



Government  
Equalities Office

# Closing the Gender Pay Gap

**Government Consultation**

**Launch date: 14 July 2015**

**Respond by: 6 September 2015**

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# About this Consultation

## Issue Date

The consultation was issued on 14 July 2015.

## Respond Online

To help us analyse the responses please use the online system wherever possible. Visit [https://dcms.eu.qualtrics.com/SE/?SID=SV\\_0ppaSxAXdKa6UJv](https://dcms.eu.qualtrics.com/SE/?SID=SV_0ppaSxAXdKa6UJv) to submit your response.

## Other Ways to Respond

If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible, you may download a word document version of the form and email it or post it.

**By email:** [GenderPayGapConsultation@geo.gov.uk](mailto:GenderPayGapConsultation@geo.gov.uk)

**By post:**

Gender Pay Gap Consultation  
Government Equalities Office  
4<sup>th</sup> Floor  
100 Parliament Street  
London  
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## Deadline

The consultation closes on 6 September 2015.

## **Enquiries**

Any enquiries should be directed to: [GenderPayGapConsultation@geo.gov.uk](mailto:GenderPayGapConsultation@geo.gov.uk)

## **Additional Copies**

Additional copies are available electronically and can be downloaded from gov.uk DCMS consultations.

## **Government Response**

The results of the consultation will be published on gov.uk this winter.

## Foreword by the Secretary of State for Education and Minister for Women and Equalities



As a government we are committed to seeing every person in our nation realise their potential. Greater gender equality will help us to achieve this so tackling the gender pay gap is an absolute priority. That is why in our manifesto we made a commitment to require companies with more than 250 employees to publish the difference between the average pay of their male and female employees.

Closing the gender pay gap is not only the right thing to do, it is essential for improving our productivity as a nation. Ensuring that women achieve their full potential will have a significant impact on our economy:

- Equalising women's productivity and employment to the same levels as men's could add almost £600 billion to our economy. This could clear a third of our national debt.
- 2.2 million women who are not working want to work. Equalising participation rates could add 10% to the size of our economy by 2030.
- Over one and a half million women already in work would like to do more hours. If they worked just one extra hour each week, that would contribute 80 million more hours a year in productivity.

The gender pay gap measures the difference between men and women's average salaries. Its causes are numerous and varied. It cannot simply be explained by pay discrimination, which is already unlawful, and has been since campaigners successfully won the right to equal pay over forty years ago. These causes include the

concentration of women in lower paid occupations and the fact women remain far less likely to progress to senior levels – still making up only 34% of managers, directors and senior officials.

We have made progress in closing the gender pay gap. It is now at its lowest ever level and has been virtually eliminated for full-time workers under 40. Yet the rate of progress has been too slow, which is why we want to take steps that will see it narrow further and faster.

Tackling the gender pay gap must start early. That is why I am passionate about the work this government is doing in schools to raise aspirations so that no child ever thinks a career is ‘not for them’ because of their gender, race or background. That means encouraging girls to consider careers in fields traditionally dominated by men, such as those in science, technology, engineering and maths (STEM) through the “Your Life” campaign.

We are also taking action to make sure workplaces are fit for the 21st century, so that more women can reach senior positions. The right to request flexible working was extended to all employees from last June, and working parents now have the option of taking shared parental leave and pay. We will also give families where parents are working over 8 hours a week an entitlement to 30 hours of free childcare for their three- and four-year olds, and introduce a system of tax free childcare. This is because we want every woman to feel she has the choice to re-enter work.

To ensure that the skills and experience of older working women are not lost, we are taking forward work such as the carers into employment project; as well as work to boost the skills of those already in the labour market.

These are just some of the actions we are taking to tackle the causes of the gender pay gap; which along with greater transparency and collaboration with companies – will go a significant way to breaking down the pay gap.

This consultation asks for your views on how to implement our manifesto commitment to require larger private and voluntary sector employers in Great Britain to publish gender

pay information. We believe that greater transparency will encourage employers and employees to consider what more can be done to close any pay gaps. Doing this will take us a step further on the path to closing the gender pay gap in a generation. Employers with a positive story to tell will attract the best talent. We are also seeking views on wider action that can be taken to inspire girls and young women, modernise workplaces and support older working women.

By understanding and overcoming those barriers that can prevent women from achieving their full potential, and tackling all forms of sexism, we can together make the gender pay gap a thing of the past.

A handwritten signature in black ink that reads "Nicky Morgan". The signature is written in a cursive, flowing style.

**The Rt Hon Nicky Morgan MP**

**Secretary of State for Education and Minister for Women and Equalities**

# Chapter 1: The Gender Pay Gap

## What is the Gender Pay Gap?

1.1 Paying men and women differently for the same job is unlawful and has been for over forty years (see Box A). Rather than signifying unequal pay, a gender pay gap shows the difference between the average earnings of men and women as a percentage of men's earnings (see Figure 1). The overall UK gender pay gap of 19.1% shows that a woman, on average, earns around 80p for every £1 earned by a man.

