

Working Paper 45

Women in London's economy - Update 2010

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**Greater London Authority
December 2010**

Published by

Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

www.london.gov.uk

enquiries **020 7983 4000**

minicom **020 7983 4458**

ISBN: **978-1-84781-413-5**

Cover photograph

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1 Introduction

Given the intricate nature and interactions of labour markets, no single paper can cover the entirety of issues raised by gender relations. Therefore within this paper, the focus is on the proportion of females working in London and how this compares with females in the rest of the country and with male workers. The key findings of previous research shows that the presence of dependent children, numbers of children and age of the youngest child all play a major contributory factor as to whether a female will be in employment so updated figures for these are presented and discussed. The most recent employment rates by family structure, ethnicity and disability are also presented.

The second issue considered within this paper is the gender pay gap. This analysis shows that London, for full-time workers, has a higher gender pay gap at the median than the rest of the country, with females earning 87p for each £1 earned by males. Males still dominate in the top paid full-time jobs for at the 90th percentile of income the gender pay gap is a staggering 31 per cent. The pay freezes in the public sector for 2010 and 2011 will not help to reduce the gender pay gap going forward and according to some commentators will worsen it.

Finally, the report updates on the position of women as directors in the FTSE 100 showing a consistent low level of females held directorships with only 16 of the FTSE 100 having a female executive director in 2010 and only 5.5 per cent of all executive directors being female.

The picture that emerges from this research shows a London where females in full-time employment are worse off than their counterparts in the rest of the UK. Furthermore, it shows a London where the gender pay ratio has not narrowed substantially since the start of the decade and under representation of women in senior positions continues.

Not only do these facts point toward a possibility of discrimination-based inequality, but also suggest London businesses and enterprises have a rich pool of talents that are not being deployed effectively. These trends of allocative inefficiency are extremely undesirable, constraining the overall growth of London through optimal output levels not being reached. Whilst it is difficult to quantify the resulting loss to the economy of this under-utilisation of women's skills, the Women and Work Commission (2006) estimated by increasing women's participation in the labour market and the removal of barriers to women working in occupations traditionally undertaken by men, could be worth between 15 and 23 billion pounds or 1.3 to 2.0 per cent of GDP.¹

This Working Paper presents updated data for the 'Women in London's Economy' series (2005 to 2008) sharing the latest data sets and trends. It should be noted that all data representations are based on residential figures and pay scales by gross median hourly pay excluding overtime, unless otherwise stated.²

¹ Government Equalities Office: Working Towards Equality: A Framework for Action - February 2010 based on data from the Women and Work Commission (2006) Page 12.

² Residential figures are taken for those relating to or having the official home or location of a corporation in a set given geographical location.

2 Factors influencing economic activity rates

2.1 Economic activity of women in London

To begin to understand the role of women in London's economy, it is important to define which women in London are economically active. The Labour Force Survey³ defines economically active as those who are in employment, unpaid family workers and/or those who are unemployed. Alternatively, economically inactive people are those who are seeking work but are unable to work, and those who are not seeking work.⁴

Figure 1 compares the economic activity rates (Jul 2008–Jun 2009) for males and females, of working age,⁵ in London and the UK. Comparing the two sexes across London shows that females are less likely than males to be employees, around 55 per cent of females to 61 per cent of males. This is in contrast to the UK, where females are more likely to be employees than males, around 65 per cent of females to 64 per cent of males.

It also shows that there is a higher percentage of self-employed workers in London than in the rest of the UK, regardless of gender. However, there is still a greater difference across gender than geographical region. The self-employed rate for females living in London is 6 per cent and 5 per cent for those in the UK, considerably less than the male rate of 15 per cent in London and 12 per cent in the UK. Furthermore, Figure 1 shows that females are more likely to be economically inactive than males.

There is also a substantial geographical difference, with a larger proportion of females whom are not actively seeking work living in London. Twenty-four per cent of all London's females are currently economically inactive and are not actively seeking to change this. This is considerably higher than the UK female average, which stands at just under 19 per cent.

This displayed trend of higher economic inactivity within the female population is consistent with previous years. Figures taken from January 2005 to December 2005 show a 32.6 per cent level of economic inactivity across the female population in London. This level has decreased slightly to 32.2 per cent by June 2009 as shown in Figure 1. There has also been a reduction in the male economic inactivity rate across London, falling from 18.5 per cent to 17.4 per cent across the same time period.⁶ Male economic inactivity rates have fallen by 0.9 percentage points whilst female inactivity rates have fallen by 0.4 percentage points.

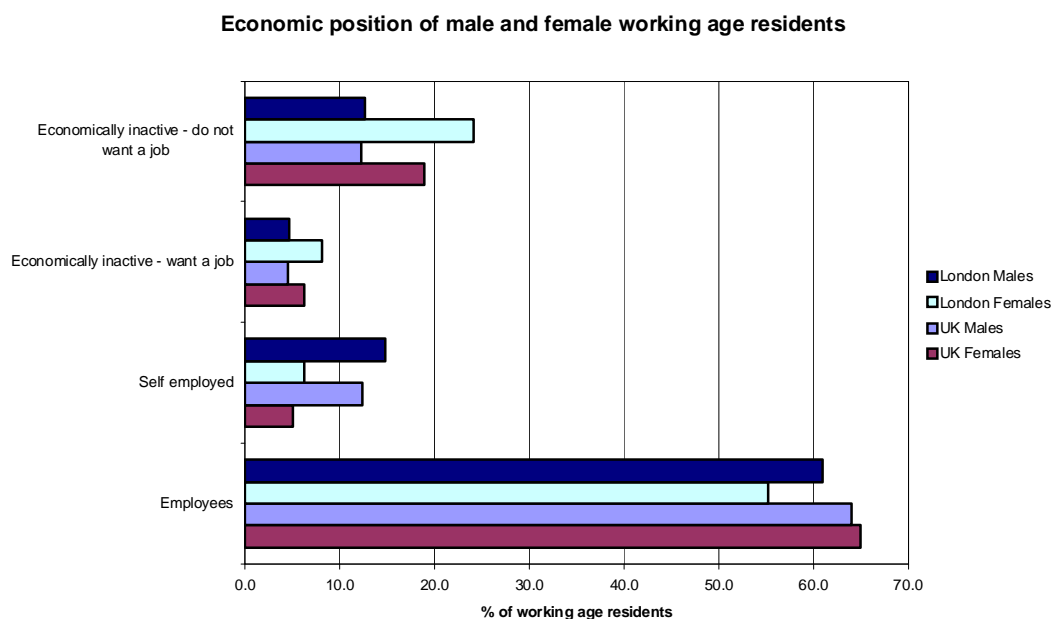
³ Now part of the Annual Population Survey

⁴ For further information with regard to economic activity see the Labour Force Survey User Guide – Vol 3 http://www.statistics.gov.uk/downloads/theme_labour/Vol3-Final-2009.pdf Page 106.

⁵ 16–64 years for males, 16–59 years for females.

⁶ Data for 2005 statistics is from the Annual Population survey, total inactivity rates for 2009 is given by the addition of the 'Economical inactive – Do not want a job' and the 'Economical inactive – want a job' cohorts found in Figure 1

Figure 1: Economic activity status of working aged residents



Source: Annual Population Survey 2008/09

2.2 Child dependency

A key finding of the 2005 Women in London's Economy publication was that child dependency had a large impact on female inactivity rates.⁷ Figure 2 displays updated figures from 2009 for changes in female employment with regard to child dependency, as well as additionally showing the same effects on male employment rates.

In both London and the UK it is clear that there still is a negative relationship between female employment and child dependency. Employment rates reach as low as 22 per cent in London and 29 per cent in the UK for females with four or more dependent children. It can be also noted that the female employment rate is never as high, for any number of dependent children, as it is when there is no level of child dependency. The level of employment reaches around 78 per cent for all females when there is no dependent child, and this falls to 53 per cent for London females and 65 per cent for females across the whole UK when there is any level of child dependency present. This is in contrast to the male employment rates, which initially increases as child dependency increases. London males have a peak of 91 per cent employment when there is one child dependent, and those across the whole UK reach this rate of employment when there are two children dependent. Only when there are four or more dependent children does the male employment rate fall below the no child dependency rate.

