

# WOMEN IN LONDON'S ECONOMY

FEBRUARY 2007

## Summary Report



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# Foreword

This year's Women in London's Economy (WILE) Report is the most comprehensive yet in considering the position of women in the capital's economy. For the third year running, it continues the study of women as producers, illustrating that sex discrimination continues to shape patterns of employment and pay. But this year the report also begins to look at the demand side of London's economy, considering gender differences in expenditure – women as consumers.

The pattern revealed is clear. Its overall background is that the range of incomes and expenditure in London is significantly greater than in the rest of the UK, as is the gap between the top, which is dominated by men, and the bottom, of which the majority are women. The top twenty per cent of London households by income group spend over five times as much as the bottom twenty per cent – an average £1170.13 a week compared to £222.73 a week. In the rest of the UK the gap is less than four times as much.

Women are strongly affected by this. The good news is that some women are doing relatively well in London. A specific preliminary study of single-person households, included here for the first time, shows on average a narrow or no expenditure gap between men and women in either London or the UK. While tightening up study of this in future research may modify this picture slightly, this does show that over the last three decades London has become a city with a great degree of cultural freedom associated with social progress. Laws on equal pay and sex discrimination rendered illegal the most blatant forms of gender discrimination, while those on divorce, contraception, abortion and sexual orientation gave women a much greater degree of personal choice. However, only 13 per cent of women of working age in London live in single-person households.

Examination of the position of the other 87 per cent of women in London, however, reveals a

very clear pattern of inequality. Tackling the situation revealed in this research is important for the future of individual women and their families. But it is also crucial for all levels of business in London. London's economy and businesses will increasingly depend on women as employees and as an increasing proportion of customers.

The gap between median incomes for men and women in London is the same as the rest of the UK, with women paid 13 per cent less than men. The median is the midpoint of incomes, a measure that avoids the distorting statistical effect of extremely high incomes earned by relatively small numbers of people. This 13 per cent gap, of course, is itself unacceptable and shows that women are persistently paid less than men. However, if the range of more extreme incomes is included, calculation of the average (mean) gap in pay between men and women reveals a much more unequal position in London than in the rest of the UK. This is because of the dominance of men among the very highly paid. The average London pay gap between men and women working full-time is 23 per cent – substantially wider than 17 per cent in the rest of the UK. The higher the income level, the greater the gap between men and women: the gender pay gap among the top 10 per cent of earners in London is 32 per cent.

In short, the glass ceiling is no myth, but a powerful reality.

Fighting such inequality through the courts is an arduous process. There have been a few sensationalised reports of a comparatively tiny number of successful sex discrimination cases. But the picture given by these is highly misleading – their rarity is striking. In 2005 only four awards above £100,000 were made in the entire country – for all discrimination cases, not just those alleging sex discrimination. The median award was only £7,567. This low level of award, even for

the minority of cases advancing that far, will not deter bad employers.

Women in London are also doing worse than men at the other, lowest-paid end of the spectrum. The unequal interplay between women's household responsibilities and paid employment is made clear in analysis of incomes. Single women with children in London actually have a lower disposable income than their UK counterparts. Women with dependent children, whether lone or two-parent households, are also much less likely to be in employment in London than in the rest of the UK.

The key findings in this report therefore reveal a continuing strongly unsatisfactory situation both from the point of view of social justice and making the best use of London and the UK's talents. In the next year there is an opportunity to develop proposals for new law to address these patterns, and this must be grasped.

Key findings in this report therefore include the points set out below.

- In the last year there has been no progress at all in reducing the pay gap between men and women either in terms of median incomes, where it remains 13 per cent in both the UK and London, or in terms of average incomes, where the gender pay gap for full-time workers is 23 per cent in London compared to 17 per cent in the UK.
- Gender pay inequality is greatest among high earners, with a 32 percent pay gap between men and women among the top 10 per cent of earners. This gap is much greater in London than in the UK.
- There are more women than men among the low paid. As income levels rise, men increasingly outnumber women.
- Single mother households in London have a weekly disposable income that is on average £20 less than their counterparts in the rest of Britain – £151 compared to £171.

- Female single pensioners in London have a lower average income than male single pensioners.
- There is no significant difference in spending between single mother households in London and those in the UK, despite the higher costs of living in London. This contrasts with the higher spending by single women and by two-parent households with one or two children in London, compared to the UK.
- Women's employment makes a large difference to income and hence to household spending. In lone-parent households, weekly expenditure is £170 higher when the mother is employed. In couple households, spending is £120 higher with an employed mother.
- If the rate of employment of women with children in London was raised to the UK average, the estimated total increase in household expenditure in the capital would be £830 million a year.

Qualitative research has added to this picture by highlighting effective equality policies being implemented by UK and international employers, as illustrated by the case studies in this report. Findings include that:

- the UK can learn from international legal practice in a variety of areas that include positive action for senior occupations in Norway or the proactive expectation on companies created in Canada, as well as business practice. For example, because of its employee development programmes, Citigroup has more senior women in management positions than any other financial institution in the Fortune 500.
- far more ambitious policies have been introduced in some other countries and are being implemented by employers. For example, Norwegian law specifies that women should make up at least 40 per cent of company boards.
- the business benefits of flexible

working are demonstrated by case studies of companies such as Ernst and Young, whose policy has been made available to all employees and is taken up by senior staff

- employers believe that compliance with mechanisms such as equal pay audits have both an equality and a business case imperative, with firms that are able to demonstrate practical implementation of equality policies gaining a competitive advantage in attracting and retaining the best range of talent. As the Head of Employee Relations at HBOS says in Chapter 3: 'An equal pay audit is something that a company should do if it is firmly committed to equal opportunity and diversity'. This is the approach to equality that law should encourage.
- action is far too limited, despite increasing awareness of the contribution of occupational segregation to pay and career inequality. The EX.I.T.E programme (Exploring Interests in Technology and Engineering) run by IBM shows what employers can do and the sort of practical action that government policy should incentivise.