### **Box A: Equal pay**

Since the Equal Pay Act 1970 came into force, unequal treatment between men and women in terms of pay and conditions of employment has been unlawful in the UK. The Equality Act 2010 provides that employers must give men and women equal pay if they are employed to do work that is the same or broadly similar, rated as equivalent under a job evaluation study or found to be of equal value in terms of effort, skill or decision making.

Societal stereotypes or individual prejudice can both influence how much particular jobs are valued. Mergers and acquisitions can also impact significantly on a company's grading structures, pay systems and gender profile. An employer delivering equal pay may still have a large pay gap and an employer with no pay gap may be breaching the law.

Job evaluation is a way of assessing why one job is graded higher or better paid than another. Employers may carry out a job evaluation for many reasons, including lack of rationale for current grades, problems with recruitment/retention or employee dissatisfaction.

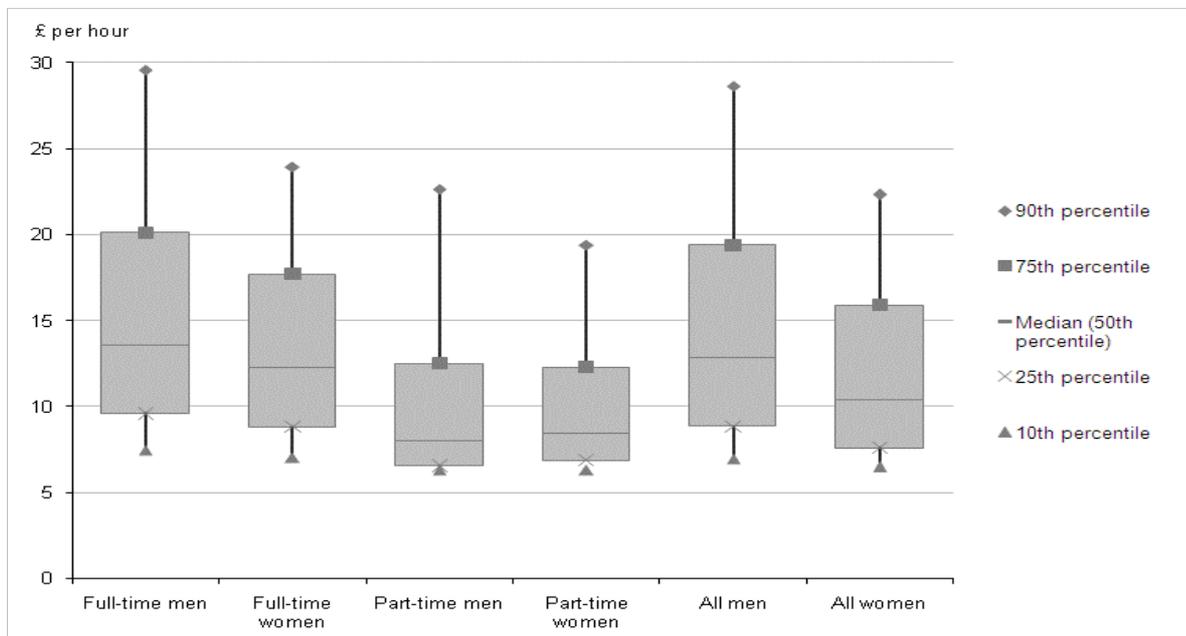
**(continued over)**

### Box A: Equal pay (continued)

If someone thinks that they are not being paid equally with a colleague of the other sex doing the same or equivalent work, they can take their case to an employment tribunal if they have been unable to resolve the dispute through other means. Potential tribunal claimants are first required to notify Acas so that they can be offered Acas' optional free conciliation service before going to tribunal. Employers that directly discriminate in pay matters can now be required (subject to certain exceptions) by a tribunal to complete an equal pay audit, as well as to pay compensation.

1.2 The causes of the gender pay gap are complex, and it is difficult to quantify the impact of women's personal choices on the gender pay gap. Neither the Government nor business should tell women what career paths to follow or what working patterns to adopt. However, those workplace cultures that have historically favoured men can be changed and employers can introduce training to tackle unconscious bias among recruiters and line managers.

