

WOMEN IN LONDON'S ECONOMY

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up to 23 per cent less than men.’**

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Mayor's Foreword

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This year's *Women in London's Economy* report reflects four years of high profile research aimed at removing the barriers to equality that women face in the London economy. It provides

the most detailed analysis yet of the inequalities that women face; sets out what my administration is doing to address them; and explains how national legislative and other changes are required to deliver 'equality in our lifetime', not least through the proposed Single Equality Act.

Among the findings of the report, I want to highlight the following:

- The gender pay gap is wider in London than the rest of the UK. There is a 14 per cent gap between male and female full-time workers median hourly earnings. Even where men and women are doing very similar jobs, women are suffering significant pay discrimination: median hourly pay for women working full time in London is £14.06 compared to £16.29 for men;
- The gender pay gap is wider in the private sector - where most women in London work - than in the public sector, and it is not improving;
- These pay gaps exist despite women outperforming men in their educational attainments at all levels - and women in London are more qualified than in the rest of the UK;
- There is a compounded effect of race and gender discrimination. A higher proportion of Black and minority ethnic women are in the lowest weekly wage bracket than white women;
- London's commuting patterns create an additional demand for childcare; and
- Finally, there have been some improvements. A growing proportion of London employers have undertaken equal pay audits: 29 per cent, up from 18 per cent in 2005. An accompanying document '*Closing the Gap*' - sets out the good practice that a number of leading employers are adopting to improve the recruitment, pay and retention of women.

Alongside this research, which I believe is essential not only to highlight the inequalities that women face but also to examine why they have occurred and how they may be addressed, I am taking forward a full programme of action to deliver greater equality to women in London's economy. Among the actions being taken are:

- Using the findings from the WILE research to develop a range of policies, from skills and training through to engagement with the government's Discrimination Law Review;
- Engaging with employers to identify and promote leading practice in supporting employment equality for women;
- Setting up the London Childcare Affordability Programme providing support with childcare costs for 10,000 families;
- Implementing equal pay reviews in the GLA Group; and
- Developing and implementing the Responsible Procurement Programme so that contractors within the GLA take steps to meet women's equality standards.
- Allowing for representative or 'class' legal actions: although a large group of women workers may be similarly affected by discrimination, the law forces each individual to take their case separately. Class actions would reduce the burden that currently rests on the shoulders of the individual victims of discrimination and would be more efficient, reducing the existing backlog of cases.
- Enforcing pregnancy discrimination legislation, setting penalties high enough to deter.
- Introducing a mandatory equality duty in procurement so that public bodies can ensure suppliers meet their equality duties.

However, while I will do all I can, women in London's economy require further government action if the barriers to equality that they face are to be broken down.

The Government's intention to bring forward a Single Equality Act provides an excellent opportunity to introduce legislative measures to address many inequalities by:

- Introducing mandatory equal pay audits and creating a level playing field for those employers undertaking action on a voluntary basis.
- Ensuring equal pay law is effective in challenging discrimination - for example, allowing 'hypothetical comparators' in equal pay cases.

The Equal Pay and Sex Discrimination laws that were enacted more than 30 years ago were ground-breaking in their time. But they have long since ceased to be effective in rooting out women's inequality. Many of the measures above have already been taken, or are being surpassed, in other countries in Europe and beyond. They are required not only on grounds of equality and justice, but to ensure that London's economy can successfully compete with other world cities. This requires removing the barriers to discrimination and ensuring that women have equality in London's economy.



Ken Livingstone
Mayor of London
 February 2008

Chapter 1:

Executive Summary

1.1 Overview

This is the fourth report from a dedicated programme of research by the Greater London Authority (GLA) into Women in London's Economy (WILE). The analysis updates and extends that published last year.¹

The report brings together four complementary pieces of independently-authored research into the socio-economic position of women in London:

- evidence-based research by GLA Economics updating previous analysis of employment, childcare and pay issues;
- research undertaken by the Institute of Employment Studies for the GLA, analysing a range of factors bearing on women's experience of the employment market in the public and private sectors in London; and reporting on a series of interviews with employers exploring best practice in relation to women's employment;
- research conducted by IFF Research for the GLA into the extent and adequacy of pay audits (equal pay reviews) undertaken by London employers;
- research carried out by the University of Warwick Institute for Employment Research for the GLA into the incidence of pregnancy discrimination in London and its associated costs.

- A final chapter on legislative and policy issues, presenting recommendations from the Mayor's Office for a range of measures to tackle individual and structural discrimination faced by women in relation to employment, of particular relevance to the proposed Single Equality Act.

1.2 Quantitative Research by GLA Economics

The first two reports on the WILE research programme focussed on women in the labour market. They provided a picture of the position of women in London: a picture that showed women as less likely to work in well-paid jobs than men; a relatively large gender pay gap; and the importance of occupational segregation in contributing to this.

Nonetheless, women's importance to the London labour market and their economic power is increasing. Hence, last year's report looked at the income levels and expenditure patterns of different types of household. Importantly, it found that children make a large difference to average household income levels. For example, women in London with children have lower incomes than the Great Britain average. This year's analysis explores this further.