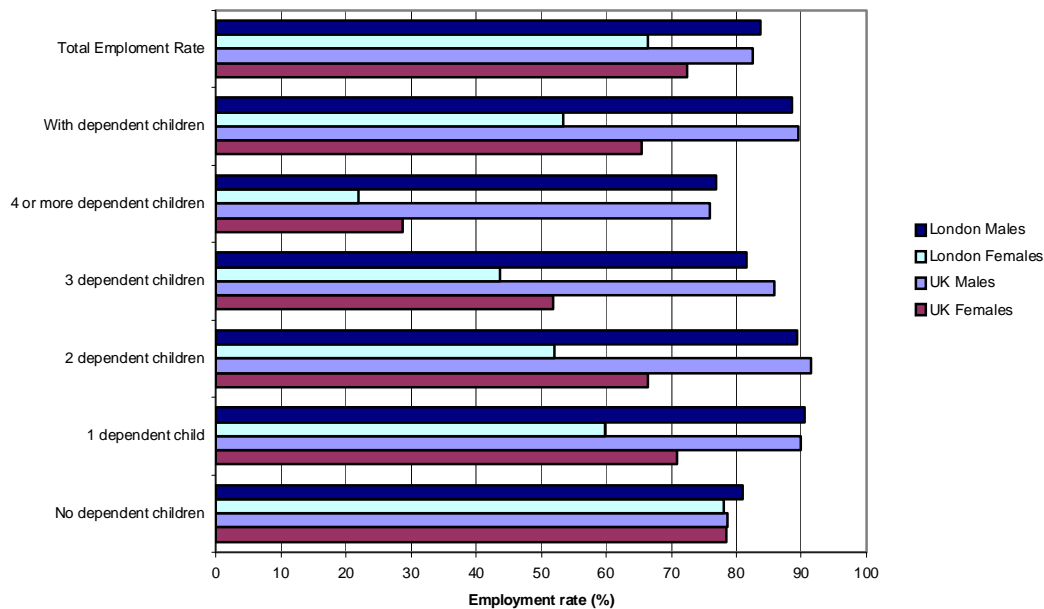
Another property displayed in Figure 2 is that UK males and females have a similar rate of employment when there are no dependent children, around 78 per cent. This rate is also similar for London females. However, London males have a higher employment rate of 81 per

⁷ For more information see Women in London's Economy January 2005 Pages 11-14.

cent when there are no dependent children. This highlights the substantial role child dependency has on female economic activity rates.

Figure 2: Employment rates of males and females by number of dependent children

Employment rates of females and males, by number of dependent children



Source: Annual Population Survey 2008/09

The Office for National Statistics ‘Focus on Gender’ research supports the statement that females are more likely to stay at home than their male counterparts due to child dependency. It states that 38 per cent of females with dependent children worked part time, in comparison to 4 per cent of males.⁸

Not only does the number of dependent children impact employment rates, the age of the youngest child in a family also plays a role. Figure 3 depicts the employment rate, for both sexes across London and the UK, against the youngest age of a child in a family.⁹ It shows that regardless of the age of the youngest child, females in London have the lowest employment rates of any group. In London when a family has a newborn child, the average employment rate for females stands at 47 per cent, which is 44 percentage points lower than the average male employment rate of 91 per cent. Whilst this difference in employment gradually decreases as the youngest age of a child in a family increases, there is no level where females in London have a higher employment rate than males in London. Furthermore, this low level of employment rate for females in London can be seen across the UK as well. When the youngest child in a family is 10 years of age the average employment rate for London females is 17 per cent below the UK female average, standing at 57 per cent in comparison to 74 per cent across the UK.

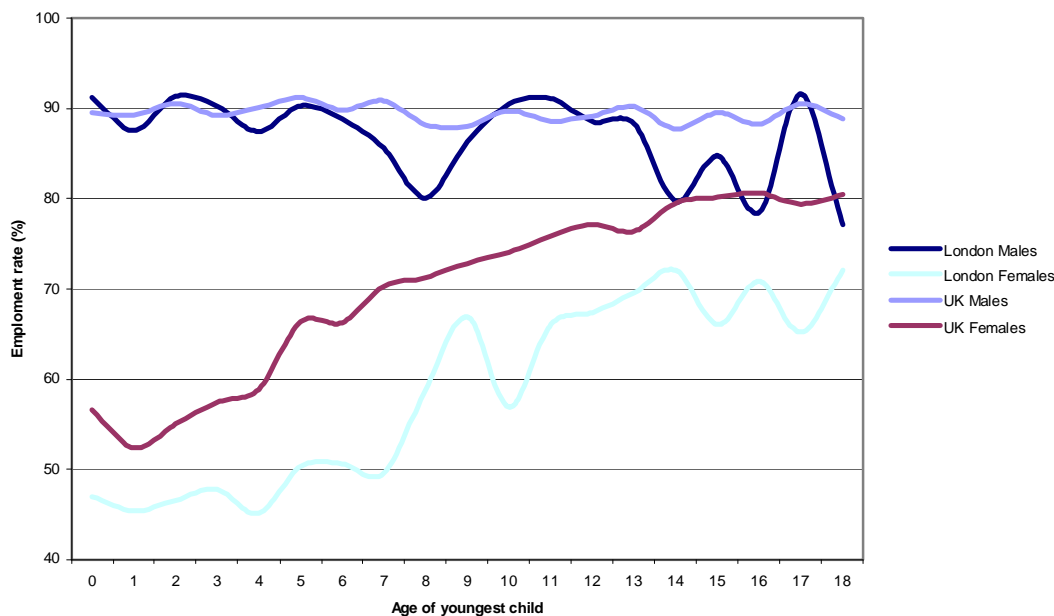
⁸ Data from ONS ‘Focus on Gender’ - <http://www.statistics.gov.uk/cci/nugget.asp?id=1655>.

⁹ Data based upon individuals who are of working age, excluding students, and either the head of family or wife/spouse of the head of family.

Another noticeable feature of Figure 3 is the level of impact differentiation between the groups. Male employment rates across the UK have an almost flat, consistent gradient, persistently close to 90 per cent, and this is almost mirrored by males in London. This is in contrast to either of the female groups, which both exhibit a strong positive correlation between employment rates and the age of the youngest child in the family.

Figure 3: Employment rates for males and females by age of youngest child

Employment rates across gender and location, dependent on age of youngest child



Source: Annual Population Survey 2008/09¹⁰

Therefore, it can be inferred that it is the dependency of children that has a larger impact on male employment rates, as opposed to the age of the youngest child in a family. However, female employment rates seem to have a strong correlation with both variables. This suggests females are far more likely than fathers to take time out from paid work, or to work part-time, in order to care for their children. Jessica Woodroffe of the Fawcett Society states in the publication 'Not having it all: How motherhood reduces women's pay and employment prospects'¹¹ that mothers are nine times as likely as fathers to arrange not to work during school holidays.¹²

Whilst Figures 2 and 3 show female employment rates are strongly correlated with child dependency, data thus far have not addressed the issue of lone parents. The Office for National Statistics 'Focus on Gender' publication shows that lone mothers are more likely to

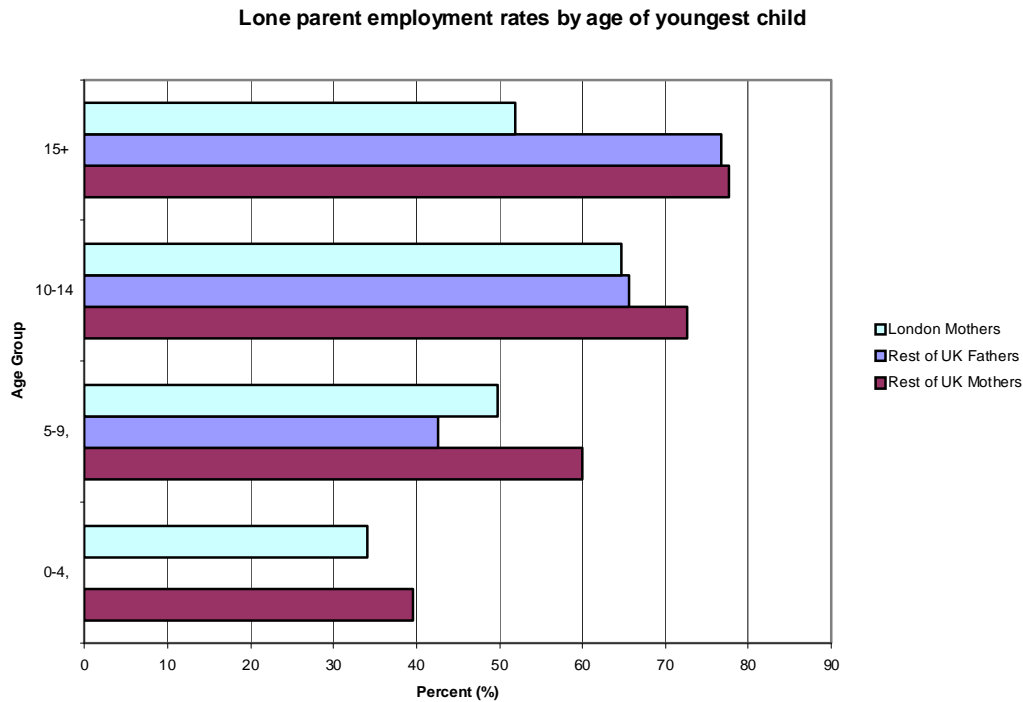
¹⁰ Increased variability in both London series is the result of statistical variability due to a smaller sample size.