London's government authorities have attempted to take the lead where they have powers. I am proud that Transport for London (TfL) has led the field in ensuring equality standards are embedded in contracts with the private sector, providing a powerful example of the GLA group's Sustainable Procurement Policy in action.

The next year presents a 'once in a generation' opportunity to root out the discrimination that underlies the patterns of inequality revealed by Women in London's Economy research. It must ensure that the government's Discrimination Law Review (DLR) results in law that is comprehensive, effectively enforced and easy to access. That same law must also adequately address childcare and flexible working needs, patterns of occupational segregation, the

gender pay gap, pregnancy discrimination and the part-time pay penalty. Experience in London and internationally shows employers respond positively to anti-discrimination provisions. However, in contrast to the radical provisions in Norway, the already low level of women on boards of FTSE companies has fallen even further in the last year. This is not acceptable.

Evidence from international jurisdictions shows that other countries make effective use of positive rights to equality, affirmative action, flexible working, carers' rights and the powers of courts to order action to remedy institutional discrimination.

The new steps now needed include:

- promotion of good equality business practice nationally and internationally, and recognition by leading employers of the business case for equality. This should be backed up by leadership at government level and by law. As national figures show a higher gender pay gap in the private sectors, and as most women working in London are in the private sector, pay audits and equality duties that simply cover the public sector will not be sufficient to remove discrimination.
- more action via education, training, culture and law to tackle gender segregation and ensure equal access to the most rewarding jobs. In London, under new powers agreed in relation to training and skills, I will be able to address this issue more directly.
- targeted action to address particularly negative findings of this research, such as the very wide gender pay gap in London among high earners and the fact that lone mothers in London are having to manage on levels of disposable income that are even lower than those of their UK counterparts. Greater investment in childcare, rights to flexible work for all parents and carers rather than rights to

request for some, and more robust equality standards across the private sector have a part to play.

- legal reform through a Single Equality Act, matching the best international provision and ensuring that the UK fully meets its obligations to equality as set out in EU and other international regulations.

The DLR needs to specifically address the gender pay gap, occupational segregation, and barriers to employment revealed in WILE research by proposing such measures as:

- positive outcome-focused duties to promote equality for women wherever they work
- mandatory pay audits for large employers involving monitoring and transparency to reveal where women are located in their pay and occupational structures and to challenge equality barriers
- issuing a mandate to public bodies to include equality in procurement of services
- an extension of the power to use positive action measures
- flexible working for workers with caring responsibilities
- legal remedies appropriate to the realities of discrimination, allowing courts to order broad remedial action and permitting representative cases, and better enforcement.

It is now over thirty years since unequal pay for women was made illegal. Major steps forward have been taken in that time. But as this report reveals, much remains to be done. As long as an unequal situation between women and men exists, social justice is not possible, and London is not realising its full economic potential. I urge everyone to grasp the benefits of equality.



**Mayor of London**  
February 2007

# 1: Quantitative research

This is a summary of the third report from a dedicated programme of research into women in London's economy, conducted by the Greater London Authority (GLA). This section complements previous analysis of women's earnings by presenting details of spending power and consumption patterns. It also presents data on the number of Londoners, particularly women, who earn less than a living wage. Finally, it provides an update on the gender pay gap for 2006.

