



## Tackling the gender pay gap

### What is the gender pay gap?

The gender pay gap refers to the difference in average hourly earnings of men and women. The causes of the gender pay gap are complex and reflect to some extent current and historical choices. Key factors include: human capital differences: i.e. differences in educational levels and work experience; part-time working; travel patterns and occupational segregation. Other factors include: job grading practices, appraisal systems, and pay discrimination.

### The statistics

The gender pay gap is derived from median hourly earnings (excluding overtime) for men and women. The full-time gender pay gap currently stands at 12.6<sup>1</sup> per cent using the median and 17.2 per cent using the mean, which means that women who work full time are paid on average just 87.4 per cent of men's hourly earnings using the median and 82.8 per cent using the mean.

Since October 2004 the Office for National Statistics has recommended measuring the gender pay gap using the median, rather than the mean value. This is because the mean value can be distorted by a small number of very-high earning individuals who are predominantly men.

In October 2004, the Annual Survey of Hours and Earnings (ASHE) replaced the New Earnings Survey (NES) as the methodology for collecting earnings data. The main differences between the ASHE and the NES methodologies are the estimation of missing responses and weighting of the results.

The part-time gender pay gap in April 2007 was 39.1 per cent (using the median). Using the mean, the part-time gender pay gap was 35.6 per cent.

### Why does it matter?

The gender pay gap isn't just bad news for women. It means that women's abilities and skills are not being fully utilised in businesses and in the economy. The Government is committed to reducing the gap between men's and women's earnings and making sure that women's talents are properly used and rewarded.

The Government wants to enable women to have genuine choices about how they balance work and caring responsibilities. In doing so, we want to support employers in recruiting and retaining the best people.

### What is the Government doing about it?

#### Women and Work Commission

The Women and Work Commission was set up by the Prime Minister to make recommendations on tackling the gender pay gap. The Commission, chaired by Baroness Margaret Prosser, brought together employers, unions and experts in a wide range of fields.

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<sup>1</sup> Annual survey of Hours and Earnings 2007 (ONS)

The report, *Shaping A Fairer Future*, was presented to the Prime Minister on 27 February 2006 and contains recommendations to tackle the gender pay gap. The report can be downloaded at

[http://www.womenandequalityunit.gov.uk/women\\_work\\_commission/shaping\\_fairer\\_future.pdf](http://www.womenandequalityunit.gov.uk/women_work_commission/shaping_fairer_future.pdf)

The Government issued on 11 September 2006 an Action Plan implementing the Women and Work Commission recommendations. The Action Plan included:

- £500K fund to support initiatives to increase the availability of quality, part-time work
- Minister for Women to champion quality, part-time work across the public sector
- Programme of exemplar employers – over 100 signed up
- Support for Equality Reps through the Union Modernisation Fund
- More detail on the £40m for initiatives on women's skills and training as announced in Budget 2006
- Public sector gender duty – obligation on public sector to promote gender equality
- National standards for careers advice to ensure all young people receive careers information, advice and guidance which is free from gender stereotyping

The Action Plan can be downloaded from:

[http://www.womenandequalityunit.gov.uk/publications/wwc\\_govtactionplan\\_sept06.pdf](http://www.womenandequalityunit.gov.uk/publications/wwc_govtactionplan_sept06.pdf).

In April 2007, the Government launched *Towards A Fairer Future*, a report setting out progress against the action plan, and announced the 13 projects awarded funding from the £500,000 quality part-time work fund aimed at improving the availability of quality part-time work opportunities. *Towards a Fairer Future* also announced the development of a Gender Equality Check Tool to allow employers to see where they could improve their practices in relation to gender equality issues (see below for more details). *Towards A Fairer Future* can be viewed on [http://www.womenandequalityunit.gov.uk/publications/women\\_work\\_5threp.pdf](http://www.womenandequalityunit.gov.uk/publications/women_work_5threp.pdf).

## **Work and Families**

The Work and Families Act 2006 came into force in April 2007. It extends the scope of flexible working law to give carers of adults, such as those who look after their elderly parents and those who look after disabled spouses, the right to request flexible working. This will benefit many women that face difficulties in juggling work with caring responsibilities.

In addition, we have extended statutory maternity pay, maternity allowance and statutory adoption pay from 26 weeks to 39 weeks for babies born on or after 1st April 2007, or adoption placements from that date. It is estimated that the maternity pay changes will benefit around 400,000 mothers each year. We also intend to increase the duration of these benefits to 52 weeks before the end of parliament, and at the same time introduce a new right for fathers to take up to 26 weeks Additional Paternity Leave, so that they can play a greater role in bringing up their children, and allow mothers to return to work earlier if they wish to.