¹¹ Fawcett Society July 2009 - Not having it all: How motherhood reduces women's pay and employment prospects – Jessica Woodroffe.

¹² Not having it all: How motherhood reduces women's pay and employment prospects – Jessica Woodroffe: Page 3 Based on Labour market statistics, Office for National Statistics, <http://www.statistics.gov.uk/pdffdir/imsuk0509.pdf>, May 2009.

be economically inactive. The studies suggested only 56 per cent of lone mothers were in employment.¹³ However, this rate is the average for all lone mothers. Figure 4 shows the employment rates of lone parents by age of youngest child.

Figure 4: Employment rates of lone parents by age of youngest child



Source: Labor Force Survey Household dataset Oct-Dec 2008¹⁴

Whilst Figure 4 cannot be used to compare London's lone mothers against lone fathers, it does demonstrate that London's lone mothers have a lower employment rate than the rest of the UK's lone mothers. It also shows that lone mothers in the rest of the UK have higher employment rates than lone fathers in the rest of the UK.

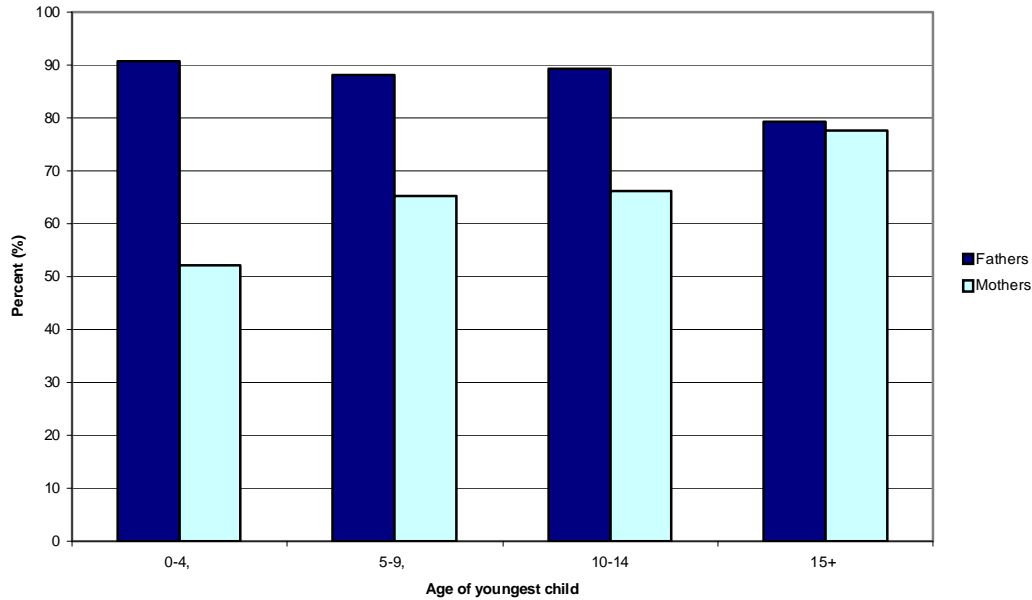
It is also as equally important to look at parents who are in couples as well as lone parents. Figure 5 displays the data for London's fathers and mothers who are classified as a couple. It is shown that for every age category fathers have higher employment rates than mothers, though there is an apparent decline in the absolute difference the older the youngest child in the household is. If a child is below the age of 5 the employment rate for fathers living in London is 91 per cent and for mothers 52 per cent. This difference is reduced considerably when the youngest child is above the age of 15, when fathers living in London have employment rates around 79 per cent and mothers living in London have employment rates just 1 percentage-point lower at 78 per cent.

¹³ Data from ONS 'Focus on Gender' based on second quarter data from the 2008 Labour Force Survey - <http://www.statistics.gov.uk/cci/nugget.asp?id=1655>

¹⁴ It should be noted due to limited data sources, information for all London's lone fathers, and those with children under the age of 5 in the rest of the UK, cannot be displayed with statistical significance.

Figure 5: Employment rates of couples in London by age of youngest child

Employment rates for couples in London by age of youngest child

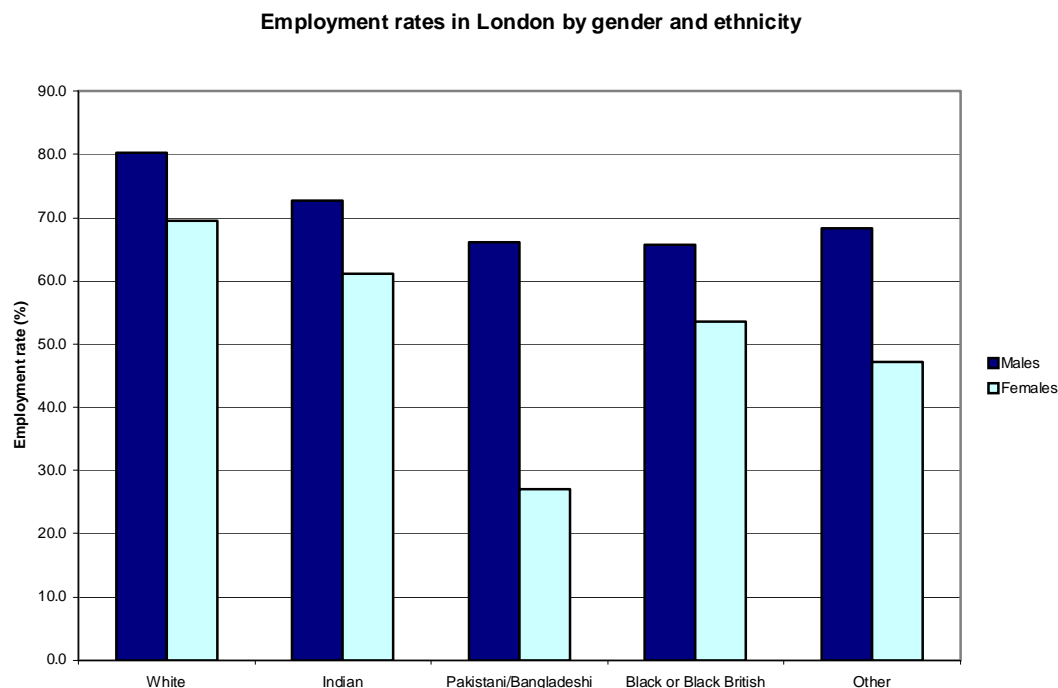


Source: LFS Household dataset Oct-Dec 2008

Figures 2-5 imply similar results to the 2005 Women in London's Economy paper, in that both studies suggest females are much more likely to stay at home than their male counterparts. This is increasingly the case the younger the age of the youngest child. As such, we can infer that the current economic climate has had little impact in shifting this trend.

2.3 Gender and ethnicity

As found in the 2005 Women in London's Economy publication, female employment rates vary by ethnicity. It was stated that this may be the potential result of differences in age profile, educational level, the assumptions and expectations of employers, and cultural and religious beliefs. Figure 6 not only updates the employment rates ethnicity data for London, but also shows a direct comparison with males of the same ethnicity.