**Figure 1: Distribution of gross hourly earnings (excl. overtime) April 2014**



1.3 Using information on earnings and hours for employees by sex, the Annual Survey of Hours and Earnings (ASHE) is published by the Office for National Statistics (ONS) and provides very comprehensive data for measuring the gender pay gap:

- The overall gender pay gap for all employees (19.1%) is the lowest since records began in 1997 when the pay gap was 27.5%.
- In 2014, the gender pay gap for full-time employees narrowed to 9.4%. This is the lowest since records began in 1997.
- The gender pay gap for part-time employees is -5.5%. This means women working part-time are paid more than their male equivalents on average. However, part-time work often attracts lower pay than full-time work, and as a far higher proportion of women than men work part-time, this has a significant impact on the overall gender pay gap.

1.4 Large pay differences can contribute to women's economic hardship, and can also impact on their partners and children. Women can feel the long-term consequences of the gender pay gap even after their working life. Recent research shows that women retiring in 2015 will have to live on an income of £4,800 (25%) a year less than their male counterparts.

## **Causes of the Gender Pay Gap**

1.5 Many of the causes of the gender pay gap are overlapping and can have a significant cumulative impact on a woman's earning potential during her lifetime.

### ***Starting Out***

1.6 Although girls often do well at school, they tend to end up concentrated in sectors that offer narrower scope for financial reward. Women make up nearly 80% of employees working in human health and social work, but the average weekly pay in that sector is nearly £40 per week less than the UK economy average.

1.7 Many of the highest paying sectors are disproportionately made up of male employees, including information and communications technology (68%) and energy supply (74%).

1.8 Similarly, women are still often concentrated in lower paid occupations or job types than men. For example, women make up 92% of secretaries and 94% of childcare assistants, but only 20% of architects and 7% of engineers.

### ***Getting On***

1.9 A proportion of the gap is due to differences in years of experience of full-time work or the negative effect on wages of having previously worked part-time or of having taken time out of the labour market to look after family.

1.10 Women in the middle phase of their working lives are often looking to secure their positions or looking to move into senior and managerial roles. The Government has facilitated access to affordable childcare to support women taking time out of the labour market to have children.

1.11 Assumptions about mothers not wanting or not being in a position to accept promotion may result from unconscious stereotyping. Business can continue to play a role in supporting women in the middle phase of their working lives by ensuring effective talent management and championing flexible working.

### ***Staying On***

1.12 Key challenges for many older women include keeping their skills updated and learning new ones in order to take advantage of employment opportunities in growing sectors.

1.13 For others, the main challenge is the need to reduce their hours to accommodate increased caring responsibilities for children, grandchildren and ageing parents. Employers can share good practice on how to manage and support a multigenerational workforce.

## Seniority

1.14 Women are still less likely to progress far up the career ladder: women make up 47% of the workforce, but make up only 34% of managers, directors and senior officials. Moreover, women are sometimes not as well paid as their male colleagues when they do achieve similar seniority and this may result from men's greater willingness to negotiate pay rises.

## Calculating Gender Pay Gaps

1.15 Many companies already calculate their pay gaps in a variety of ways. While there is no single measure that adequately deals with the complex issue of the differences between men's and women's pay, the Office of National Statistics (ONS) currently use median<sup>1</sup> hourly earnings excluding overtime when calculating the gender pay gap:

- The median level of earnings reflects the mid-point value if all a company's employees' earnings are arranged in order and is less affected by very high or very low figures.
- Using hourly earnings better accounts for the fact that men work on average more hours than women.
- Including overtime or bonuses can skew the results because men work relatively more overtime than women and are more likely to be awarded larger bonuses.

1.16 Although average hourly pay provides a useful comparison of earnings of men and women, a gender pay gap does not necessarily signify unlawful discrimination or reveal differences in rates of pay for comparable jobs.

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<sup>1</sup>Median: calculated by arranging the figures in order and taking the middle value. If there is no middle value because there is an even number of figures, the median is mid-way between the two middle points. Because the median is less affected by values at the extremes than the mean, it can be a better guide to typical values than the mean.

## Chapter 2: Gender Pay Transparency

### Identifying Gender Pay Gaps

2.1 An employer may be unaware that they even have a gender pay gap until it analyses its pay information. Although it cannot identify gender pay gaps for individual employers, the Annual Survey of Hours and Earnings (ASHE) does provide information about the average earnings for full-time employees in different employment sectors:

- Financial and insurance activities (35.2% pay gap); electricity/gas/steam and air-conditioning supply (28.5%); and professional, scientific and technical activities (20.5%) have the largest gender pay gaps.
- Water supply, sewerage, waste management and remediation activities (0.8%) and transportation and storage (-2.2%); and mining and quarrying (-4.2%) have the smallest pay gaps.

### Benefits of Transparency

2.2 Our economy is losing out due to women's academic achievements, experience and talents not being effectively utilised:

- Equalising women's productivity and employment to the same levels as men's could add almost £600 billion to our economy.
- Equalising participation rates could add 10% to the size of our economy by 2030.
- Over one and a half million women already in work would like to do more hours. If they worked just one extra hour each week, that would contribute 80 million more hours a year in productivity.