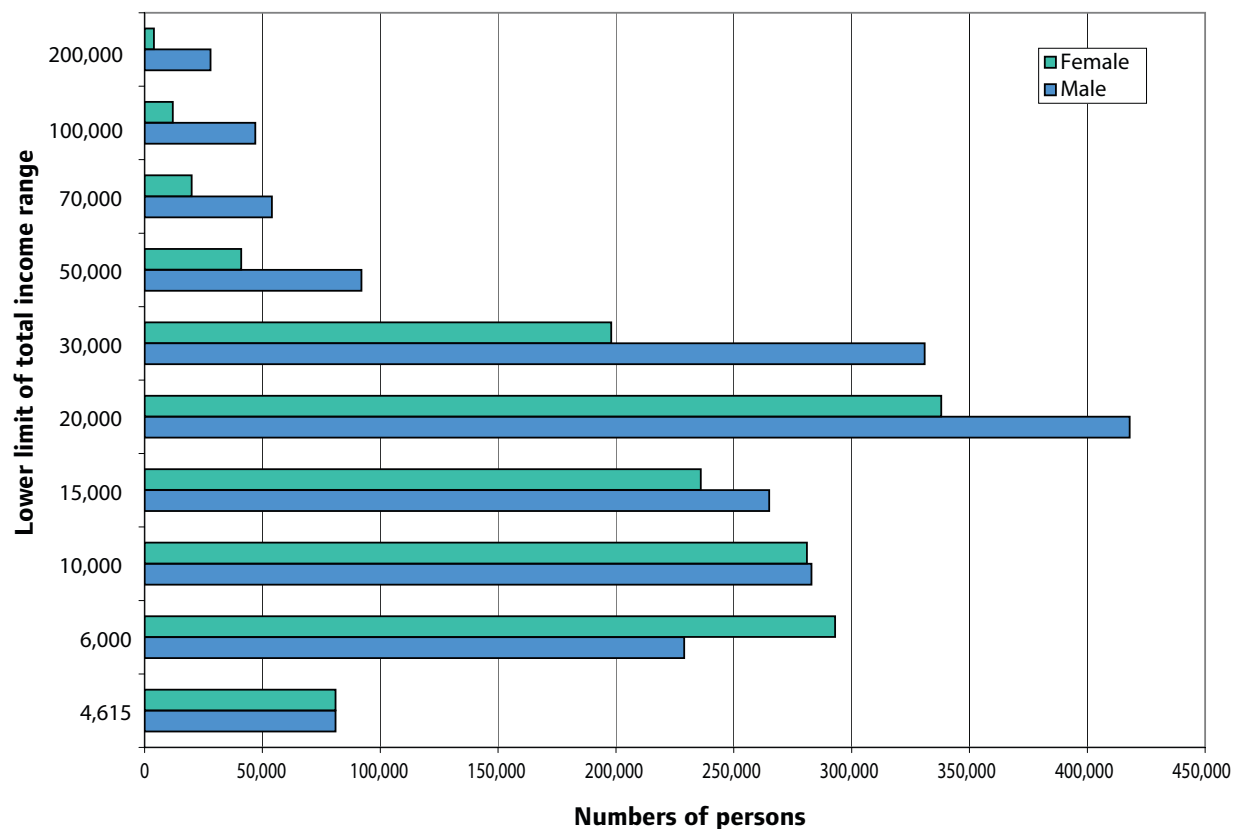
## Spending power

London's average income levels are higher than in the rest of the UK. This is true for males and females, with average incomes of £34,918 and £22,133 respectively. But this income gap of about £12,785 (nearly 37 per cent) between men and women is the second highest regional figure in the UK (after the South East region).

Equal numbers of men and women in London fall into the lowest income category of between £4,615 and £5,999 per year. There are 64,000 more women than men in the income group between £6,000 and £9,999. But for all income ranges above this there are more men than women within the category. The higher the income, the less likely it is that women will be within the relevant category (see Figure 1).

Women in London who are single parents or part of a couple with children have lower incomes than in Great Britain as a whole, and have the lowest average income for any region in Britain. The difference in disposable incomes is especially large: single women with children have lower disposable income than their peers outside London by an average of £20 a week, which is a significant sum on a low income. By contrast, London-based single women and women who are

Figure 1: Number of males and females in London, by income range



Source: Survey of Personal Incomes 2003-04

**Table 1: Incomes for London and Great Britain by gender and family type**

Median Individual Income for London and Great Britain, Gender and family type, £ per week (2004/05 prices), 2002/03 - 2004/05													
Region	Women							Men					
	Single without Children	Single Pensioner	Single with Children	Couple without Children	Pensioner Couple	Couple with Children	All Women	Single without Children	Single Pensioner	Couple without Children	Pensioner Couple	Couple with Children	All Men
Total Individual Income													
London	290	156	181	314	88	161	196	289	177	479	223	481	354
Great Britain	207	154	211	231	82	172	167	231	173	400	217	446	313
Total Net Income													
London	240	150	180	250	85	152	182	242	172	369	212	380	289
Great Britain	180	149	209	194	80	163	157	195	168	314	205	349	259
Total Disposable Income													
London	170	125	151	182	66	88	136	170	141	304	191	310	225
Great Britain	139	129	171	149	65	109	123	150	146	261	189	289	214
GB - London	31	-4	-20	33	1	-21	13	21	-5	43	2	22	11

Source: Family Resources Survey 2002-03 to 2004-05

living as part of a couple without children have income levels much higher than the Great Britain average. If men and women in couples with children are considered, there is a significant difference in individual income: for London, average income for men in couples is £481 compared to the average for women of £161.