Figure 6: Employment rates in London by gender and ethnicity

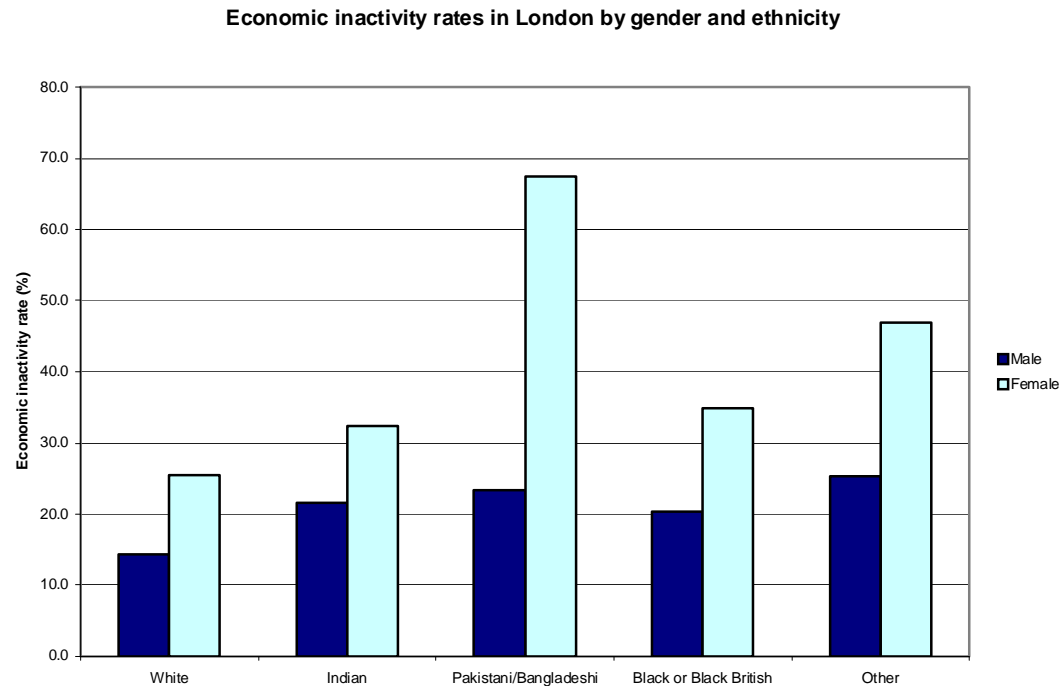
Source: Annual Population Survey 2008/09

As in 2005, females who are classed as White have the highest employment levels, with rates fluctuating around 70 per cent. Indian and Black or Black British follow with rates at around 61 and 54 per cent respectively. Similarity can be also drawn from 2005 with regard Pakistani/Bangladeshi employment levels. Only 27 per cent of Pakistan and Bangladeshi women are currently in employment in London. The direct gender comparison allows us to see that this trend of low employment rates for Pakistani/Bangladeshi females does not hold for males. Black or Black British males have the lowest employment rate, with fewer than 66 per cent in employment. There is a 39 per cent absolute difference between Pakistani/Bangladeshi males and females, with the males seeing employment rate reaching 66 per cent. Like the female cohorts, white males have the highest employment rate at around 80 per cent. It is also shown that there is no ethnicity that leads to females having a higher employment rate than their male counterpart. As such Figure 6 implies the greatest difference in employment rates across gender and ethnicity can be found within the Pakistani and Bangladeshi communities in London. To evaluate the impact of this, and judge if there is some form of discrimination, the economic activity of each ethnicity is needed. Evaluation of economic activity rates will separate how many of the 73 per cent of Pakistani/Bangladeshi females who are not in employment are actually unable to find a job, and how many are simply not looking for one.

Figure 7 shows the economic inactivity rates in London, by gender and ethnicity. It is shown that those with the lowest employment figures have the highest inactivity rates for females. As such, the economic inactivity rate of Pakistani/Bangladeshi females is the highest rate across all ethnicities and the White female rate is the lowest. As cited in the

2005 Women in London's Economy publication, further analysis of the employment rates of Pakistani/Bangladeshi workers can be found in 'The labour market prospects of Pakistani and Bangladeshi women'.¹⁵

Figure 7: Economic inactivity rates in London by gender and ethnicity



Source: Annual Population Survey 2008/09

2.4 Gender and disability

The findings of the 2005 Women in London's Economy publication also suggested that another important characteristic that influences whether an individual is in employment is whether they are disabled. This paper extends the GLA's detailed study by using the Disability Discrimination Act to evaluate and define the different types of disability. The Disability Discrimination Act (DDA) defines a disabled person as someone who has a physical or mental impairment that has a substantial and long-term adverse effect on his or her ability to carry out normal day-to-day activities.¹⁶ From this definition it is possible to give a clear distinction between who is classed as DDA disabled and work-limiting disabled, and as such, information provided in this section is separated by these two classifications and gender.

Figure 8 provides the employment rates in London by gender and disability classification. The data corroborates with previous findings that regardless of the type of disability, females have lower employment rates than males. It is shown that those who are DDA disabled only are as likely to be in employment as those who face no type of disability, employment rates being 66 per cent for females and 81 per cent for males.

Employment rates for those with a form of work-limiting disability are lower, at approximately 56 per cent for female and 71 per cent for males. It can also be seen that there is a considerable sharper decrease in employment rates for those who are classified as

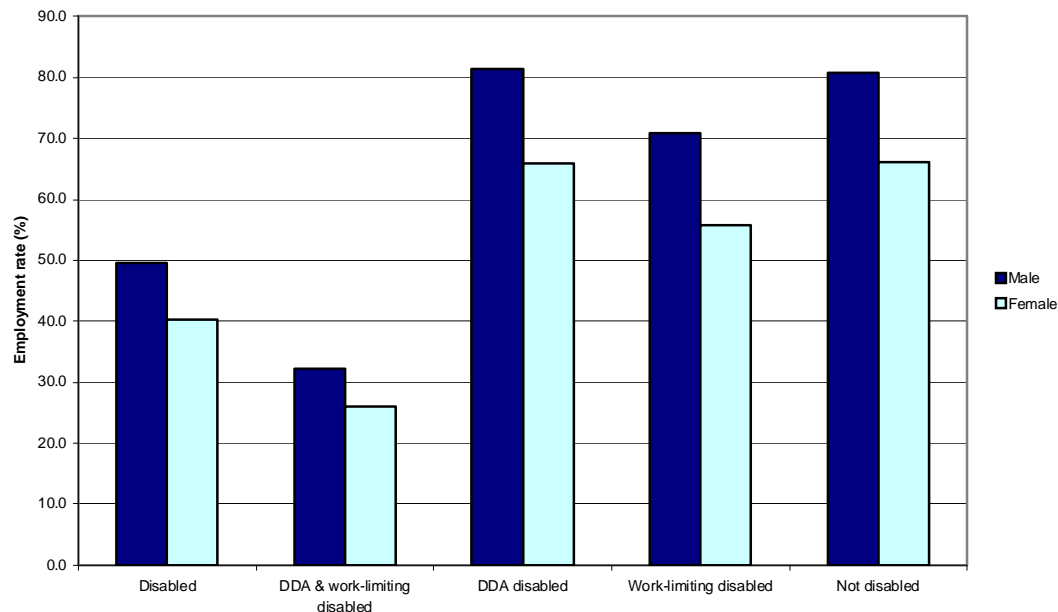
¹⁵ By Angela Dale, E. Fieldhouse, Nusrat Shaheen and Virinder Kalra, University of Manchester.

¹⁶ http://www.direct.gov.uk/en/DisabledPeople/RightsAndObligations/DisabilityRights/DG_4001069

having both a DDA and work-limiting disability, with female employment rates being 26 per cent and male rates reaching just over 32 per cent.