The first section in the chapter summarises the key findings. Section 2.2 looks at the employment patterns of British women with children and their use of childcare. The factors that affect mothers' employment and childcare decisions are explored in detail. Section 2.3 examines how and why these patterns differ in London. Section 2.4 reviews the work undertaken by the Living Wage Unit in quantifying the impact of different factors on the likelihood of being low paid in London. Finally, section 2.5 updates the gender pay gap figures using the latest available data.

1.3 External research commissioned by GLA

Equality outcomes

Research by the Institute for Employment Studies explores the differences in equality outcomes between women working in the public and the private sectors in London. Key conclusions include:

- despite being better-qualified educationally than men, women in employment in London achieve less in terms of status and pay;
- women continue to be employed largely in female-dominated sectors, most notably public administration and health, although the financial services sector is an increasingly important employer of women;
- women working full time are under-represented in the top pay bands and over-represented in the lower pay levels; far higher percentages of women working full time at low rates of pay are employed in the private sector than in the public sector.
- many more women than men work part-time, which carries significant economic penalties in terms of advancement as well as pay; a higher proportion of women working part-time in the private sector

is found in the two lowest pay bands (up to £100 a week) than in the public sector (34.9 per cent and 19.4 per cent respectively);

- many more women than men have responsibilities caring for adults who are sick, disabled and elderly, and the proportion is much higher than in the UK as a whole;
- just under a third of women in London report health problems which limit the type of work they can undertake; disabled women in London are more likely to be in the lowest pay bands.

Interviews conducted with employers and employees reveal examples of actions that employers can easily undertake to improve the representation of women within their workforce.

Pay audits

Research presented here shows that a total of 29 per cent of London employers have conducted an Equal Pay Review (EPR) and a further 5 per cent had one planned at the time of the interview. This is up from the 18 per cent recorded in 2005. However, only 61 per cent of those who had or were conducting an EPR stated that their review had included both a check for differences in pay where men and women are doing the same jobs and a check for differences where men and women are doing jobs of equal value. Both these checks are required to meet the Equal Opportunities Commission definition of an EPR.

Levels of EPR activity are highest among the largest employers. Seventeen per cent of pay reviews conducted had uncovered a pay gap. Of those employers who knew why a gap had developed, the most common reasons given were lower entry salaries for women and the impact of career breaks (particularly maternity leave).

The most common reason given for conducting an EPR was to be seen as a good practice employer. Those who had not conducted and were not planning a pay review gave the most common reason as that they believed their pay system was not discriminatory.

The gender pay gap persists despite the passage of the Equal Pay Act of 1970 granting individuals the right to have the same contractual pay and benefits as a person of the opposite sex in the same employment, in cases where men and women are doing: like work; work considered to be equivalent under an analytical job evaluation study; work that is proved to be of equal value.

The persistence of the gender pay gap is a function of a wide range of different labour market forces. Women remain largely clustered into a relatively narrow range of (often low-paying) occupations. However, there remains evidence that even within the same employers (and sometimes even within the same occupations), women are still being paid less than men for reasons that cannot be explained on grounds other than gender.

An equal pay review (EPR) enables employers to identify if there are any situations within their workforce where men and women receive different levels of pay and/or benefits for performing the same job or ones that can be considered to be of 'equal value'.

Pregnancy discrimination

The Equal Opportunities Commission found in 2005 that in the UK, 30,000 women each year lose their jobs because of their pregnancy and that 'more than seven in ten pregnant women treated unfairly at work are suffering in silence'. The University of Warwick Institute for Employment Research estimates that upwards of 13,000 women in

London each year are affected by pregnancy discrimination in terms of dismissal and/or financial loss.

The cost of pregnancy discrimination in London is estimated to be at least £18.3 million and as high as £54.3 million per year – equal to between 11 per cent and 16 per cent of the total costs in the UK. Analysis of London and the South East as a whole shows that 25,000 women in London and the South East are affected by one of these two types of pregnancy discrimination, with a total cost of between £70 million and £118.3 million.

The estimates do not include any costs (or savings) to employees in respect of any existing children, merely those resulting from the impact of their current pregnancy.

1.4 Policy

Analysis for this report demonstrates that there has been no improvement in the gender pay gap. Legislative measures that will more effectively tackle pay discrimination and the causes of unequal pay are clearly a high priority. More than three decades after the Equal Pay and Sex Discrimination Acts, women continue to suffer significant pay discrimination compared to their male counterparts. At UK level the Office for National Statistics' annual pay figures for 2007 showed women working full-time earned 17.2 per cent less than men.² In London specifically, research for Women in London's Economy has shown that individual and structural discrimination in employment remain entrenched realities, with women concentrated in a relatively narrow band of lower paid occupations. Many women struggle to balance paid work with domestic demands and when faced with discrimination will receive limited access to justice.

More robust anti-discrimination legislation is essential, because it is far from fact that all employers are far-sighted or practising equality. Self-regulation clearly has its limits: employers committed to equality will act, in varying ways and sometimes with good intentions but using methods that may be less than effective; those with different standards will fail to act at all. A Single Equality Act can introduce legislative change that will effectively support those employers who are committed to equality by levelling the playing field – requiring all employers to plan for equality and take steps to avoid discrimination. This will be good for women, good for businesses and good for London's economy.

