls and young women; modernise workplaces; and support older working women.

## **D Further reading**

- Library briefing paper, [Gender Pay Gap](#) (this paper will be updated on the morning of Wednesday 18 November shortly after the release of new earnings data for April 2015)
- Resolution Foundation, [Low Pay Britain 2015](#). This paper includes analysis of trends in low pay, including differences by gender, over the period 1997-2014
- Government Equalities Office, [Closing the Gender Pay Gap Government Consultation](#), 14 July 2015