Figure 8: Employment rates in London by gender and disability status

Employment rates in London, by gender and disability



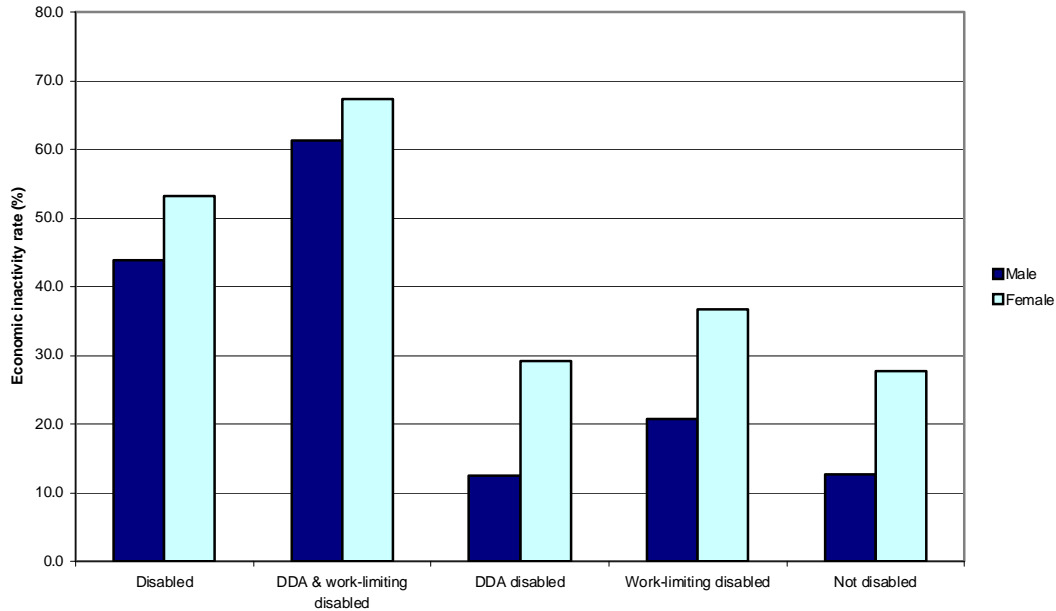
Source: Annual Population Survey 2008/09

However, as explained in subsection 2.3 employment figures alone cannot show whether there is discrimination and failure in the market. As such further research in economic activity rates are needed to begin to assess the workings of the labour market with regard to gender and disability. These rates are displayed in Figure 9.

As would be expected, the higher employment areas, notably DDA disabled only and not disabled, have the lowest economic inactivity rates. Male inactivity rates for both groups is approximately 13 per cent, this is lower than the female DDA disabled only inactivity rate of 29 per cent and the female not disabled rate of 28 per cent. Figure 9 can also be interpreted to show why so many individuals who are classified as both DDA and work-limiting disabled have such low employment rates, notably a large proportion of this section of the work force are not actively seeking work. Sixty-one per cent of males and 67 per cent of females who are classified as both DDA and work-limiting disabled are economically inactive. As mentioned in the 2005 Women in London's Economy publication, higher economic inactivity rates may reflect differences in education levels, as disabled individuals are less likely to participate in education than those who are not disabled.

Figure 9: Economic inactivity rates in London by gender and disability status

Economic inactivity rates in London, by gender and disability



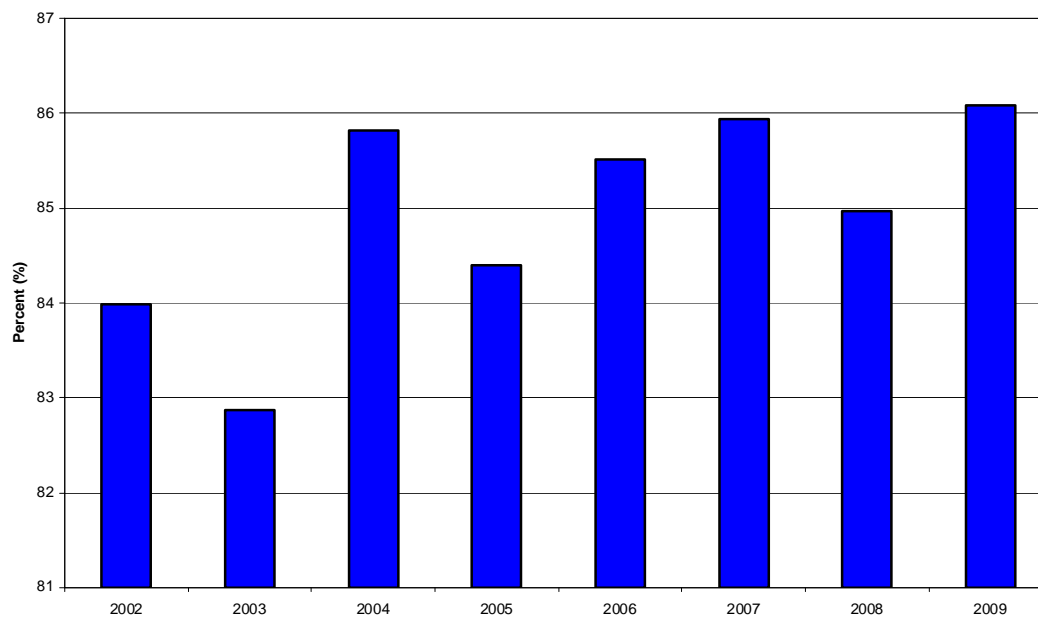
Source: Annual Population Survey 2008/09

2.5 The Gender Pay Gap

There has been no substantive reduction in the gender pay ratio over the past decade. In 2009, females earned 86 pence for every pound earned by males. Figure 10 displays the median hourly pay gender ratios for recent years.

Figure 10: Gender pay ratio in London from 2002 to 2009

Gender pay ratio in London



Source: Annual Survey of Hours and Earnings 2009

Regardless of the impact of the economic crisis on the gender pay ratio and the small reduction over the last seven years, it is shown that females in London are still roughly 14 per cent worse off than males. It is arguable that such a figure will further deter female participation in the labour force, reducing the overall output level of London.

As mentioned in section 2.2, the probability of a female reducing the number of hours she works in the labour market is significantly higher than the probability of a male due to childcare. Furthermore, there has also been a long-term trend towards part-time work. It is stated by the government equalities office there are now more women working part-time in this country than ever before.¹⁷ For this reason, Table 1 displays the median hourly pay of males and females working full and part time across the UK and in London. It also displays the gender pay ratio for these areas.

Comparing part time wages for both sexes in London shows that females are higher paid than males at certain pay averages. At the median level, part time female workers in London earn 8 per cent more than males, and at the 10th percentile 4 per cent more. This trend holds across both London and the UK, with females earning 2 per cent more than males at the median pay level across the UK. It is only the 90th percentile that shows a higher male wage rate across part time workers. The average female part time wage at the 90th percentile is only 83 per cent of the average male wage at the same level across London. This value is even lower across the whole of the UK, given by approximately 74 per cent of the average male wage.

Table 1 also shows that across both London and the whole of the UK, the average female full time wage never surpasses the average male full time wage, regardless of the percentile examined. The largest gap in pay ratio is found in the 90th percentile in London. At this level full time female workers are, on average, going to have a lower salary than even part time male workers. The overall absolute gender pay ratio for this level of full time work is 69 per cent.

It is this vast difference in 90th percentile pay that results in the overall mean salary for females never being as high as males. In London, female workers who work full time are, on average, earning 78 per cent of the wage full time male workers are. Even female part time workers, who earn more than part time male workers at the 10th and 50th percentiles, have an average wage rate that is only 87 per cent of the male average wage. This highlights the clear disparity there is in top paid jobs in London.

The 90/10 ratios depict that there is a greater inequality within male pay than female, in both London and the rest of the UK. Males who work full time at the 90th percentile are expected to earn four times more than those at the 10th percentile in the UK, and this is inflated to five times in London. These ratios are larger than the ratios between full time female workers in London at the 90th percentile and 10th percentile, which stands at 3.7. Due to lower confidence intervals at the 90th percentile for London's part-time workers, the 90/10 ratios for these workers should be treated with caution. Despite the lower confidence

¹⁷ Government Equalities Office: Working Towards Equality: A Framework for Action - February 2010 Page 6.

intervals, the trend seems to follow the UK trend where confidence is significantly higher due to the larger sample size. Once again the disparity between males is larger than females across London and the rest of the UK. The larger 90/10 ratios for males further corroborate previous findings that indicated a large disparity at the 90th percentile between genders.

As previously stated, women are more likely to switch to part time employment or suffer work interruptions due to childcare. This change in working hours is estimated to reduce future full time salaries by 1 per cent each year.¹⁸ Furthermore, for each year an individual stays in full-time employment, hourly wages increase by 3 per cent.¹⁹ Combining these two statistics means that for every year a female reduces her working hours, a 4 per cent gender wage disparity is created.