Chapter 2:

Quantitative Research by GLA Economics

Key points

Mothers' employment and childcare use

- Women with dependent children have lower employment rates than women without dependent children, particularly in London. This is because, for some, the costs involved in working outweigh the benefits.
- Factors that influence a mother's employment patterns affect her demand for childcare, and vice versa. Broadly, these factors relate to:
 - her personal characteristics and her family's characteristics;
 - the income she expects to earn and the income the rest of her family earns;
 - the cost of childcare; and
 - how easily she can access jobs and childcare.
- Employment rates for mothers are lower in London than the rest of the UK, partly because childcare and transport are more expensive. Access to jobs and childcare is therefore more restricted. London's job mix also plays a role – there is less part-time work available in the capital than elsewhere.
- Single mothers and mothers with low skills living in London are less likely to work because the costs to them of working are more likely to outweigh the benefits.

What makes Londoners more likely to be low paid? The impact of gender.

- A Londoner's age, qualifications, ethnicity, occupation, employment sector, hours worked and the size of the workplace affect the likelihood of being low paid. In respect of most of these factors, women are more likely than men to be low paid.
- However, there are exceptions. Working in the private sector, working part-time or working in a small workplace increases the chances of being low paid relative to working in the public sector, working full-time or working in a large workplace. In each case, the likelihood of being low paid is greater for men than for women.

Updating the gender pay gap

- The mean gender pay gap for full-time workers in London has not changed since last year. At 23 per cent, it is still higher than in the rest of the UK. The median gender pay gap for full-time workers is 14 per cent in London, one percentage point higher than last year. The gender pay gap for the UK is smaller at 13 per cent (unchanged since last year).
- Among part-time workers, the mean gender pay gap is slightly lower in London than in the rest of the UK. At the median, women tend to earn more than men in both London and the UK, with the differential being more accentuated in the capital.

- The gender pay gap gets wider as incomes increase. High income earners in London have a wider gender pay gap than high income earners in the rest of the UK. Low income earners in London have a smaller gender pay gap than low income earners in the rest of the UK.
- For London's full-time workers, the gap between men's and women's pay is wider in the private sector than in the public sector. Both male and female high income earners make more in the private sector than the public sector, while low income earners make more in the public sector.

2.1 Introduction

Mothers' employment and the importance of childcare

Most households receive their main source of income from working. For most mothers, working requires the use of childcare. Childcare adds to the costs involved in working and for some mothers these costs outweigh the benefits. If this is the case, it doesn't make financial sense to work. Reflecting this, we see that mothers have lower employment rates than women without dependent children. This in turn lowers their household's income.

Mothers also consume childcare as a good in its own right because it allows them child-free time and it can directly benefit their child. This source of childcare demand is independent of any desire to work, though it inadvertently makes more time for working available.

A number of factors influence a mother's employment decisions and her demand for childcare. For example, a higher wage encourages a mother to work by raising the benefits of working. It also influences her demand for childcare (for example,

by raising the quality she can afford) independently of the impact on employment. Other relevant factors include the mother's personal characteristics and her family's characteristics, other sources of household income and childcare costs.

This year, we draw upon work by Paull, Taylor and Duncan to explore the influence of these factors on mothers' employment rates and childcare use.³ In addition, we propose that the ease with which mothers can access work and childcare is an important issue affecting mothers' work and childcare decisions.

Mothers in London are less likely to work than mothers in the rest of the UK, and their childcare use patterns differ as well. We use the above framework to investigate why this is so. In particular, we propose that the city's higher childcare and transport costs, and its occupational mix, make the costs of working in London greater than the benefits for a larger proportion of women. Lone mothers and those with low skills are particularly disadvantaged.

Low paid women in London

Last year's report provided information on how many women in London earn below the living wage.⁴ Around 19 per cent of all London female employees are low paid compared to 12 per cent of male employees.

This year, we build upon these findings by drawing on recent research by the Living Wage Unit. They have quantified the impact of different factors on the likelihood of being low paid in London. For most factors, they find that being a woman increases the chances of being low paid relative to a man.

The gender pay gap in 2007

The mean gender pay gap for full-time workers in London has not changed since last year. London still has a higher pay gap at 23 per cent than the UK as a whole (17 per cent). At the median, the gender pay gap for full-time workers is 14 per cent in London, one percentage point wider than last year. The median gap for the whole UK is smaller at 13 per cent and has not changed since last year.

Among part-time workers, the mean gender pay gap is slightly smaller in London than in the UK as a whole (12 per cent compared to 14 per cent). At the median, women tend to earn more than men in both London and the UK overall, and the differential is more accentuated in the capital – women earn 10 per cent more in London, but only 2 per cent more in the UK as a whole.

The gender pay gap gets wider as incomes increase. Male and female high income earners in London have a wider pay gap than in the rest of the UK. Low income earners in London have a relatively smaller pay gap than in the rest of the UK.

The gender pay gap is higher in the private sector than the public sector for full-time workers, but lower for part-time workers. Taking incentive pay into account widens the gender pay gap for full-time workers in both sectors. It shows, however, that women in the private sector earn more at higher income deciles than they would in the public sector.

