

# Consultation Response

## Government Equalities Office: Closing the gender pay gap

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## About this consultation

The Government Equalities Office published its consultation *Closing the Gender Pay Gap* on 14 July 2015. It seeks views on how to implement the Government's manifesto commitment to require larger private and voluntary sector employers in Great Britain to publish gender pay information. It also seeks views on wider action to inspire girls and young women, modernise workplaces and support older working women. Age UK is pleased to have the opportunity to make a submission in response to this consultation, particularly focussing on older working women.

## About Age UK

Age UK is the country's largest charity dedicated to helping everyone make the most of later life. The Age UK network comprises of around 165 local Age UKs reaching most of England. Each year we provide Information and Advice to around 4.5 million people through web based and written materials and individual enquires by telephone, letters, emails and face to face sessions. We work closely with Age Cymru, Age NI and Age Scotland.

Please note this submission relates to our experience in England only.

## 1. Summary of key points

- 1.1. Age UK supports the proposal that larger employers should publish gender pay gap information. Beyond reporting, we encourage employers and Government to work together to share best practice in overcoming gender pay gaps.
- 1.2. Women in their 50s experience the highest gender pay gap of any age group. This is significant during a women's working life and affects her financial security in later life. In addition to the proposed overall measure, employers should report their gender pay gap figures broken down by age and full or part time employees.
- 1.3. Older women may experience discrimination because of their age, gender or a combination of both. This may be coupled with discrimination arising because of other characteristics. The Equality Act 2010 should be amended to enable people to bring claims on grounds of multiple discrimination. Section 14 of the Equality Act 2010 should be immediately brought into force to enable dual discrimination claims to be brought. We call on the Government to repeal Tribunal fees for discrimination claims.
- 1.4. The Government should provide support to enable all those providing care who wish to work to do so. Employers should have policies to support those with caring responsibilities who wish to balance work and care.
- 1.5. Flexible working is important to older workers. The right to request flexible working should be extended to all workers from day one of employment, and all jobs should be flexible by default by 2020.

1.6. Opportunities to train or develop their skills should be available to all workers. Older women, including those returning to work after a period of absence, should be supported to develop, update their skills or retrain.

## 2. Gender pay gap information

2.1. Age UK supports the proposal for larger employers (of which we are one) to publish gender pay gap information. This will promote greater transparency at work and encourage employers to take steps to understand whether or not a gender pay gap exists in their workplace and the measures they can take to address it. We hope it will prompt employers to adopt good practice on how to manage and support a multigenerational workforce. However, mere reporting of the information will not be sufficient to achieve these objectives and employers and Government should work together to share best practice in overcoming gender pay gaps.

2.2. According to research by the House of Commons Library, the age of employees makes a major difference to the gender pay gap. For employees aged 18-39, there is little difference between men and women's median earnings. For employees aged 40 and over, the pay gap for those employed full time widens considerably (13.6% for 40-49 year olds, 17.9% for 50-59 year olds and 14% for those aged 60 and over in full time work).<sup>i</sup> Research suggests that women in their 50s earn nearly a fifth less (18%) than men of the same age – the widest gender pay gap of any age group.<sup>ii</sup> As the TUC says:

*“It is striking that the gender pay gap has all but disappeared for young women but the pay gap that opens up around the time that many women have children never closes. Women in their 50s are effectively still paying the price for having taken time out of the labour market and having worked part-time. Many of these women now find themselves still juggling low-paid, part-time work with caring responsibilities.”<sup>iii</sup>*

2.3. Employers should report their gender pay gap figures broken down by age and full or part time employees, as well as the proposed overall measure.

2.4. Not only is the gender pay gap significant during a woman's working life, but it affects her financial security in later life. Of the 13 million employed women in the UK, about 4 million (32%) do not meet the qualifying criteria for automatic enrolment in a pension scheme, compared to 16% of employed men. The majority (2.7 million) of women are ineligible because they are paid below the earnings threshold of £10,000, although some ineligible women may be saving in a pension independent of automatic enrolment.<sup>iv</sup> Publishing gender pay gap information is one way of shining a light on the issues behind women's low pay throughout their working lives and their financial wellbeing in retirement.

2.5. Alongside the important issue of reporting on and addressing the gender pay gap, we are pleased that this consultation also focusses on the underlying associated issues

(Qs 17-19), including how to enable older women to fulfil their potential in the workplace. The remainder of our response addresses this issue.