2.3 Most employers recognise the need to attract and retain the best people - developing and promoting talented women into higher-paid senior roles can help make companies more diverse and competitive (see Box B).

#### **Box B: Creating a balanced workforce**

Schemes to support women's progression provide opportunities that will help close the gender pay gap and can ensure that employers are ahead of their competitors in retaining talented staff and achieving a more balanced workforce.

**Cisco** has hosted industry-wide skills development and networking opportunities for its junior and middle managers; profiled its senior female executives as role models; and given leadership skills development to its junior and mid-level managers.

**Mercer** has advertised part-time roles to encourage women to return from maternity leave and accepted requests from employees to reduce their working hours.

Since 2005, all **Nationwide** employees are entitled to 'stay on' until the age of 75. There are no procedures to follow or 'gatekeeping' criteria, with employment continuing on the same terms and conditions as before.

2.4 Transparency has been used to a positive effect across a wide range of areas:

- The Lord Davies Review recommended a target of 25% of women directors serving on FTSE 100 boards by 2015, and Cranfield University publishes an annual report that tracks progress. Through consistent attention to the data on progress by FTSE 100 companies, the target of 25% has been met. Listed companies are also required to report on board room diversity in their annual reports.
- The Police Effectiveness Efficiency Legitimacy (PEEL) programme represents a radical shift in how police forces are held to account by enabling the public to see clearly across a range of simple categories, how their force is performing on cutting crime, providing a service that is fair and providing value for money. With

elected Police and Crime Commissioners (PCCs), annual all-force assessments by Her Majesty's Inspectorate of Constabulary (HMIC) and the unprecedented amount of information made available on police.uk, the public is given the information they need to hold their force and PCC to account.

- MyNHS, a separate site hosted by NHS Choices, uses the power of transparency to enable the public and professionals to compare the quality of services such as hospitals or public health. MyNHS provides a headline summary of the published data, which can be used to hold services to account and harness peer pressure to drive improvements in the quality of care.

2.5 The ONS publishes gender pay gap figures for every Government Department as part of the annual civil service statistics.<sup>2</sup> Research indicates that around two-fifths of employers within the scope of section 78 may already analyse pay data to explore gender pay gaps (Box C).

#### **Box C: Survey of employers on gender reporting**

A recent survey of employers investigated the extent to which employers collect, report and publish data on pay by gender.<sup>3</sup> The majority of employers considered that ensuring there was no gender pay gap was a priority for their organisation. However, only a small proportion had a planned approach for reducing the potential pay gap.

Around two-fifths of organisations had analysed pay data to explore the gender pay gap. Less than a third of organisations were currently or had previously conducted a formal pay gap review. Transparency around pay was an issue, with a small number of staff contractually bound not to discuss their pay with colleagues. Only a very small proportion of companies had published results, but those that had found it to be a positive experience.

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<sup>2</sup> <http://www.ons.gov.uk/ons/rel/pse/civil-service-statistics/2014/index.html>

<sup>3</sup> IFF Research (2015): 'Company Reporting: Gender Pay Data'.

2.6 Increasing transparency around gender pay differences in the private and voluntary sectors will enable the impact of workplace policies and practices to be monitored and discussed. By identifying those employers that are consistently and successfully ensuring that their women employees are achieving their full potential, we can recognise and disseminate good practice.

2.7 Having published information about their gender pay differences, many employers will be encouraged to establish an effective talent pipeline that helps women to fulfil their earning potential (see Box D). Publication of a gender pay gap can ultimately increase employee confidence in the remuneration process and enhance an employer's corporate reputation. Competition and peer pressure (especially within the same sector) will also drive employers to take constructive actions to tackle any workplace inequalities identified.

#### **Box D: Companies that have published gender pay information**

The Government's voluntary reporting initiative, *Think, Act, Report*, was launched in 2011. This encouraged companies to think about gender equality, particularly in relation to recruitment, retention, promotion and pay. More than 280 businesses covering over 2.5 million employees have signed up, creating a community of best practice for employers to draw upon.

**AstraZeneca** published a global gender salary ratio in 2013. They also publish gender workforce data. Before merging with Aviva, **Friends Life** published gender pay gap information based on full-time equivalent hourly salaries at each pay level. They first published gender pay gap data in 2011, and gender workforce data was published.

**Genesis Housing** carries out equal pay audits and publish detailed gender pay gap analysis and gender work force analysis, including across recruitment and maternity returners. They first published gender pay gap data in 2010. **PwC** published their overall gender pay gap figure online in their transparency report in 2014. Their pay gap figure was also published in a Sunday Telegraph article written by its chairman. Having analysed their gender pay gap internally since 2002, **Tesco** first published it publically online in 2011.