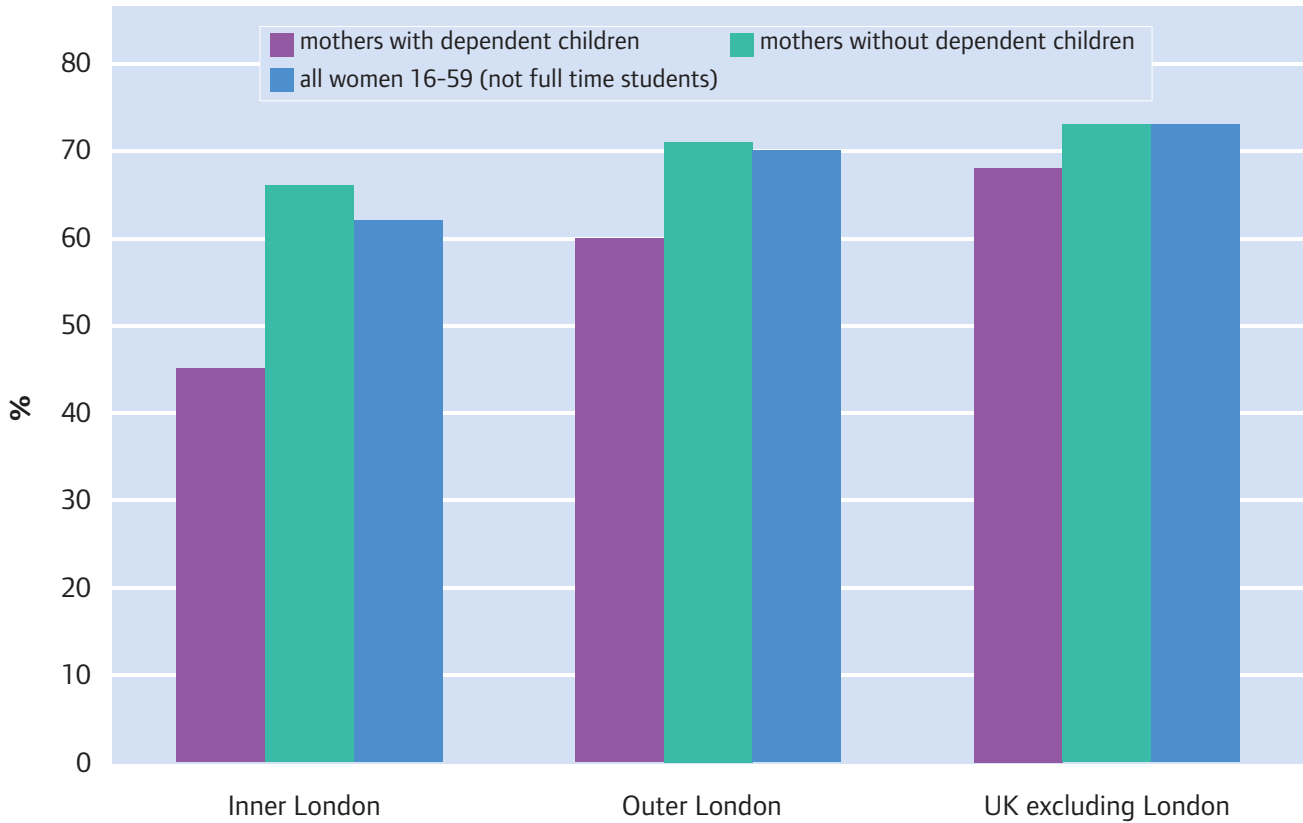
2.2 Employment patterns and childcare use: British and London women compared

In this section, we first consider the employment patterns and childcare use of all British mothers. We then move on to look at how and why the situation differs for mothers in London.

The role of women in the labour market has become increasingly important in recent decades. Nowadays, about 70 per cent of working age women participate in the labour market in the UK.⁵ In London, that proportion is 63 per cent.⁶

There is evidence that the presence of children in families reduces women's ability to undertake paid work, and that this effect is larger in London than in the rest of the country (Figure 1). Mothers are less likely to be in paid employment than women without children. In the rest of the UK, the majority of working mothers are in part-time work, although in London more mothers work full-time than part-time. The majority of working women without children work full-time. In part, this reflects a personal choice for women who wish to spend more time at home looking after their children.⁷