Table 1: Hourly pay and gender gap for males and females in London and UK in 2009

London	Female		Male	
	Full-Time	Part-Time	Full-Time	Part-Time
	Hourly pay (£)			
Mean	17.41	13.68	22.44	15.76
10th Percentile	7.94	5.98	8.53	5.73
Median	15.23	9.74	17.56	8.99
90th Percentile	29.16	25.05	42.48	30.24
90/10	3.7	4.2	5.0	5.3

UK	Female		Male	
	Full-Time	Part-Time	Full-Time	Part-Time
	Hourly pay (£)			
Mean	13.43	10.40	16.07	11.98
10th Percentile	6.60	5.75	7.14	5.73
Median	11.39	7.86	12.96	7.71
90th Percentile	22.62	18.35	28.35	24.79
90/10	3.4	3.2	4.0	4.3

Absolute Gender Pay Ratio (Female/Male)	London		UK	
	Full-Time	Part-Time	Full-Time	Part-Time
	Percent (%)			
Mean	78	87	84	87
10th Percentile	93	104	92	100
Median	87	108	88	102
90th Percentile	69	83	80	74

CV > 5% and <= 10%

CV > 10% and <= 20%

Source: Annual Survey of Hours and Earnings 2009

¹⁸ W. Olsen & S. Walby Modelling Gender Pay Gaps, Equal Opportunities Commission 2004.

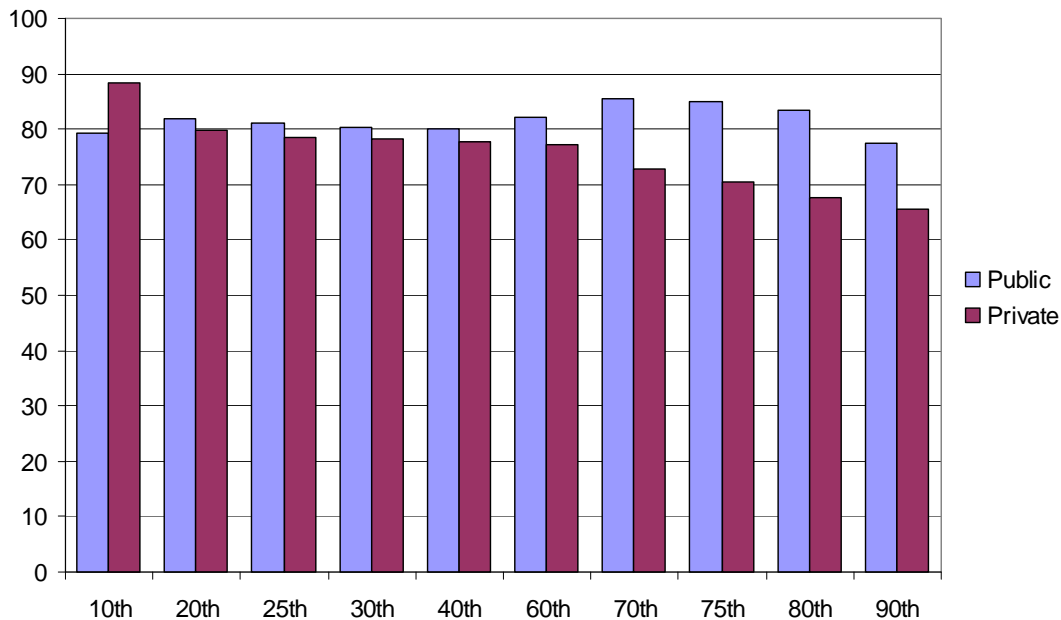
¹⁹ W. Olsen & S. Walby Modelling Gender Pay Gaps, Equal Opportunities Commission 2004

2.6 Public and Private Sector and the Gender Pay Gap

In 2009, females employed in the private sector in London had median hourly pay of £12.41 compared to £15.81 for males. Females employed in the public sector received £15.36 compared to £18.31 by their male equivalents. In effect this means that female private sector employees earn 78 pence for every pound paid to their male counterparts, compared with 81 pence for those employed in the public sector.

Figure 11 shows significant variation in the gender pay ratio across the earnings distribution and between sectors. At the 10th percentile, females in the public sector receive 79 per cent of the pay awarded to males, compared with 88 per cent in the private sector. However, this is the only decile where females are better off in the private sector in terms of the ratio of their pay to that of male workers. The private sector pay gap widens through every point in the distribution to 66 per cent at the 90th percentile. That is, females employed in the private sector at the 90th percentile receive just two thirds of the pay of males at the same point in the distribution. The public sector pay gap shows little variation between the 10th percentile and median, before beginning to narrow at the 60th and reaching its narrowest point at the 70th percentile. The 80th percentile is the point where the respective pay-gaps are furthest apart at 15 percentage points. This means a female worker in the public sector at the 80th percentile earns 83 pence for every pound earned by the male, compared with just 68 pence in the private sector.

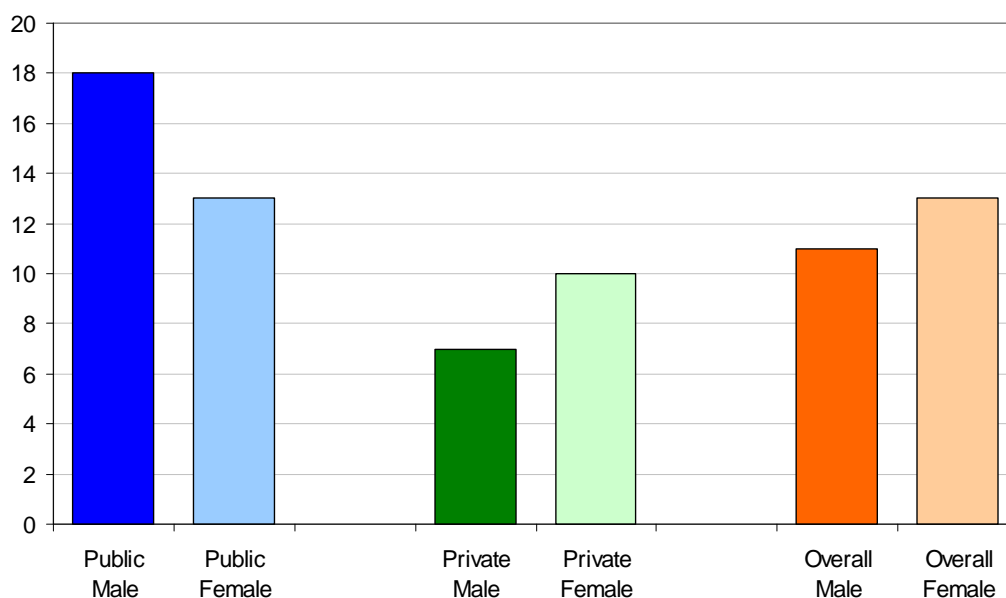
Figure 11: Public and private sector pay gaps across the pay distribution, (Hourly pay) 2009



Source: Annual Survey of Hours and Earnings, 2009

Figure 12 shows London growth in hourly pay for the public and private sectors as well as overall for the period 2006-09. Male public sector pay saw the largest increase of any subgroup at 18 per cent, compared with 13 per cent for females. In the private sector, the pattern is reversed with females receiving a higher increase in pay at 10 per cent compared to their male equivalents (7 per cent). Given the higher proportion of overall jobs allocated to the private sector, the increase in female private sector pay over this period has driven a higher rate of overall increase in pay for females than males at 13 per cent compared with 11 for males. In contrast, the overall UK wide increase in hourly pay over the same period favours males at 12 per cent compared with 9 per cent for females (not shown on graph).