2.8 The Opportunity Now Excellence in Practice Awards recognise organisations that are committed to creating equal, diverse and inclusive workplaces (see Box E). Upon winning the Transparency Award in 2014, Friends Life set out the case for greater pay transparency: *“What gets measured, gets managed. What gets publicly reported, gets managed even better.”*<sup>4</sup>

#### **Box E: Opportunity Now Transparency Award**

Opportunity Now helps employers to accelerate change for women in the workplace, and its Excellence in Practice Awards recognise organisations that put gender at the core of their business agendas. The Transparency Award recognises *Think, Act, Report* organisations that are taking action to be transparent on their workforce and gender pay data, and the nominees in 2015 had experienced a range of positive impacts.

**Friends Life** has increased the percentage of women employees at senior grade.

**Genesis Housing Association** has built a reputation as an inclusive organisation where women can thrive.

**PwC** has seen a reduction in its overall gender pay gap year on year based on the actions taken as a result of the insights provided from gender pay analysis.

***Q1: Publication of gender pay information will encourage employers to take actions that will help close the pay gap. Do you strongly agree, agree, neither agree nor disagree, disagree or strongly disagree?***

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<sup>4</sup> <http://opportunitynow.bitc.org.uk/our-resources/case-studies/awards-2014-transparency-award-friends-life>

**Q2: Transparency on gender pay will have an impact on:**

- (a) Encouraging girls and women to consider working in a wider variety of occupations and sectors.**
- (b) Encouraging employers to develop their female talent.**
- (c) Encouraging employees to take up flexible working or shared parental leave.**
- (d) Encouraging employers to support flexible working or shared parental leave.**
- (e) Encouraging employers to adopt good practice on how to manage and support a multigenerational workforce.**
- (f) Helping those who have a stake in the organisation, including investors, shareholders and clients.**
- (g) Helping employers to address equal pay in their organisations.**

**Q3: Employees or other interested parties (e.g. share holders) may want to gauge how an employer's gender pay gap compares with similar organisations. How important do you think comparability is? (Not at all important; very unimportant; somewhat important; neither important nor unimportant; somewhat important; very important; don't know.)**

**Q4: Do you think the regulations should specify where the employer publishes their gender pay information – for example, a prominent place on their public website?**

## Chapter 3: Making Regulations

*Although all responses will be welcome, the questions in this section will be of particular interest to large employers given the focus on proposed regulations and implementation, and the role they will therefore play.*

### Section 78 of the Equality Act 2010

- 3.1 Section 78 of the Equality Act 2010 (Annex A) is a power to make regulations that *“require employers to publish information relating to the pay of employees for the purpose of showing whether, by reference to factors of such description as is prescribed, there are differences in the pay of male and female employees.”*
- 3.2 The regulations, which will be debated in Parliament, will require employers in the private and voluntary sectors in Great Britain with at least 250 employees to publish information about the pay of their male and female employees. A person will be considered an employee if they are employed under a contract of employment, a contract of apprenticeship or a contract personally to do work<sup>5</sup>.

#### **Box F: European approaches to mandatory gender pay reporting**

We are not the only country with a gender pay gap with women earning around 16.4% less than men on average across the European Union. A number of countries have introduced legislation to ensure employers analyse and publish gender pay information.

In **Austria**, companies with more than 150 employees must provide information on the gender pay gap every other year to employees or their representatives. The pay gap needs to be provided for each occupational group or pay grade.

**(continued over)**

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<sup>5</sup> Section 83 of the Equality Act 2010.

### Box F: European approaches to mandatory gender pay reporting (continued)

In **Finland**, the Equality Act asks those employing 30 people or more to produce an equality plan that must be shared with employees every other year. The plan must include a pay survey, reporting the gender pay gap within job roles and pay grades.

In **Germany**, companies with more than 500 employees will be required to report the policies they have put in place to ensure women progress in their organisations, including any measures to tackle their gender pay gap.

In **Sweden**, employers with more than 24 employees are required to produce an action plan for equal pay every three years, including information on any gender pay gaps within pay grades. The plan has to be submitted to the Equality Ombudsman upon request.

3.3 In order to find a workable approach to implementing section 78, we are seeking views on the key points of detail before making regulations. For example, there are a number of options for presenting gender pay gap information:

- It is relatively simple for an employer to calculate one **overall gender pay gap figure** that captures the difference between the average earnings of men and women as a percentage of men's earnings. Although this would enable comparison with the national data, an overall pay gap figure does not offer the level of granularity required to explain pay differences within an organisation.
- Calculating separate gender pay gap figures for **full-time and part-time** employees can provide more useful information than a single figure – especially for employers with large part-time workforces.
- Showing the difference in average earnings of men and women by **grade or job type** can help expose discriminatory pay practices because it enables greater like-for-like comparison. Safeguards are needed to preserve individual and commercial confidentiality. It can also help employers target underlying causes - through talent management schemes, for example.