Figure 1: Employment rates of mothers in London and the rest of the UK



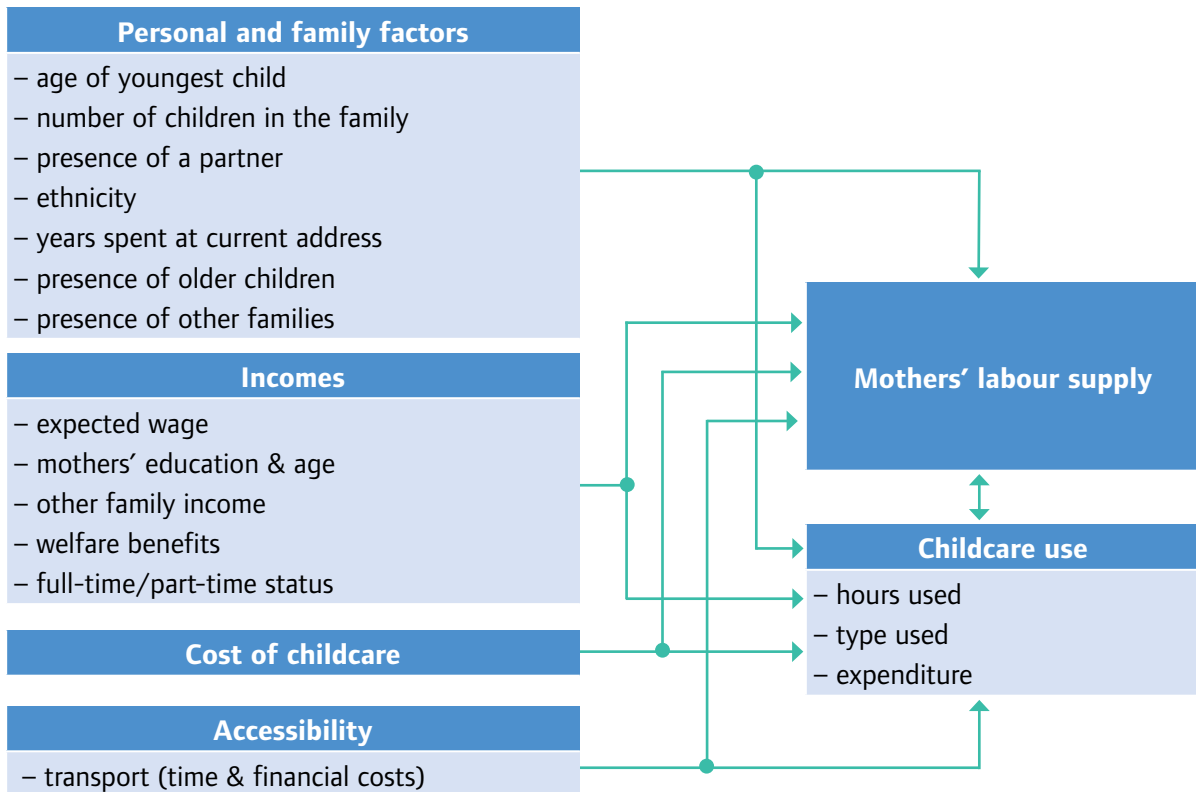
Source: DMAG's calculations based on the Annual Population Survey 2005

However, for some mothers the costs involved in working outweigh the benefits – it is simply not worth having a job or working longer hours. Around a quarter of mothers who are not working would like to have a regular job but feel constrained in seeking work because they have to look after their children. Around ten per cent of mothers working part-time would like to work longer hours but are prevented from doing so by a lack of suitable childcare. The affordability and accessibility of childcare is a big factor in the employment decision-making of women with children.

What influences a mother's decision to work and her use of childcare?

When mothers decide how many hours to work and how much and what type of childcare to use, they consider a range of factors (Figure 2). Decisions about employment and childcare use are linked – factors that impact on one decision will automatically impinge on the other. This section draws upon the work of Paull, Taylor and Duncan⁸ to discuss the effect of these factors on the joint decisions of employment and childcare use. In addition, we propose that the financial and time costs of travelling between work and childcare hinder mothers' access to employment and childcare, in turn lowering their employment rates.

Figure 2: The joint employment and childcare use decision



Personal and family characteristics

A mother's personal characteristics influence her employment choices and childcare use, as do the characteristics of her family. In this section, we discuss the impact of these factors.

The age of her youngest child

A mother is more likely to work as her youngest child ages. However, surprisingly, there is no sudden increase in the likelihood she will work when her youngest child starts school.

Pre-school children's use of formal care peaks at age two.⁹ There are several possible reasons for this:

- Formal care is more expensive for under two year olds.
- Mothers may feel their children receive fewer benefits from childcare after two years old.
- Mothers may begin to find it easier to combine work with caring for their children.
- Mothers may desire fewer 'child-free' hours once their children are older than two.

The introduction of free entitlement to part-time early education for all four year olds in 1998 and for all three year olds in 2004 is also likely to have affected mothers' use of formal childcare.

School children use a fairly constant amount of informal care with age (up until age eleven), but a decreasing amount of formal care.

The number of children in her family

Paull et al find that the number of young children in a family, rather than their age, is more significant in influencing employment and childcare use patterns. Therefore the total cost of childcare reduces the tendency of mothers with young children to work rather than the age-related costs. In families with more than one child, total childcare costs are more likely to outweigh gains from the mother working. Reflecting this, mothers with more children work less and are more likely to feel constrained from working, particularly if some of their children are pre-schoolers.

All else being equal, families with more children are less able to afford paid care and are therefore less likely to use childcare. If they do use childcare, they use fewer hours than smaller families and are less likely to use formal care.

Single mothers

Whether a mother has a partner or not is a key influence on her employment behaviour and childcare demand. Single mothers are less likely to work, and if they work part-time, are more likely than mothers with partners to feel unable to work more hours. This is because:

- single mothers have access to fewer informal childcare resources;
- they receive less help with child-related chores, exacerbating the practical difficulties to taking up employment; and
- the interaction between income from work and income from benefits can produce a disincentive to work (discussed in more detail below).

Single working mothers are much more likely to use childcare than partnered mothers, and they use more hours on average. This is true even controlling for differences in work hours and earnings, and highlights the fact that the absence of a partner creates a greater need to source care from outside the home. Single working mothers spend a higher proportion of their household income on childcare, despite paying lower average hourly fees, reflecting the fact that their incomes are generally lower.

Single mothers' employment rates are particularly low in London. The reasons for this are discussed in the next section.

Ethnicity

Here, we only consider the ethnic division between white and Black, Asian and minority ethnic (BAME), as sample size issues prevented Paull et al from looking at more detailed divisions. We acknowledge that there are likely to be significant differences between women of different ethnic origins within the BAME group.