Figure 12: Growth in hourly pay 2006-2009 in London, by sector, per cent



Source: Annual Survey of Hours and Earnings

Table 2 shows how a public sector pay freeze in 2010 and 2011 may effect the overall gender pay gap in London. The data in Table 2 assumes that the public sector pay gap is frozen at 81 per cent for 2010 and 2011. With regard to the private sector constant annual growth rates are assumed, based on growth between 2006-08. Under these assumptions, the private sector pay gap would decrease, due to higher annual growth in female pay (4 per cent) compared with male (3 per cent). Despite the pay gap narrowing in the private sector, there is little change in the overall gender pay gap, this may in part be due to the larger proportion of females employed in the public sector (35 per cent) compared with males (30 per cent), meaning females are under-represented in a sector where they are projected to receive higher annual increases in pay than males. The public sector pay freeze in London will therefore maintain the existing gender pay gap in the city and do nothing to help reduce it. Indeed analysis by the IDS suggests that as statistically the majority of public sector workers are women, if their salaries are held down, or even reduced, then it is almost certain that the gender pay gap will grow as a result, especially if private sector pay continues to pull ahead.²⁰

²⁰ IDS PAY REPORT JULY 2010 – 1053: Research and analysis on pay and benefits Page 24

Table 2: Hourly Pay 2006-09 and Projected Hourly Pay 2010-2011

		2006	2007	2008	2009	2010	2011
Public	Male	15.95	16.63	17.58	18.90	18.90	18.90
	Female	13.64	14.06	14.34	15.36	15.36	15.36
	Gap	86	85	82	81	81	81
Private	Male	14.75	15.09	15.70	15.81	16.31	16.83
	Female	11.33	11.68	12.27	12.41	12.91	13.44
	Gap	77	77	78	78	79	80
Overall	Male	15.18	15.72	16.34	16.86	17.40	17.81
	Female	12.27	12.74	13.13	13.81	14.20	14.55
	Gap	81	81	80	82	82	82

NB, The projected hourly pay for 2010-2011 has been calculated using a constant annual growth rate derived using 2006-2008 changes in pay. The projections for overall pay have been produced using a weighted average of the public and private sectors.

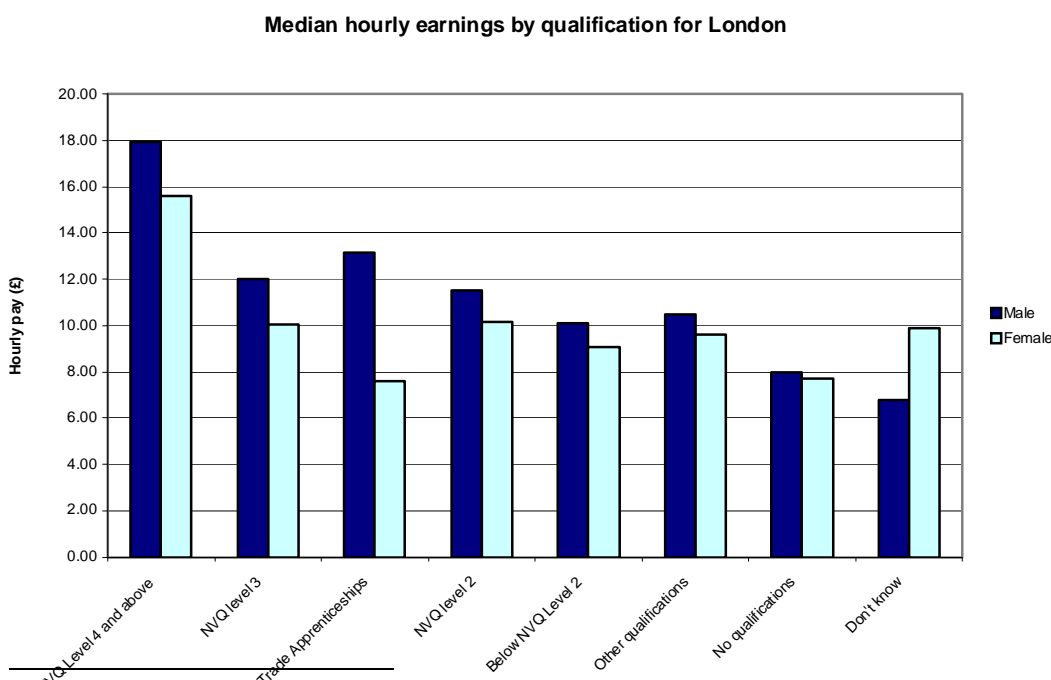
Source: Annual Survey of Hours and Earnings

2.7 Education and the Gender Pay Gap

It is important to understand what caused the disparity in gender pay at the top percentile bandings. Previous research indicates more females are now attending higher education than males in England. The Department for Innovation, Universities and Skills state that 44.9 per cent of the female population across all age bands were in further education, in comparison to 34.8 per cent of the male population.²¹ However, in spite of this, female wages across educational boundaries are lower than the average male wage.

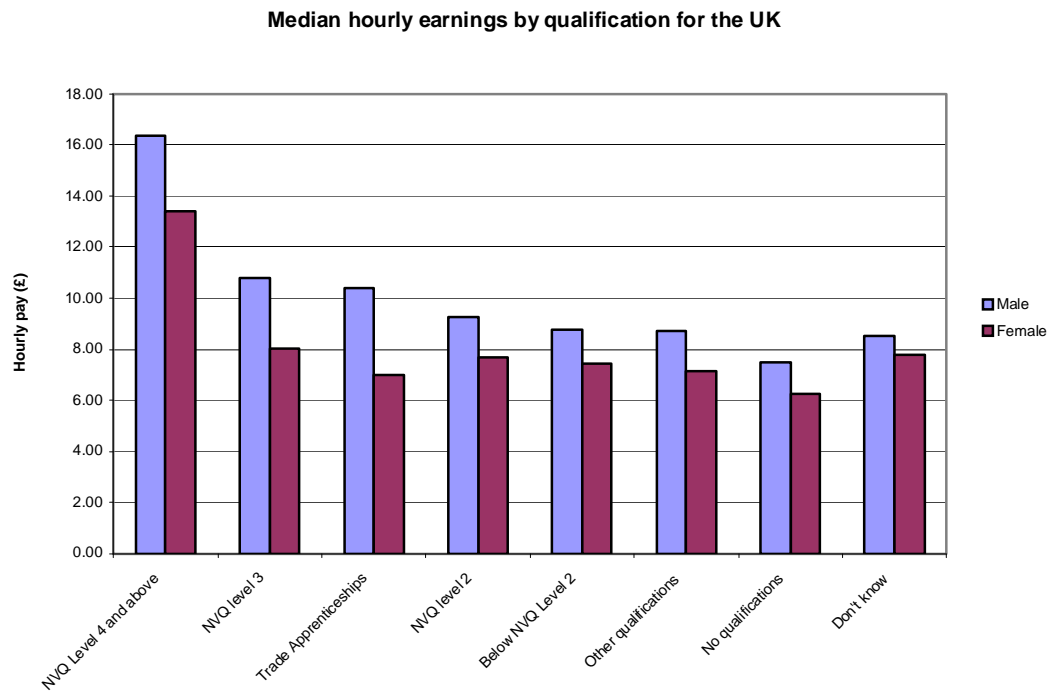
Figures 13 and 14 show the median hourly earnings for males and females by qualification level across London and the UK.

Figure 13: Median hourly earnings by qualification level for London



²¹ <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000780/sfrdius02-2008.pdf> -

Figure 14: Median hourly earnings by qualification level for UK



Source: Annual Population Survey 2008/09

Figures 13 and 14 both show a similar trend. Excluding trade apprenticeships, as the qualification level increases there is a bigger absolute difference in the wages. Women in London with NVQ level 4 or above have a median hourly pay of £15.59 an hour, £2.37 lower than males with a similar education.

The only level of education that shows a higher pay for females than males across both London and the UK, is the London 'don't know' data set. However, the 'don't know' bracket is difficult to interpret since it is formed across a mixture of levels of education, dependent on whom didn't know/didn't want to divulge the level of education they had. This means the wages are not directly comparable.

Across every other qualification bracket, the male salary is higher than the female salary, with particular disparity with those who have attained a trade apprenticeship. In London the median wage for a male who has attained a trade apprenticeship is £13.13. This is £5.53 an hour more than the median wage for a female with a similar qualification attainment. Whilst the absolute figures show there is clear inequality in wages regardless of the education attained, it is the pay ratios that can be compared directly to the results in Table 1. Figure 15 displays the findings of the gender pay ratios.