## **Gender Equality Checklist**

The Women and Work Commission (see above) proposed a wealth of practical ideas on how to close the gender pay and opportunities gap, and listed 40 recommendations on areas such as skills, training and part time work.

One of these recommendations was that an equality checking process be developed which would act as a 'light-touch' tool to help employers look across the range of issues that impact on the gender pay gap. The Government Equalities Office (formerly the

Women and Equality Unit) has been working with organisations such as the Trades Union Congress, the Confederation of British Industry, the Chartered Institute of Personnel and Development and the Equal Opportunities Commission to develop and pilot the a gender equality checklist – piloting is now under way. The checklist will help make employers more aware of the implications of some of the practices they have in place, and help them to learn more about the benefits of working practices that can promote gender equality such as flexible working and training.

## **Legislation**

The Government introduced the Equal Pay Questionnaire in 2003 to help an employee gain access to information on a comparators wage rates to decide whether to bring an equal pay case.

We also amended the Equal Pay Act in October 2004 to allow a tribunal to choose to determine the question of equal value itself or to appoint an independent expert to prepare a report on that question. We also introduced new tribunal rules of procedure to speed up the process of equal value claims.

The Government is carrying out a review of the current anti-discrimination legislative framework, including the Equal Pay Act 1970 and the Sex Discrimination Act 1975. The Discrimination Law Review is aimed at addressing long-held concerns about inconsistencies in the current anti-discrimination legislative framework including the scope for simplifying how the law on gender-related pay discrimination works in practice. The Government has consulted on its proposals and is now considering the responses it has received before bringing forward an Equality Bill.

## **Occupational segregation**

Occupation segregation is one of the main causes of the gender pay gap. Women's employment is highly concentrated in certain occupations and those occupations which are female-dominated are often the lowest paid. In addition, women are still under-represented in the higher paid jobs within occupations – the “glass ceiling” effect.

## **Duty to promote gender equality**

The Equality Act 2006, which came into effect on 6 April 2007, introduced a general duty on public authorities which will require them, as employers and service providers, to have due regard to:

- the need to eliminate unlawful discrimination and harassment, and
- promote equality of opportunity between men and women.

The duty also covers breaches of the 1970 Equal Pay Act, and is effective in England, Scotland and Wales.

In addition the Equality Act imposed specific duties on certain public authorities (PAs) including central and local government. These include:

- drawing up and publishing a gender equality scheme which should identify gender equality objectives and show the steps that PAs will take to implement them. PAs will also be required to consider whether one of their objectives should address equal pay issues or causes of the gender pay gap;
- ensuring that they assess the impact of new legislation, policies, employment and service delivery changes on men and women. These assessments must also be published.

Requirements to draw up and publish a gender equality scheme broadly follow those for the public sector duties on race and disability in that PAs will need to:

- gather relevant information/data;
- consult employees/stakeholders using that data to identify specific gender equality objectives;
- draw up and publish GES showing actions to implement objectives;
- achieve those actions;
- monitor progress & publish;
- review the GES around every 3 years.

Specific duties will apply to public authorities in England and England/Wales and those which are non-devolved in Scotland. They will not apply to those public authorities operating wholly or exclusively in Wales. A separate set of specific duties apply to devolved public authorities in Scotland.

### **Childcare**

The Government is committed to improving access to good quality childcare, alongside early learning and family support, so all children get the best possible start in life; and to help ensure a better future for families and stronger and safer communities.

Since 1997, the number of registered childcare places in England has doubled to over 1.28 million.

All 3 and 4 year olds are now guaranteed 12.5 hours of free early education for 38 weeks per year for up to two years before reaching compulsory school age (the term following their fifth birthday), rising to 15 hours by 2010, with a longer term goal of 20 hours.

The Government's goals are that by 2010 there will be a Children's Centre in every community (3,500 in all); every school will offer access to a range of extended services between 8am and 6pm; and all three and four year olds will be able to access 15 hours of free early education per week.

By February 2008, over 2200 Sure Start Children's Centres had been established, offering services to over 1.6 million young children and their families.

Government is providing substantial help (totalling over £3 million a day) to working families with up to 80% of their childcare costs through the tax credit system.

At December 2007, 427,600 lower and middle income families were benefiting from the childcare element of Working Tax Credit, with average weekly help towards childcare cost of £64.19 per family.

### **National Minimum Wage**

The Government increased the adult rate of the national minimum wage on 1 October 2007 from £5.35 to £5.52. The minimum wage plays a part in narrowing the gender pay gap, as women are more likely to work in lower paid and often part-time jobs than men. Therefore more women than men will benefit from raising the minimum wage.

**Government Equalities Office**  
[www.equalities.gov.uk](http://www.equalities.gov.uk)  
0207 944 4400