BAME mothers are less likely to work than white mothers, but when in employment are more likely to work full-time. To measure the degree to which non-working mothers feel their children constrain their ability to work, the Family Resources Survey asks non-working mothers whether they would like to have a regular job and whether they are prevented from seeking work because they have children. Analysis by Paull et al finds that the likelihood of feeling dissatisfied through not working (as measured by these questions) is 24 per cent for a white non-working mother with pre-school children compared to 15 per cent for a similar BAME mother.

When BAME mothers are in employment, their pre-school children are less likely to use formal care than pre-schoolers with

white mothers: 22 per cent compared with 32 per cent. BAME mothers are less likely to use any form of childcare for their school children, but BAME mothers that do use childcare tend to use longer hours. For example, they use on average an hour and a half more childcare per week for their school children during term time.

The availability of help from family and neighbours

How long a mother has lived at her current address has mixed implications for employment patterns and childcare use. She is likely to have developed a larger network of informal care the longer she has lived at her current address. As a result, she is more likely to work and less likely to feel she can't work longer hours. Interestingly though, she is more likely to work part-time rather than full-time. Not surprisingly, she is more likely to use informal than formal childcare.

The presence of older children (those aged 12 to 18 years) and other families in a household also has mixed implications for employment patterns and childcare use:

- If a mother has older children, she is less likely to use childcare for her younger children. If she does use childcare she uses fewer hours of care. Older children may therefore help working mothers look after their younger children. However, overall a mother is less likely to work the more older children she has. So they also reduce the incentive to work in some way.
- Other families provide a source of childcare for some mothers, particularly if they work longer hours or if the 'other family' refers to a form of live-in childcare. However, they may also prevent mothers from working if they themselves require care (for example, if they are elderly relatives).

Incomes

The wage a mother expects to earn, which is influenced by her age and education, affects her employment and childcare choices. The income earned by the rest of her family also has an impact, as does income received from the tax credits and benefits system.

Higher wages encourage employment by raising the benefits of working. In general, mothers earning higher incomes are more likely to use childcare and use longer hours of care than mothers earning lower incomes. Importantly, the impact of the mother's earnings on childcare choices is always much greater than the influence of income earned by the rest of her family.

A mother's age and the number of years she has spent in education affect her working patterns by influencing the wages she expects to earn. Generally, older mothers have more work experience, which increases their expected wages and the benefits of work. Similarly, mothers who have spent more years in education also expect to earn more. Reflecting this, older mothers and those who have spent more years in education are more likely to work than younger and less educated mothers.

A mother's age and education also affect her demand for childcare. Older mothers are more likely to use childcare, and are more likely to use formal rather than informal childcare. Mothers with more years of education also tend to use formal care. These patterns in part reflect their ability to spend more on childcare. However, these patterns occur even when controlling for differences in earnings. This may be because older and more educated mothers are more likely to have moved away from the informal sources of care provided by extended family. They may also perceive greater benefits for their children from formal care.

Income generated by the rest of the family influences employment and childcare patterns. In theory, if the rest of her family earns a high income, a mother will be less likely to work, as there is less need for additional income. This tends to be true for mothers of pre-school children. However, as other family income increases, mothers of school children are more likely to work part-time rather than not work or work full-time. Once the family unit as a whole is earning a comfortable income, mothers may choose to work fewer hours so they can have more leisure time or more time to look after their children.

As the rest of her family earns more, a mother is more likely to use childcare and to use longer hours of care. Higher income families are more likely to use formal over informal care. They spend more pounds per week on childcare, but this makes up a smaller proportion of their income than for lower income families.

The interaction of income from employment with income from tax credits and benefits is also important. For a mother to be better off working than not working, her earnings must at least meet the costs (including rent, council tax and childcare costs) that were covered by the benefits she received when she was not in work.¹⁰ The higher these costs, the higher the income she needs to earn.

However, a high effective tax rate may be associated with moving into work when the rate at which tax is introduced as well as the rate at which benefits are withdrawn are considered. A situation may arise where someone in work cannot improve their net income significantly by increasing their pay, because it is largely offset by income tax and, particularly, withdrawal of benefit.¹¹ This means that it may make more financial sense to remain on benefits; it ultimately creates a financial disincentive to work.

The disincentives affect certain groups in particular. For example, it is an important issue for mothers in London owing to the high cost of living in the city (discussed in more detail below). In addition, for single mothers, income from working only exceeds income from benefits if her earnings are very high, because employment involves a sharp increase in rent, council tax and childcare costs associated with coming off benefits. Similarly, the benefit system imposes relatively high effective tax rates through benefit withdrawal on mothers with a non-working partner. Because of this, in families where the male partner does not work, the mother is less likely to work. (This could also occur if labour market conditions and employability factors – such as skill levels – between partners are related).

Whether a mother works full-time or part-time affects her income, and therefore her demand for childcare. Mothers who work full-time tend to have higher incomes and are more likely to use childcare than mothers who work part-time. They are also more likely to use formal rather than informal care.

Childcare costs

The cost of childcare is determined by the providers of childcare (the supply side) and the mothers and families that use childcare (the demand side). On the supply side, the cost to childcare businesses of renting or buying property and the wages paid to childcare workers influence the price they charge. The biggest direct demand side influence is the income levels of mothers and families. These factors differ across regions, so the price of childcare also differs across regions. In addition, the childcare tax credit (introduced in late 1999) is an important factor affecting the childcare costs mothers face.