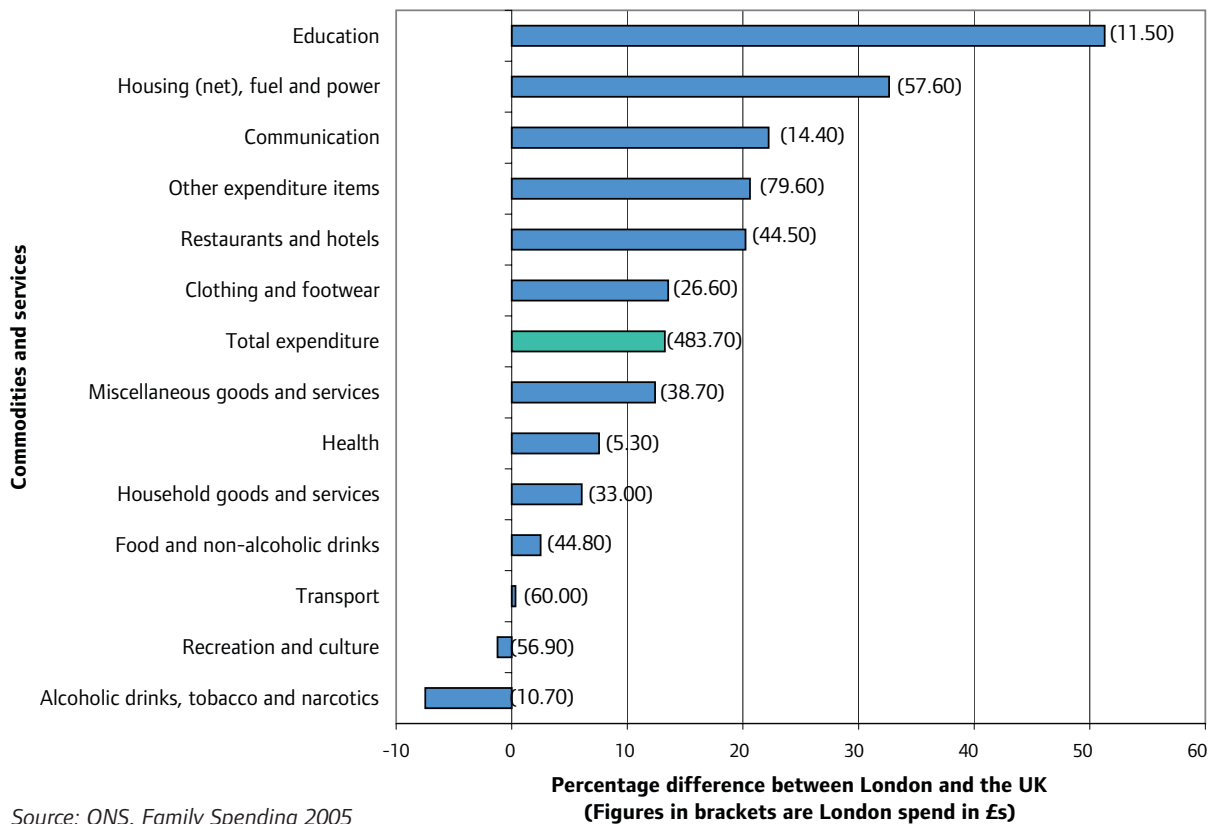
Single pensioners of both sexes living in London have lower income levels than the Great Britain average. This is the only family type where men in London have lower income levels than the Great Britain average. Single female pensioners in London have a lower average income than single male pensioners, and women living as part of a pensioner couple have income levels much lower than their partners, both in London and in Great Britain as a whole, although

pension benefits are based on household income levels.

Table 1 reinforces previous findings that children have a larger impact on the income of families within London, particularly that of women, than the Great Britain average.

Averaged results from the Expenditure and Food Survey (EFS) 2002-03 to 2004-05 show that London households spend £484 a week compared with the UK average of £420 per week. Some London households spend 15 per cent more. Most of this difference is because of the higher rental costs in London compared to other parts of the UK – Londoners spend nearly double the UK average on gross rent per week. Figure 2 shows how Londoners' spend differs from the overall UK spend.

**Figure 2: Comparison of average Londoner/UK resident weekly spend, by category**



### Spending by household type

As we have seen, the average incomes of single-parent households in London are very low - lower than similar households in the rest of Great Britain by total income and disposable income. Certain categories of expenditure can be expected to increase with the number of people living within a household - for example, food and clothing. In London and in the rest of the UK, lone-female parent households with two or more children spend significantly more on these expenditure categories than those with one child.

As would be expected, expenditure levels for households inhabited by couples are higher than those for households headed by lone-females. London household spending is higher than its UK counterpart by £149.88 per week for a one man and one woman household, £162.82 for a one man, one

woman, one child household, and £85.09 for a one man, one woman, two children household (the £7.93 difference for a one man, one woman, three children household is not significant). However, spending by lone-mother households in London is no higher than in Great Britain as a whole.

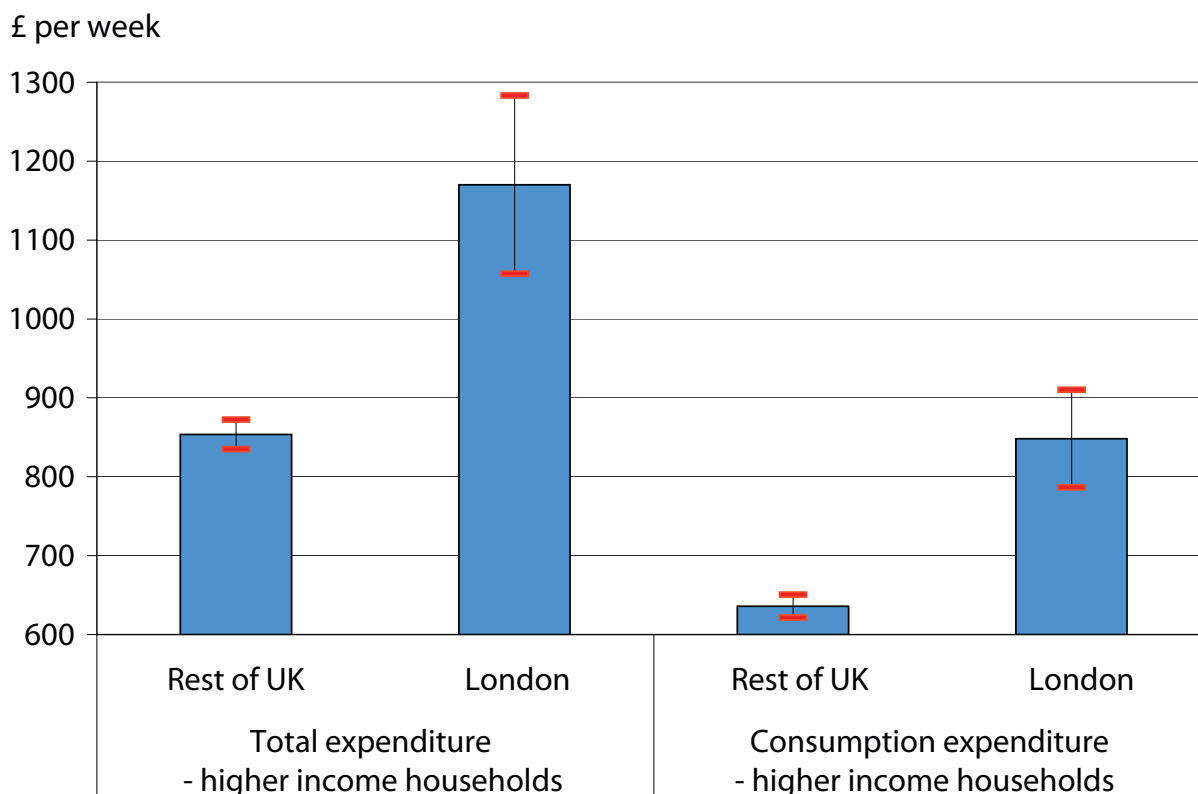
Expenditure on housing and non-consumption items is significantly higher in London for couples with no children and those with one child than in the rest of the UK.