**Q5: Which of the following measures showing the differences in the pay of male and female employees are you currently able to calculate from existing data and systems?**

*(a) An overall gender pay gap figure by calculating the difference between the earnings of men and women as a percentage of men's earnings.*

*(b) Gender pay gap figures broken down by full-time and part-time employees.*

*(c) Gender pay gap figures broken down by grade or job type.*

*(d) None of the above.*

### **Contextual Narrative**

3.4 Whatever form of metric reporting is required by the regulations, many employers will want to provide some additional narrative that provides context, explains any gender pay gaps and sets out what remedial actions the business intends to take (see Box G). Some employers may want the required metric information to speak for itself, while others may prefer to give details of equality policies and action plans or summarise findings of gender pay surveys, for example.

#### **Box G: Case study of employer narrative**

The Mitie Group recently published its Sustainability Report for 2014 that includes a summary of the numbers of men and women in each salary band. Alongside that numerical information, the report describes Mitie's continuing efforts to promote workplace diversity, including: membership of WISE (Women in Science and Engineering); a partnership with a social enterprise that opens doors into employment for young people; an externally-chaired diversity steering committee; and creation of a Women of Work group that aims to raise women's profile across the business<sup>6</sup>.

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<sup>6</sup> <http://www.mitie.com/documents/sustainability/sustainability-cr-reports/sustainability-report-2014.pdf>

3.5 If the regulations do not set out what contextual information is required, there can still be clear guidelines that could be included in any supplementary narrative - non-statutory guidance produced under the regulations, for example.

**Q6: Do you think that any additional narrative information published by employers should be:**

**(a) Voluntary and not set out within the regulations or non-statutory guidance.**

**(b) Voluntary, not set out in regulations, but set out in non-statutory guidance.**

**(c) Set out within the regulations.**

**(d) Other, please specify.**

### **Publication Frequency**

3.6 To help monitor compliance with the proposed regulations, a regular reporting cycle should be established. Reflecting that most obligatory business reporting is done annually, section 78 of the Equality Act 2010 states that employers cannot be required to publish gender pay gap information “*more frequently than at intervals of 12 months*”. Publication may be annual or less frequent to give employers opportunity to address any gender pay gaps identified.

**Q7: How often do you think employers should report gender pay gap information?**

**(a) Every year.**

**(b) Every 2 years.**

**(c) Every 3 years.**

**(d) Other.**

## Implementation Costs

3.7 Implementation of section 78 of the Equality Act 2010 will incur costs for employers within its scope, including the analysis and publication.

**Q8: If you are an employer, what is your assessment of the costs of conducting gender pay analysis and publishing relevant information?**

	Actual Costs	Estimated Costs
Infrastructure (e.g. software)		
Training requirements		
Publication		
Other, please specify		
Total		

**Q9: What is the actual/estimated time taken by the lead person assigned to the activity of analysing and publishing a gender pay gap estimate?**

## Commencement

3.8 The Government recognises that some employers may need to introduce new structures, systems or processes to conduct gender pay analyses and publish relevant information. Although we expect the required regulations to be made during the first half of 2016, we propose that commencement of the regulations should be delayed for an appropriate period to give businesses an opportunity to prepare for implementation.

- 3.9 6 April and 1 October are common commencement dates for regulations. Alternatively, some businesses run their year to the calendar year end, and may prefer to calculate gender pay information on 1 January. Others might want to coincide the reporting with their annual reports.
- 3.10 Commencing the regulations on a phased basis is also an option – requiring larger employers (i.e. with at least 500 employees) to publish the required information earlier than those with 250 employees. Our economy consists of businesses in the private sector, non-profit sector and central and local government. Figure 2 shows how many private and not-for-profit employers may be covered by the regulations.

**Figure 2: Number of employers that may fall within the proposed regulations<sup>7</sup>**

	<b>Number of private and not-for-profit employers</b>	<b>Employees (thousands)</b>	<b>Percentage of total UK employees</b>
<b>250-499 employees</b>	3990	1377	4.9
<b>500 or more employees</b>	3865	9819	35.1
<b>Total</b>	7855	11196	40

***Q10: Private and voluntary sector employers in Great Britain with at least 250 employees may fall within the scope of the proposed regulations. Do you think this threshold is appropriate?***

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<sup>7</sup> Source: <https://www.gov.uk/government/statistics/business-population-estimates-2014>

**Q11: The cut off period for any calculation of the gender pay gap will need to be specified in the regulations. Which of the following do you consider preferable:**

**(a) 1 January.**

**(b) 6 April.**

**(c) 1 October.**

**(d) The year-end date for each business.**

**(e) No preference.**

**(f) Other (please specify, including reason).**

### **Support for Employers**

- 3.11 Some employers may have concerns that mandatory publication of gender pay information will burden it with costly and complex reporting. Developing an appropriate package of support and guidance for employers implementing section 78 should increase the level of compliance once the regulations commence, and ensure that reforms benefit companies, rather than cause unnecessary burden.
- 3.12 Research indicates that three-fifths (60%) of organisations that had not conducted a formal review and had no plans to do so did not feel they needed any support to encourage them to conduct formal reviews.