Surveys and analyses which focus on the costs of childcare typically do not adequately reflect the actual impact on the total sums

paid by households. They ignore trade-off effects, both in terms of total hours of childcare purchased and in terms of the quality level of such care. In addition, they do not adequately take account of differences in elasticity of demand between, for example, mothers of pre-school and school-age children.

A change in hourly cost may be due to parents choosing a different quality level (which may have a higher or lower actual price) for a given number of hours; or purchasing a different number of hours for a given quality (and price) level. Since quality choices are not taken into account in the available data, all changes in hourly expenditure are attributed to changes in the number of hours purchased when they could in fact reflect changes in the quality parents are choosing (and therefore the actual price they are paying). Current empirical results are not a particularly accurate reflection of reality.

Paull et al try to control for these effects in estimating the impact of childcare expenditure using a demand curve estimation procedure. The results more accurately reflect reality:

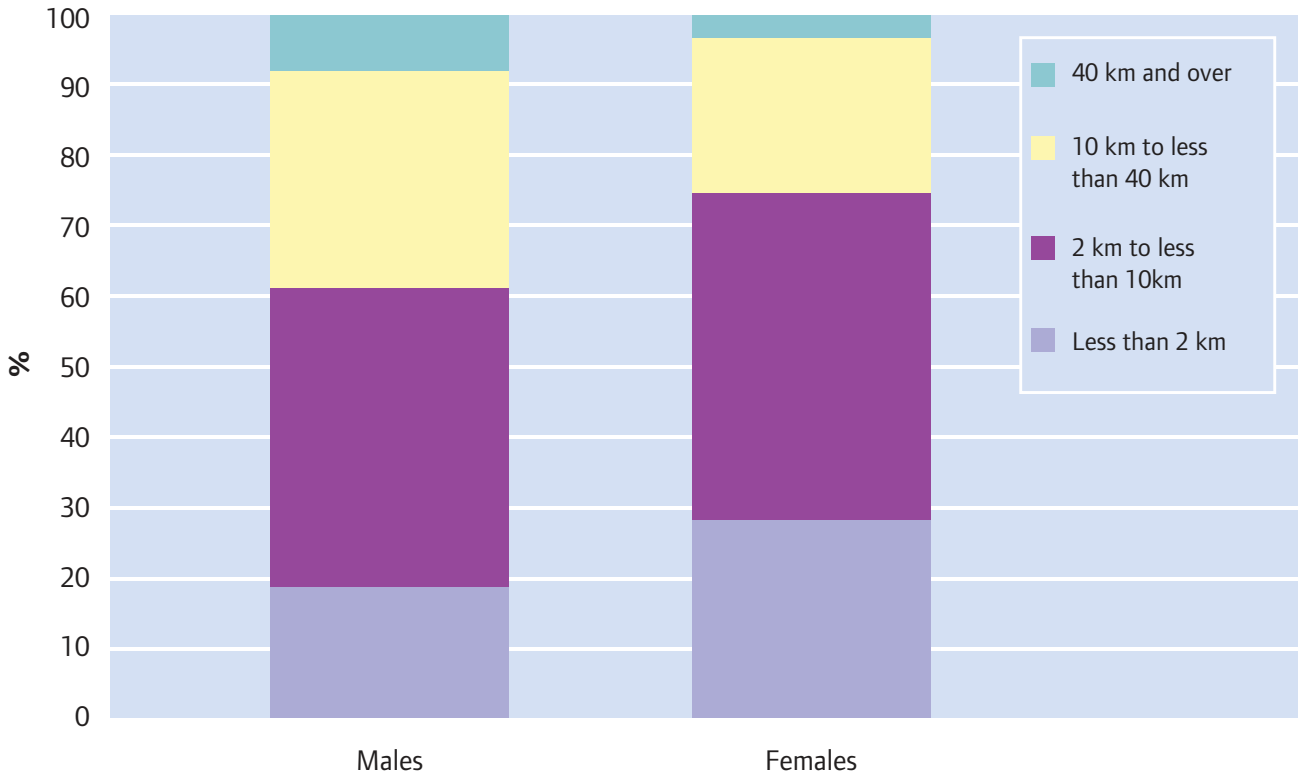
- some mothers work more if childcare costs are lower
- some mothers of pre-school children use more childcare if prices are lower, even if they don't work
- there is less impact on mothers of school-age children because out-of-school childcare costs are less
- mothers who do use childcare may switch to lower quality if prices rise.

It is important to keep in mind that some mothers may not be able to easily switch between childcare providers in response to price changes if there are simply no alternatives to their current arrangements available, especially in view of the need for continuity of care for young children.

Table 1: Transport based barriers to accessibility

Factor	Barrier
Spatial	Travel time including walk, wait and in-vehicle in relation to time budget available
	Ability to interchange between all modes within integrated networks
	Availability of a route
Physical	Vehicle designs suitable for users
	Kerb heights
	Topography
Temporal	Transport system and service reliability
	Waiting time/service frequency
	Scheduling of transport and activities
	System capacity
Financial	Travel cost
	Discounts for traveller groups
Environmental	Street lighting
	Interchange/waiting areas
	Safety/security
Information	Information prior to journey/skill level of travellers
	Information whilst travelling

Source: Holden, Jones & Wixey, 2005, 'Working Paper 3: Accessibility Analysis Literature Review', Measuring Accessibility as Experienced by Different Socially Disadvantaged Groups, Transport Studies Group, University of Westminster.