### Spending by income levels

For households in the lowest disposable income quintile, location does not appear to make a difference to overall expenditure levels. However, when we look at the higher-income households (those in the top twenty per cent), those in London spend significantly more than higher-income households in the rest of the UK (see Figure 3).



**Figure 3: Mean expenditure for higher-income households**  
(Note: Red bars indicate 95 per cent confidence limits)



The 20 per cent of London households at the top of the income distribution spend more than five times as much as the 20 per cent of households on the lowest incomes. In the rest of the UK, the top 20 per cent spend less than four times as much as the lowest 20 per cent. While Londoners at the top end of the income distribution are much better off than their counterparts in the rest of the UK, at the lower end of the distribution, people in London are just as badly-off as poor people in the rest of the UK. Lower-income households are likely to include those dependent on welfare benefits; there is no London weighting applied to state benefits to counter the impact of London's higher costs.

#### Earning less than the living wage

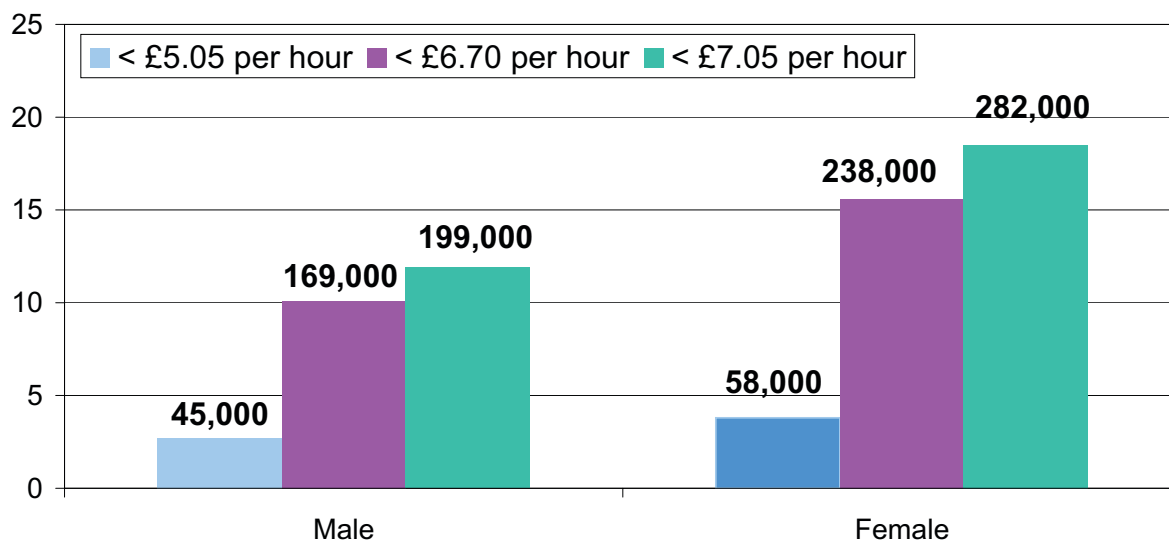
Fifteen per cent of the total London workforce are low-paid: around 481,000 employees earn less than the London living wage of £7.05 per hour. Around 282,000

female employees (19 per cent of all London female employees) are low-paid, compared to 199,000 male employees (12 per cent of male employees (see Figure 4).

In every age group, women outnumber men among the low-paid. In London, young people and women are more likely to be low-paid. Employees at the early stage of their careers generally receive low salaries. More than 90 per cent of women aged 16 and 17, and 80 per cent of men of the same age, earn less than the living wage of £7.05 per hour. There are many more low-paid women than men in older age groups. Lower-paid jobs in London tend to be concentrated in the hotels and restaurants, and wholesale and retail sectors. These sectors have a higher concentration of female employees. In London there are over 90,000 female employees and 64,000 male employees working in the wholesale and

**Figure 4: Low pay in London by gender**

Percentage of London employees earning less than the different thresholds



Source: Annual Survey of Hours and Earnings (ASHE) 2005, ONS

retail sectors and earning less than the living wage.

London's low-paid employees also tend to work in lower-level occupations. A higher proportion of women work in lower-level occupations such as sales, customer service and elementary occupations compared to men. More than 70 per cent of female employees in the capital who work in elementary occupations earn less than the living wage of £ 7.05 per hour.