### 3. Ensuring older working women can fulfil their career potential (Q19)

- 3.1. We welcome the Government's broad focus on older workers, including through its Business Champion for Older Workers and its particular interest in ensuring that older working women are able to fulfil their career potential (Q19).
- 3.2. Older workers, typically those aged 50+, still face barriers in accessing work and training – unjustified age discrimination still exists. In 2010, 40 per cent of 50+ workers believed they have been disadvantaged at work for appearing too old.<sup>v</sup>
- 3.3. Whilst older women are a vital force in the UK's workplaces (almost 64% of women aged 50-64 are in employment, with a further 3.3% unemployed and seeking work),<sup>vi</sup> they tend to fare worse in the labour market than older men. They are more likely than men to be in lower paid,<sup>vii</sup> lower skilled, insecure or part time work and to have had one or more periods out of the labour market (such as to care for children or older relatives). They may leave the labour market earlier than they would wish, and before they reach state pension age. Women are more likely than men to be economically inactive in later life, with a knock on effect for their retirement:  
  
*“Until the female employment rate rises to match the male rate, women are likely to remain worse off in retirement than men and reliant on their partner or spouse for income in retirement. The equalisation of State Pension Age is likely to see further falls in female inactivity but women are also more exposed to certain key factors pulling them out of the labour market, such as caring for family members and relatives.”<sup>viii</sup>*
- 3.4. Some older women may experience the combined effects of age and sex discrimination, alone or together with other characteristics such as race or disability. The Equality Act 2010 should be extended to allow people to bring claims on multiple grounds of discrimination. At a minimum, section 14 of the Equality Act 2010, which would enable people to bring combined discrimination claims (so for example, age and sex together), should be immediately brought into force.<sup>ix</sup>
- 3.5. In 2013 fees were introduced in Employment Tribunals for the first time. People bringing an age discrimination claim have to pay an initial fee of £250, followed by £950 if the claim goes to a hearing. Age UK is seriously concerned that this will price older people who have suffered discrimination at work out of the justice system, and mean employers who discriminate against older workers will not be held to account. For this reason Age UK is calling on the Government to repeal tribunal fees for discrimination claims.

## Recruitment

- 3.6. Age is a barrier to older workers, including older women, finding work. Long-term unemployment remains a persistent problem for workers aged 50+. Over 42% of unemployed people aged 50-64 have been out of work for more than a year,<sup>x</sup> a higher rate than for any other age group. And while long term unemployment for men has slightly fallen,<sup>xi</sup> it has marginally increased for women.<sup>xii</sup>
- 3.7. Recent research by Anglia Ruskin University for the CIPD involved the use of a job-application experiment to consider whether there was any difference in selection for interview between older and younger female job applicants. The research concluded that a younger female applicant was approximately 5.3 times more likely than the older female applicant (i.e. 192 cases versus 36 cases) to receive an invitation for a job interview. For factory or industrial jobs this escalated to the younger female applicant being approximately 25 times more likely than the older female applicant to receive an invitation for a job interview.<sup>xiii</sup>

## Retention

- 3.8. Analysis by the Institute for Fiscal Studies found that the rise in women's State Pension age from 60 to 61 caused an increase in employment of 7.3%.<sup>xiv</sup> However, whilst the rising State Pension age may lead to more older women wishing or having to work longer, it will "benefit older women only if it is coupled with greater support to find and stay in work".<sup>xv</sup> The loss of older women from the labour market has a knock on effect for the economy, as we lose the skills and talents of some of our most experienced workers.
- 3.9. Care responsibilities are often a barrier to staying in or returning to work. Carers are disproportionately likely to be women and to be over 50.<sup>xvi</sup> This may lead them to have periods when they are out of the labour market<sup>xvii</sup> or need to adjust their work to meet their care responsibilities. They may also have access to less frequent training opportunities.<sup>xviii</sup> Once out of the labour market, carers may find it difficult to return, even if they are no longer providing care.<sup>xix</sup>
- 3.10. Decisions on care and employment are inextricably connected – a comparison between the UK and Sweden suggests that the higher the proportion of older women in work, the lower the rate of informal care that they provide, or any unpaid care that they do provide is performed at a lower intensity.<sup>xx</sup> Therefore:

*"The increased likelihood that older women will need to provide informal care compared to older men combined with women's weaker labour market attachment throughout their lifetime puts older women at increased risk of dropping out of the labour market ... Support from government for carers to fulfil this role while continuing in work is vital to improving rates of older employment."<sup>xxi</sup>*

- 3.11. Whilst the Government is right to support increased childcare provision to enable parents to remain in or return to work, increased support should be made available for all carers who want to stay in or return to the workplace, whoever they are caring for

and whatever stage they are at in their working lives. The Government should support and promote schemes to enable women who have taken a break from work to return.

- 3.12. Employers should have policies in place to support those with caring responsibilities and to enable staff to balance work and caring roles. Flexible working patterns, job shares, good quality part time work, reduced hours or short breaks in work to deal with a particular issue should be promoted.

#### *Flexible working*

- 3.13. Flexible working is important to older workers.<sup>xxii</sup> As the workforce ages more people will need to use differentiated working patterns, so increasing awareness of the benefits of flexibility among employers and individuals is important. These include increased productivity and improved employee retention. The Government recognises the role that employers have in facilitating older women to combine work with other responsibilities, including through promoting flexible working:

*“We also know that the gender pay gap is higher for older women. For many of them one of the major challenges is keeping their skills updated, but for others the main challenge is the need to reduce their hours to accommodate increased responsibilities to care for children, grandchildren and ageing parents. Again, employers have a key role, namely to provide a supportive working environment that will enable them to get the best out of all their staff. That will include flexible working.”<sup>xxiii</sup>*

- 3.14. However, according to research by the TUC, two fifths of women over 50 wanted to work fewer hours<sup>xxiv</sup> but anecdotal evidence suggests that workers face difficulties negotiating flexible working arrangements.
- 3.15. The right for all workers to request flexible working after 26 weeks in post has now been in place for over a year. Whilst it is too early to draw any conclusions about its effect on older workers, as a matter of principle we believe that the right to request flexible working should be extended to all workers, from day one of employment, and that all jobs should be ‘flexible by default’ by 2020. This would help create a culture where flexible working is the norm, help break taboos about the disadvantages of adopting a flexible approach and enable workers to discuss flexible working with potential employers as part of the recruitment process. It would also help address some of the underlying reasons for the gender pay gap.