**Q12: The Government is considering a number of actions to help support employers implement the proposed regulations. How helpful do you think the following measures would be?**

- (a) Helping employers to understand the new regulations (e.g. through workshops or seminars).**
- (b) Helping employers to calculate their organisation's gender pay gap (e.g. through access to software).**
- (c) Helping employers with other types of supporting analysis (e.g. analysis of representation of women at different levels within the workforce).**
- (d) Helping employers to address the issues identified by a pay gap analysis.**
- (e) Other, please specify.**

**Q13: Do you think there are alternative ways to increase transparency on gender pay that would limit the cost for employers, for example reporting to the Government via the existing PAYE system?**

## **Compliance**

3.13 Monitoring compliance could be done by the Government, the Equality and Human Rights Commission (EHRC) or another body. Given its existing role for monitoring the legal requirement on public bodies to publish information on equalities, we are consulting the EHRC to discuss options around section 78 compliance. Civil enforcement options could include the issue of a notice requiring compliance with the regulations, which could be enforceable by a court if not complied with.

**Q14: Do you think that introducing civil enforcement procedures would help ensure compliance with the proposed regulations?**

## **Implementation Risks**

3.14 In order to take appropriate mitigating or remedial action, this consultation is also seeking to explore any unidentified risks or unintended consequences of implementing section 78 of the Equality Act 2010.

***Q15: What, if any, do you consider to be the risks or unintended consequences of implementing section 78?***

***Q16: Do you consider there are any risks or unintended consequences that warrant dropping or modifying the implementation of section 78? If yes, please explain.***

## Chapter 4: Wider Work to Close the Gender Pay Gap

### Mending the Gap

- 4.1 The Government is committed to closing the gender pay gap, and implementing section 78 is an important next step. However, we know that many of the drivers of the pay gap are beyond the immediate control of any one single actor.
- 4.2 Partnership working between the Government and business is essential to effectively tackle the complex and interrelated causes of the gender pay gap. For example, we established the Lord Davies review in 2010, *Think, Act, Report* in 2011 and the Women's Business Council in 2012.
- 4.3 In 2010, women made up only 12.5% of board members in the FTSE 100. Following the work of Lord Davies and other key stakeholders such as the 30% Club, executive search firms and businesses, women now make up 23.5% of FTSE 100 Boards.
- 4.4 The Government will continue to work in partnership to promote cultural change, modernise workplaces and encourage business to remove the barriers to women's progression. This includes extending flexible working to all employees, introducing shared parental leave and bringing in new childcare tax provisions.
- 4.5 *Think, Act, Report* is a framework to help businesses embed gender equality into their business planning. More than 280 businesses are signed up to these principles, collectively employing over 2.5 people – around 10% of those working in the private sector. These companies are leading the way on gender equality and will be at the heart of how we encourage the wider business community to play their part in closing the gap.
- 4.6 The Women's Business Council led by Ruby Macgregor-Smith was established in 2012 to advise the Government on how women's contribution to the economy could be maximised. It recently published guidance explaining what the gender pay gap is, why it matters and the actions that employers can take to close it. The Women's

Business Council's remit has been extended and the Council expanded to cover key business sectors.

## Girls' Aspirations

4.7 Stereotypes about “men’s work” and “women’s work” are a strong influence even at primary school, and by GCSE level, gendered career ambitions are clearly evident. This gender difference carries on to higher education, apprenticeships, and other career choices. Careers in science, technology, engineering and maths (STEM) can offer women creative and high-paying opportunities – and increased female participation can help address a significant skills shortage in growth sectors.

4.8 Of university places accepted, only 13% of engineering places, 18% in technology and 22% in mathematics and computer science are taken by women, whilst women make up 89% in nursing, 85% in education, 73% in linguistics and classics and 72% in languages and literature.

4.9 In 2013/14, the number of girls starting engineering and manufacturing apprenticeships was down 2% and information and communications technology was down 21%.

4.10 We have encouraged girls to consider the widest range of career options:

- Revised statutory guidance for schools on careers to include raising aspirations and challenging stereotypes.
- Established a new Careers and Enterprise Company to encourage greater collaboration between employers and schools to inspire young people about the possibilities of the world of work.
- Funded a Diversity Programme, led by the Royal Society and Royal Academy of Engineering, to understand and address recruitment, retention and work experience issues in the STEM workforce.