#### The gender pay gap in London and the UK: the current situation

In London in 2006 the mean full-time female wage was £15.74 per hour, and the full-time male wage was £20.49 - a gender pay gap of 23 per cent. This compares with a mean gender pay gap of 17 per cent for full-time workers in the UK as a whole. London has a relatively high proportion of well-paid jobs and this difference in the mean indicates these are disproportionately filled by men. As we have seen, women outnumber men among the low paid. The median hourly

wage in the capital for full-time women is £13.74 and for full-time men is £15.85.

This generates a median gender pay gap in London of 13 per cent, which means that for every £1 that a full-time working male earns, a full-time working female earns 87p. The median pay gap is also 13 per cent in the UK as a whole.

Looking at the bottom and the top ends of the wage distribution, wage differentials between employees in London are much higher than within the rest of the UK. For instance, full-time male workers in London in the top 10 per cent of the distribution earn five times more than full-time male workers in the bottom 10 per cent, whereas in the UK as a whole the figure is four times. In addition, full-time women workers in the top 10 per cent earn only 3.6 times as much as comparable women in the bottom 10 per cent. The difference is much greater for women part-time workers: the top 10 per cent of male full-time earners earn more than seven times as much per hour as the bottom 10 per cent of female part-time earners. Also

comparing top male earners with female employees at the lower end of the earnings distribution, full-time male workers in the top 10 per cent of earnings in the capital earn five times as much as full-time women workers in the bottom 10 per cent.

Since top full-time male earners working in London receive much higher wages than top female earners, this leads to a much higher gender pay gap of 32 per cent in

the capital at the 90th percentile compared with only 20 per cent in the UK as a whole. In other words, even the highest-earning women in London are paid 32 per cent less than their male counterparts. One of the main contributors to the gender pay gap is occupational segregation (ie men and women working in different jobs), with women under-represented in higher-paying jobs and confined to a narrow band of occupations.

## 2: Qualitative research

To provide a broader context for possible measures to improve women's experience of work in London, this section summarises internationally-focused qualitative research. It is made up of a literature review focusing on Europe, the US, Australia and Canada, plus a set of ten good practice case studies from international and UK-based organisations. The full version of this report contains more detailed information on each of the organisations referred to below.

### The gender pay gap

The gender pay gap is an issue faced by the majority of countries, although the extent of the gap varies as a result of differing historical, social and political influences. Significant findings from the international literature include the following points:

- despite current efforts, women's pay is still lagging significantly behind that of men
- there is a need to alleviate the under-representation of women relative to men across occupations and sectors
- the gender pay gap is contributed to by subtle mechanisms such as the assignment of women to positions that are not provided with certain payment supplements
- government policy can play a role through the law by (for example): making differences in pay rates solely by gender illegal; introducing legal measures to identify and remedy discriminatory pay systems in workplaces; promoting the value of equality; making it as easy as possible for women employees to uphold their rights to equality; removing barriers to funding; and ensuring legal advice is available
- government policy can also play a role in challenging gender stereotypes, for example via education and cultural policies.

International examples demonstrate that institutional changes have been insufficient

in reducing the gender pay gap. They also highlight the need for significant progress in both business culture and gender-based norms if change is to be achieved. The persistence of the gender pay gap in the UK has been recognised by the government, and by the Women and Work Commission (WWC). Despite this recognition, and support for certain positive measures, the WWC was criticised for failing to advocate measures such as the introduction of mandatory pay review mechanisms, relying on advocacy and encouragement, particularly in education and training. The example of HBOS provides a case study of good employer practice. HBOS responded positively to trade union proposals to conduct an equal pay audit, and went on to involve 62,000 employees in their 2006 audit. The Head of Employee Relations at HBOS pointed out that, 'an equal pay audit is something a company should do if it is firmly committed to equal opportunity and diversity'.

### Positive action

Over 20 countries have specific laws that mandate positive action for employment on the basis of race, sex or disability, with many others permitting action of some form. For example:

- the EU treaty permits EU countries to adopt positive action measures that give a specific advantage to women in order to alleviate the barriers they face both on entry/re-entry into work and within the workplace. Therefore, each individual country is free to decide whether it wishes to enforce measures of positive action. The adoption of a 40 per cent quota for company boards in Norway can be seen as a form of positive action or even of positive discrimination.
- the Canadian Government passed the revised Employment Equity Act in 1996, which places an obligation on the public sector and on federally-regulated

companies with 100 or more employees to implement employment equity by proactive means. The act also includes a mandate giving the Human Rights Commission powers to conduct on-site compliance reviews and to provide additional enforcement via Employment Equity Review Tribunals.

Examples of affirmative action include: specific training for women to help them move forward in their careers; measures relating to flexible working hours; provision of childcare facilities; and measures to re-integrate women after a career break (see the following case studies in the full report: Equal Opportunity for Women in the Workplace Agency (EOWA), Employer of Choice for Women (EOCFW) citation, and Training programmes at the Ontario Women's Directorate).

### Procurement

The potential for harnessing the large-scale purchasing power of public authorities to promote equality and open up access to contracts to a diverse range of suppliers has led to the introduction of procurement – or contract compliance – strategies in several countries.

In the USA, this approach had its early origins in federal contracts requiring suppliers to take affirmative action relating to race, and the subsequent extension of such requirements to gender. Elsewhere, the focus in public procurement contracts in Northern Ireland was on the equal treatment of religious groups, and in Canada on aboriginal businesses. In South Africa, a broad-based provision that procurement should serve equity principles was embodied in the 2000 Constitution. Transport for London's procurement policy aims to embed equality within the procurement process, with the objective of securing greater workforce

equality and improved supplier diversity. It is conducted in the framework of the GLA Group's Sustainable Procurement Policy (see the case study in the main report for more detail).