#### *Training and skills*

- 3.16. Older workers often have different training needs to younger workers, but still need proactive management and investment in their careers. Ensuring access to appropriate training is essential for helping older workers remain productive and keep working, if they wish to do so, until State Pension age or beyond. Personal development is important regardless of age or gender, and as the concept of a ‘job for life’ becomes increasingly outdated, individuals will increasingly need to re- and up-skill in order to remain active in the labour market.

- 3.17. Part-time workers are often overlooked for training and development opportunities.<sup>xxv</sup> Those on low pay or in insecure jobs may receive little or no training, or, if on casual contracts, may have to pay for their own training. Women often fall into these categories. In addition, women who have had periods of time away from work (such as those returning from a period of care-giving) may need to update their skills or retrain in order to get back into or stay in work.
- 3.18. The Women's Business Council notes that women are segmented into particular occupations and that there is a mismatch between where women work and where job growth will be. Although some female-dominated occupations are projected to grow, these tend to be in sectors with lower-paid jobs.<sup>xxvi</sup> Women, particularly those returning from care or already working in low skilled roles, should be supported to develop their skills and progress into higher paid and better quality employment. This should include re-training to allow them to move into new sectors and occupational roles.

<sup>i</sup> House of Commons Library, Briefing Paper Number 07068, *Gender Pay Gap*, 29 June 2015

<sup>ii</sup> TUC, *Age Immaterial*, p. 14

<sup>iii</sup> TUC, *Age Immaterial*, p. 15

<sup>iv</sup> PPI, *Who is ineligible for automatic enrolment?* (2015 – not yet published)

<sup>v</sup> CIPD/CMI (2010), *Managing an ageing workforce*

<sup>vi</sup> Office for National Statistics, *Table A05: Employment, unemployment and economic inactivity by age group*, Labour Market Statistics, July 2015

<sup>vii</sup> Although the proportion of older workers (both men and women) in low pay has decreased in recent year, "levels of low pay among older workers remain higher than the national average", Resolution Foundation, *Low Pay Britain 2014*, p. 23

<sup>viii</sup> PRIME, *The Missing Million: Illuminating the employment challenges of the over 50s*, October 2014, p.19

<sup>ix</sup> Section 14 Equality Act 2010

<sup>x</sup> Labour Market Statistics, June 2015

<sup>xi</sup> 44.7% in 2015, compared to 47.4% in 2014, Labour Market Statistics, June 2015

<sup>xii</sup> 40.1% in 2015, compared to 39.8% in 2014, Labour Market Statistics, June 2015

<sup>xiii</sup> Drydakis, N., *Measure Age Discrimination in the UK: A Field Experiment for the 2013-15 Period* (August 2015)

<sup>xiv</sup> Institute for Fiscal Studies, *Incentives, shocks or signals: labour supply effects of increasing the female state pension age in the UK*, 2013, revised 2014

<sup>xv</sup> Resolution Foundation, *Unfinished Business: Barriers and Opportunities for Older Workers*, 2012, p.31

<sup>xvi</sup> Resolution Foundation, *Unfinished Business: Barriers and Opportunities for Older Workers*, 2012, p.34

<sup>xvii</sup> Older women are more likely than older men to give up work as a result of their caring responsibilities. IPPR, *Sandwich Generation*, 2013

<sup>xviii</sup> Principe et al, *Work restrictions experienced by midlife family caregivers of older people*, 2014

<sup>xix</sup> Carers UK, *Caring and Family Finances Inquiry: UK Report*, 2013

<sup>xx</sup> Resolution Foundation, *Unfinished Business: Barriers and Opportunities for Older Workers*, 2012, pp. 34-5

<sup>xxi</sup> Resolution Foundation, *Unfinished Business: Barriers and Opportunities for Older Workers*, 2012, p. 35

<sup>xxii</sup> Age UK, *A Means to Many Ends: Older workers' experiences of flexible working*, 2012

<sup>xxiii</sup> Rt Hon Nicky Morgan MP, Minister for Women and Equalities, HC Deb, 1 July 2015, c1530

<sup>xxiv</sup> TUC, *Age Immaterial*, p. 4

<sup>xxv</sup> McNair, S., *A Sense of a Future: A Study of Training and Work in Later Life*, NIACE, 2010; TUC, *Age Immaterial*, pp. 24-5

<sup>xxvi</sup> Women's Business Council, *Maximising Women's Contribution to Future Economic Growth*, 2013