- Supported the 'Your Life' campaign to encourage more young people to pursue STEM careers.
- Published an online guide for parents ('Your Daughter's Future') to help their daughters make subject and career choices that suit them best, regardless of gender stereotypes.
- Supported initiatives such as 'Inspiring the Future' and set up the #notjustforboys campaign to help provide role models in a wide range of careers.

4.11 To help skills development and support wider career choices, we are:

- Working closely with business to support three million additional apprenticeships over the next five years.
- Investing £200 million to improve teaching facilities and £185 million to support teaching of high-cost subjects such as science and engineering where institutions demonstrate a commitment to diversity and equality.
- Providing £10million to support 'Developing Women Engineers' which will enable companies to establish training programmes to develop future engineers.

***Q17: How do you think the Government can most effectively encourage young girls to consider the broadest range of careers?***

## **Women Returning to Work**

4.12 Women taking time away from the workplace and the lack of well paid part-time work that fits with the availability of childcare both have a significant impact on the gender pay gap. To make sure that parents are able to share work and family responsibilities in a way that suits them best, we have already:

- Introduced shared parental leave.

- Extended the right to request flexible working to all employees.
- Announced Tax Free Childcare, supporting childcare costs for working families, worth up to £2,000 per child per year.
- Delivered free early education places for 3- and 4-year olds to 15 hours a week, and committed to extend it to 30 hours for parents working more than 8 hours a week.
- Increase the level of childcare costs support available to working parents from 70% under the current tax credits model to 85% under Universal Credit with this support available, for the first time, to those working fewer than 16 hours a week.
- Launched a £2m business support grant to help individuals and nurseries to set up new childcare businesses.

***Q18: How do you think the Government can work with business to support women to return to work and progress in their career after having children?***

## **Older Working Women**

4.13 There remains a mismatch between the sectors where women work and where job growth is predicted over the next decade. At present, two-thirds of working women aged over 50 are employed in just three sectors: education, health and retail.

4.14 The Government commissioned Dr Ros Altmann CBE to be the Business Champion for Older Workers. Her report contained a number of recommendations, including keeping older workers and their skills in the workplace (*retain*), ongoing workplace training irrespective of age (*retrain*) and stamping out age discrimination from the recruitment process (*recruit*)<sup>8</sup>.

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<sup>8</sup> 'A New Vision for Older Workers: Retain, Retrain, Recruit' (2015)

4.15 The Government Equalities Office is working with the Women's Business Council to take forward these recommendations, working in partnership with business.

4.16 Although some female-dominated sectors (e.g. retail, caring and personal services) are expected to grow, these tend to offer lower paid jobs.

4.17 To ensure older women are supported to reach their full potential, we have:

- Built on the success of the Business Champion for Older Workers by rolling out a regional scheme across the country. Intensive work support will be offered with a 'career review', digital support for older jobseekers to get online and link-ups with local small and medium sized businesses with vacancies to fill.
- Started a project exploring how carers can be supported to remain in paid employment if they wish by using flexible working, maximising the use of assistive technology and improving carers' access to information and resources.

***Q19: How do you think the Government can make sure that older working women are able to fulfil their career potential?***

# Annex: Section 78 of the Equality Act 2010

## Gender pay gap information

(1) Regulations may require employers to publish information relating to the pay of employees for the purpose of showing whether, by reference to factors of such description as is prescribed, there are differences in the pay of male and female employees.

(2) This section does not apply to—

(a) an employer who has fewer than 250 employees;

(b) a person specified in Schedule 19;

(c) a government department or part of the armed forces not specified in that Schedule.

(3) The regulations may prescribe—

(a) descriptions of employer;

(b) descriptions of employee;

(c) how to calculate the number of employees that an employer has;

(d) descriptions of information;

(e) the time at which information is to be published;

(f) the form and manner in which it is to be published.

(4) Regulations under subsection (3)(e) may not require an employer, after the first publication of information, to publish information more frequently than at intervals of 12 months.

(5) The regulations may make provision for a failure to comply with the regulations—

(a) to be an offence punishable on summary conviction by a fine not exceeding level 5 on the standard scale<sup>9</sup>;

(b) to be enforced, otherwise than as an offence, by such means as are prescribed.

(6) The reference to a failure to comply with the regulations includes a reference to a failure by a person acting on behalf of an employer.

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<sup>9</sup> Section 85 of the Legal Aid Sentencing and Punishment of Offenders Act 2012 provides that a power to create an offence punishable on summary conviction by a fine not exceeding level 5 on the standard scale may now be exercised to create an offence punishable by a fine of any amount.



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