### Flexible working

One of the most common barriers faced by women in the labour market – and those attempting to re-enter the workplace – is the lack of flexibility necessary to accommodate childcare and other caring or family demands. The most common work–life balance initiatives include parental leave arrangements and flexi-time. These measures have been implemented at varying levels. For example:

- French law introduced time-saving accounts, allowing workers to vary their working hours over the space of a year in order to accommodate other responsibilities
- the EU Parental Leave Directive provides a basic entitlement of up to three months' leave for both men and women, on the birth or adoption of a child. This was adopted by the UK Government over the period 1997–99. However, the detailed rules governing parental leave are defined by national law and the directive has been interpreted in differing forms within each of the Member States. This has resulted in a relatively high proportion of employers providing extra-statutory family leave benefits
- in the Netherlands, public authorities have directly involved firms in the provision of subsidised care for their employees.

Case studies in the full report reflect the best end of business practice. These include the example by Ericsson, which 'tops up' the state parental leave scheme so that employees taking such leave receive 80 per cent of their actual earnings, thereby augmenting the ceiling set by the state. Ericsson is concerned to ensure that higher

earners are not discriminated against, and to make the company an attractive employer. Ernst & Young provides a case study of flexible working practice, where flexible working arrangements are open to all employees, are promoted within the company and are taken up widely, including by a significant proportion of senior staff.

### Senior women

The under-representation of women in senior jobs and in the boardroom has been a feature of gender inequality in all highly-developed economies. Women employees experiencing barriers to progression to the most senior jobs are often described as reaching the 'glass ceiling'.

Research in the USA, based on data from the Fortune 500 companies (an annual listing of the largest US industrial corporations ranked by revenue) highlighted the small proportion of women at senior management, chief executive and board level. The 2005 survey found that women held 16.4 per cent of corporate positions, but that progress had stagnated over the previous 12 months. The full report includes a case study of the internal employee development programme implemented in Citigroup, which has more senior women in management positions than any other financial institution in the Fortune 500.

The 2006 survey by the European Professional Women's Network of the number of women in the boardrooms of Europe's top 300 companies found that the growth rate was stagnating, except in Scandinavia. Following the introduction of a 40 per cent quota in Norway, the use of legal quotas to speed up women's progress in reaching senior positions is being seen in some countries as a promising way forward. The Storebrand case study demonstrates how the company complies with this board-

level regulation and endorses it. Storebrand is committed to ensuring equal participation by women in the day-to-day running of the firm. In 2003 the Centre for Corporate Diversity in Norway awarded Storebrand the Equal Opportunities Prize.

There are indications that elsewhere in Europe – Spain, for example – there may be a move to introducing quotas, or in other words forms of positive action, to break through the entrenched barriers to equality in women's economic participation and representation at senior levels.

### Occupational segregation

Occupational segregation is one of the key factors maintaining the gender pay gap. Tackling occupational segregation is therefore an essential element in closing the pay gap. Studies in Europe and America have identified similar processes that maintain occupational segregation. These include:

- gender stereotyping at school and throughout society that influences career choice and subjects studied, and affects later employment
- workplace cultures, prejudicial attitudes and barriers, and discriminatory policies such as lack of flexible working opportunities in traditionally male jobs which deter women from entering these occupations
- the operation of a 'glass ceiling' in many organisations, preventing women rising above a middle management level.

Initiatives to address these barriers include: action by employers who understand that the equality case and the skills demands of their businesses work together; legislation that goes beyond prohibiting discrimination and places a duty on employers to promote gender equality, positive action training, employment schemes and other initiatives to enable

women to enter traditionally male-dominated occupations; and national policies to encourage organisations to tackle contributory factors such as the long-hours culture in favour of supporting a work–life balance for both men and women. IBM’s outreach programme provides an example of good practice. The EX.I.T.E programme is a response to the under-representation of women in science and technology and the negative impact of this on the sector. The programme targets girls between 12 and 13, and aims to fuel their interest in maths and science. It provides a week-long stay at an IBM camp and an introduction to computer sciences and the jobs it offers.

### Case studies

Complete details of the case studies are in the full version of this report. They identify a

set of core requirements necessary to design and deliver effective initiatives:

- an organisation must hold a firm top-level commitment to both equality and diversity, addressing organisational culture change
- an initiative must be driven by appropriate senior management and be communicated effectively to all employees to ensure organisational ‘buy-in’ and success
- women face a range of overlapping barriers in the workplace, and organisations need to recognise the inter-relationship between occupational segregation, the gender pay gap, and work–family issues in order to maximise the effectiveness of any intervention
- interventions must be subject to a continuous monitoring procedure in order to evaluate their impact and address any limitations or new issues that arise.

## 3: Policy and legislation

The full report reviews the way that international jurisdictions tackle discrimination against women in the economy. It also examines models which could improve UK anti-discrimination law, and considers the implications of updated research for the future of law and policy in Britain.