Figure 15: Gender pay ratio at median in London by qualification level



Source: Annual Population Survey 2008/09

Over looking the 'don't know' category for reasons previously given, the gender pay ratio remains below 100 per cent and generally widens as qualification level increases. The lowest ratio is found in the trade apprenticeships bracket, where the median female wage is only 58 per cent of the median male wage. Whilst this is the lowest gender pay ratio level of all qualifications it must be noted that there is no indication of age differentials between the two genders here. Only a drawn comparison over age and changes within pay scales would provide an estimate of the current trade apprenticeship gender pay ratio. However, this is not possible since only 89 women with a trade apprenticeship were surveyed in the APS last year in London, and thus the dataset is simply not robust enough to be broken down into age cohorts.²²

Instead, an evaluation of information provided by the TUC provides a more clear foundation of the relationship between women and trade apprenticeships. The TUC estimates the average new hairdressing apprentice in 2005 earned as little as £90 per week, and 91.7 per cent of all hairdressing apprenticeships in 2006/07 were female held. These figures combine with the fact that the generally highest paid apprenticeships are male dominated. For example in 2006/07 only 2.6 per cent of all engineering apprenticeships were female held. This begins to explain why there is such a large gender pay difference in trade apprenticeships.

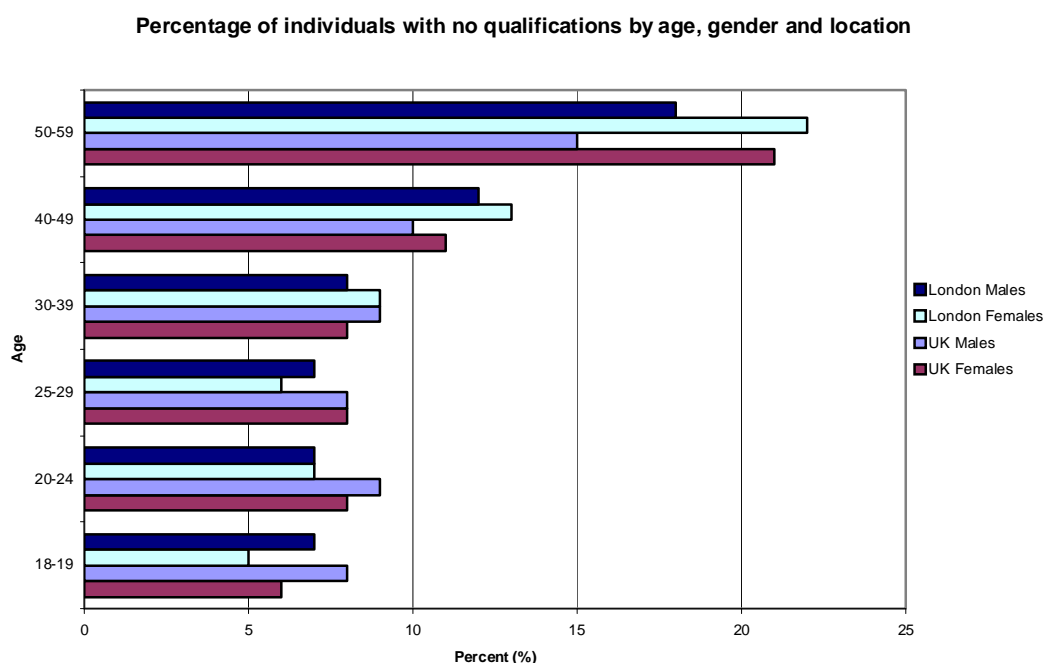
Given the extreme inequality at the 90th percentile, shown in Table 1, it would be assumed the highest level of qualification, NVQ level 4 or equivalent, would show a considerably large

²² It should be noted that 89 stands at the absolute number of people interviewed not the grossed up figure.

gender pay gap. The gender pay ratio at NVQ level 4 or equivalent is 87 per cent, and the 13 per cent differential here suggests that females are either segregating into different occupations to males or facing the commonly coined 'glass ceiling' effect. The suggestion that women struggle to reach the top paid jobs is further investigated in subsection 2.8.

Figures 13, 14 and 15 all suggest the smallest gender pay ratio and therefore greatest equality of wage is found in the no qualification bracket. To understand why this is the case Figure 16 displays the rate of individuals with no qualifications by age, gender and location.

Figure 16: Percentage of individuals with no qualifications by age, gender and location



Source: Annual Population Survey 2008/09

The general trend of Figure 16 shows that the younger age groups have a lower percentage of individuals with no qualifications, regardless of gender or geographical location. It can also be seen that for any age group below 30, London levels are consistently lower than the rest of the UK. Furthermore, taking age groups below 30 it is shown that female rates are consistently lower than males. Only 5 per cent of London's females between the ages of 18 and 19 have no qualifications, this is in direct contrast to the 22 per cent of London females between the ages of 50 and 59. Males also show a similar negative relationship between age and the percentage of individuals with no qualification. Seventeen per cent of London's males between the ages of 50 and 59 have no qualifications, and this falls to 7 per cent between the ages of 18 and 19.

The National Equality Panel reported that girls now have better educational outcomes than boys at school, and are more likely to enter higher education and to achieve good degrees. It

is stated that up to age 44, women are better qualified than men.²³ Furthermore, the current economic decline appears to have little effect in changing the proportion of students entering higher education. Over the past five years the proportion of male students compared with female students has remained relatively stable, with women outnumbering men; 57.6 per cent of women to 42.4 per cent of men in 2005/06.²⁴ This implies within the next 20 years males will be at an educational disadvantage at every age level.

2.8 Women and FTSE 100

An updated assessment of the FTSE 100 held directorships show that there is still a clear under representation of women in senior roles. Data from the Cranfield Centre for Developing Women Business Leaders for the female employment rates in the FTSE 100 are displayed in Table 3. The results state in 2010 only 16 companies out of the FTSE 100 had female executive directors, and overall only 5.5 per cent of all executive directors are females. Furthermore, there are 21 companies without any female directors, and this includes non-executive directors.

The low levels of female held directorships are consistent with past years with only an additional 4 female executive directors and 10 female nonexecutive directors since 2005.

Table 3: Female directors in FTSE companies

	FTSE 2010	FTSE 2009	FTSE 2008	FTSE 2007	FTSE 2006	FTSE 2005
Female held directorships	135 (12.5%)	131 (12.2%)	131 (11.7%)	123 (11%)	117 (10.3%)	121 (10.5%)
Female executive directors	18 (5.5%)	17 (5.2%)	17 (4.8%)	13 (3.6%)	15 (3.8%)	14 (3.4%)
Female non-executive directors	117 (15.6%)	114 (15.24%)	114 (14.9%)	110 (14.5%)	102 (13.7%)	107 (14.5%)
Companies with female executive directors	16	15	16	11	13	11
Companies with at least 1 female director	79	75	78	76	77	78
Companies with multiple female directors	39	37	39	35	29	30
Companies without any female directors	21	25	22	24	23	22

Source: Cranfield Centre for Developing Women Business Leaders

²³ Anatomy of Economic Inequality in the UK – Report of the National Equality Panel.

²⁴ Equality in Higher Education: Statistical Report 2009 - Equality challenge unit Page 38.

3 Conclusion

The findings from this working paper show that existing policies to influence the proportion of women in work and to improve their pay relative to men are having only a limited effect.

Women with dependent children in London are less likely to be in employment than mothers elsewhere in the country and this difference is particularly stark for lone mothers. As the education levels of women rise within the country it is anticipated that more women will be in work with higher paying jobs. Yet as this research shows the higher the qualification level the greater the disparity between male and female wages. It is clear that there remains a male dominance in the top paid jobs within London. There has not been any significant reduction in the gender pay gap over the last decade and under representation of women in senior positions continues as shown by the fact that only 5.5 percent of executive directors in FTSE 100 companies are female.

One of the ways in which the Mayor of London is trying to improve the position of women in the workforce is by championing the London Living Wage which if adopted by all employers in London will raise the 19 per cent of female workers and 14 per cent of male workers who currently earn under £7.85 per hour to a wage that provides them an income designed to provide a minimum acceptable quality of life. In terms of part-time female workers the percentage is even higher, as 38 per cent of female part-time workers earn less than the London Living Wage of £7.85 per hour. Indeed almost 9,000 London workers have been helped since the policy was introduced in 2005, and it is likely that many of these are women working part-time.

At this time we await final confirmation of the financial settlement to the GLA Group from Central Government. The London Development Agency will be abolished with the bulk of its remaining activities folded into the GLA. This provides an ideal opportunity for an evaluation of the programmes and schemes that have previously been funded through the GLA Group to improve the position of women in the workplace and concentrate on those that have a demonstrable impact on bettering the position of women within London's workforce.

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Vietnamese

Nếu bạn muốn có bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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