The UK's sex equality laws are found primarily in the Sex Discrimination Act 1975 (SDA) and Equal Pay Act 1970 (EPA). Their weaknesses are manifold:

- the SDA and EPA enact formalistic concepts of discrimination, which are complex and difficult to prove
- legislation is inconsistent, with many gaps in protection
- UK law is generally concerned with whether the treatment afforded a woman is like or unlike that afforded a man; it is not primarily concerned with disadvantage. In addition, it guarantees the same treatment only - even if that treatment entrenches disadvantage connected to gender.
- although there is considerable scope for positive action under EU law, law in Britain is more limited and the SDA treats discrimination as equally unlawful if a man is subject to it
- though the concept of 'indirect discrimination' has some potential for embracing diversity, it is reactive rather than proactive, requiring adverse effect before it is actionable
- the statutory commissions have limited powers. In addition, enforcement and access to justice are too limited.

Other countries take different approaches: judging whether or not a practice or policy promotes disadvantage, breaches dignity or one of the protected grounds in itself, and creating greater scope for positive action, reasonable adjustment, intervention and enforcement, such as the ability of courts

to order broad remedial action to change discriminatory practices. Greater scope also exists for statutory duties to operate in procurement processes within EU directives.

The Discrimination Law Review (DLR) is due to report on its initial recommendations for what needs to be done to improve anti-discrimination law in the spring of 2007. This presents a once-in-a-generation opportunity to provide consistent and effective measures which will provide the step-change needed to boost equality for women and all other groups experiencing discrimination and disadvantage. The research presented in this report makes a compelling case for the DLR to produce proposals for a Single Equality Act that ensures a radical strengthening of anti-discrimination law.

The new regime must satisfy key imperatives set out below.

### Equal pay and discrimination

A major area for the DLR must be improving law so that it better tackles pay inequality and discrimination affecting women in employment. As a recent report by the Advisory, Conciliation and Arbitration Service (ACAS) points out 'Equal pay remains one of the most intransigent employment relations issues despite over thirty years of legislation'.

### Work-life balance and caring responsibilities

The difficulties of combining work with family and caring responsibilities are exacerbated in London because of the shortage of part-time work. The results are clear in the lower proportion of women in employment. Since 1 April 2003 parents of children aged under six (or under 18 if they are disabled) have had the right to request flexible working arrangements, to which employers are required to give proper consideration, although they are not bound



to grant them. The right to request flexible working will be extended to carers of adults from 1 April 2007, but not yet to children in other age groups. The government has settled on a definition of carers which has been criticised by the Equal Opportunities Commission and Carers UK as leaving out the 19 per cent of carers who care for neighbours or friends. The Mayor supported extending the right to all parents of dependent children and all carers.

### Public sector gender duty

The public sector gender duty comes into effect in April 2007. All public sector organisations will have a duty to promote equality between men and women. The detailed guidance to public authorities says that ‘the aim of the duty is not to establish processes but to make visible and faster progress towards gender equality.’ However, as the legislative research has shown, it is important that the duty is monitored to ensure it produces tangible outcomes, with the focus on change, not simply completion of a paper process. More broadly, while the public sector gender duty is welcome, the fundamental problem is that this does nothing for the 69 per cent of women in London who work in the private and voluntary sector.

### Procurement

Public authorities can use their considerable spending power to improve equality through contractual arrangements. The WWC recommended that this should be encouraged in order to promote good practice in diversity and equal pay among contractors. Experience in London leads to the conclusion that encouragement of good practice alone is insufficient. While the Mayor and GLA, with a combination of political commitment to equality and the resources of a large authority, have been able to use existing legislation to embed

equality in procurement, the process remains too optional and very resource-intensive. A mandate requiring public authorities to promote equality through contracts with the private sector is a key priority for the DLR.

### Positive action

Current discrimination legislation makes it illegal to give preferential treatment to women in order to redress historic disadvantage. The only legal positive measures allowed in the Sex Discrimination Act 1975 are in relation to training schemes and encouraging applications from particular groups. Employers can take these measures if they can show that ‘during the last 12 months there were no or a comparatively small number of people of that sex doing particular work in Great Britain; or there is a shortage of persons of a particular sex doing a particular kind of work.’ The law is vague about exactly what kind of positive action is permissible, so in practice many employers are wary about taking positive action in case they face legal challenge. The DLR is an opportunity to address this weakness in the law.

### Conclusion

The next year presents a critical opportunity to address many of the barriers to women’s equality reflected in the Women in London’s Economy research. The DLR has been a long time coming and is genuinely a ‘once in a generation’ opportunity to reshape the law so it adequately protects against discrimination.

To tackle the discrimination faced by women in the economy, the DLR must come forward with proposals to:

- base anti-discrimination law on concepts that reflect the need to tackle entrenched discrimination – creating positive equality goals, proactive duties to equality, removing the need for direct comparison

with a male in like circumstances, creating powers to apply remedies to correct the discrimination broadly and providing for stronger individual powers such as positive action to address entrenched inequality

- bring forms and areas of discrimination that still remain legal under the scope of the law – for example by providing greater rights to flexible working and extending legal protection for carers
- level anti-discrimination law upwards, generalising from the most effective definitions and mechanisms currently in specific pieces of legislation and from international legal models, extending them comprehensively and introducing new measures needed. For example, this could be done by: considering how concepts such as ‘reasonable adjustment’

could be usefully extended to better tackle the reality of women’s economic inequality, widening the coverage of outcome-focused public sector duties; creating equal protections for the majority who work in the private sector; ensuring the positive duties on public authorities extend to all their functions by a duty to embed equality in procurement; and by the use of mechanisms such as pay audits to reveal and correct patterns of discrimination

- strengthen access to justice and enforcement of the law: representative actions would aid enforcement of the law; equality tribunals – as recommended by the Hepple Report – would facilitate access to justice; sanctions and remedial action should be such as to discourage discrimination.

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