Figure 3: Travel to work distance by gender, England

Source: GLA Economics calculations based on Census 2001 data.

Accessibility

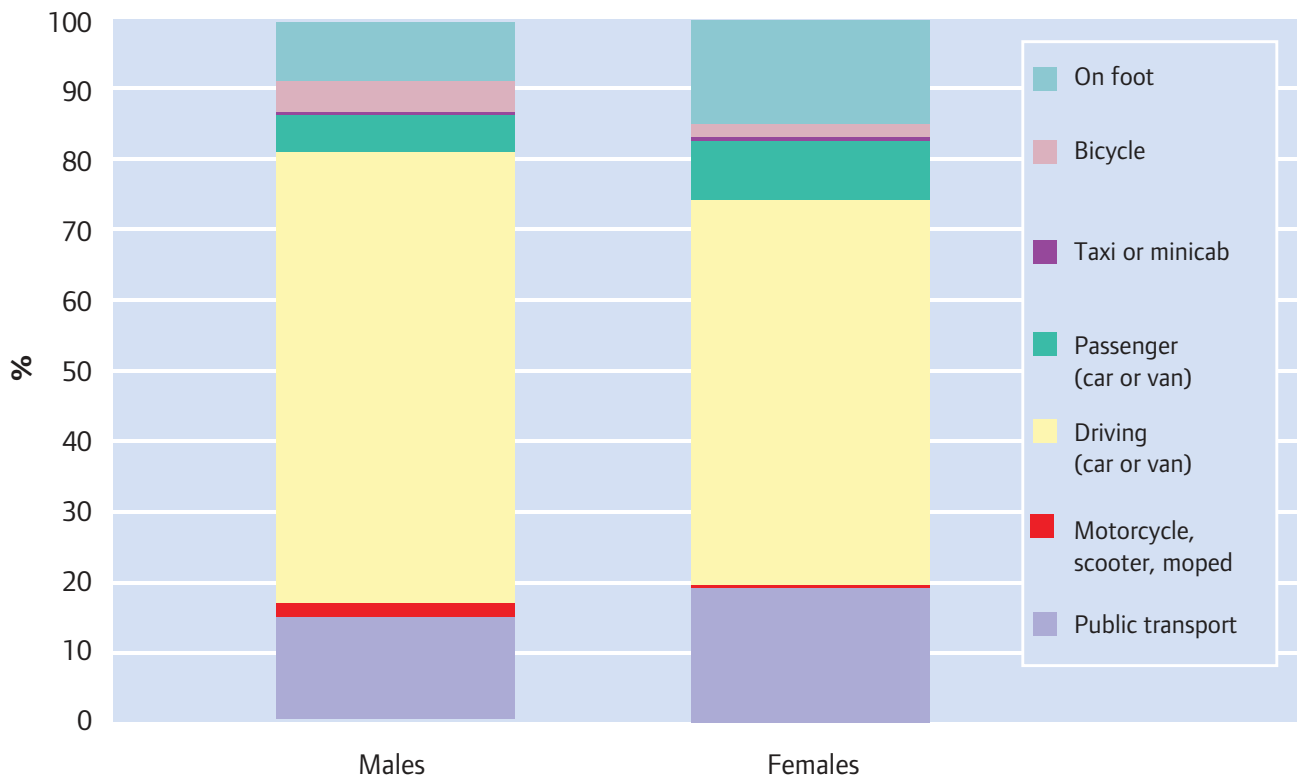
Transport can be a barrier to the accessibility of jobs and childcare services, with the potential to restrict access in several ways (Table 1).

Research indicates that many individuals experience difficulty in accessing jobs.¹² For example, individuals may be unable to afford to travel long distances. This in turn restricts their job prospects to their local area. Groups with limited access to private transport, those less able to afford public transport and/or those living in areas with poor transport links are more restricted in the distance they can travel to work. The 2001 London Area Transportation Survey found that only 5 per cent of households earning less than £5,000 travel more than 10 kilometres for their different activities. This contrasts with nearly 20 per cent of households earning £75,000 and over.¹³ So, individuals may be unable to access transport services as a result of social exclusion, and their inability to access transport services can reinforce social exclusion.

Women are more likely than men to commute less than five kilometres, particularly if they have no or low qualifications.¹⁴ Women commute shorter distances than men (Figure 3) irrespective of their hours of work, occupation, industry, geography, and social and economic circumstances. More importantly, they also spend less time commuting than men – British men spend around 27 minutes a day commuting to work compared to 22 minutes for women.¹⁵

A mother's role in managing the logistics of family and work could be driving these findings. US research shows that women are more likely than men to combine more than one activity in the course of a trip ('trip-chaining'), particularly if they have young children.¹⁶ Women are more likely than men to make multiple stops when commuting to and from work, such as dropping children at school or day-care. Men's journeys are more often single purpose – fewer than half of men make a stop on the way home from work.

Figure 4: Main mode of transport to work by gender, England



Source: GLA Economics calculations based on Census 2001 data.

The UK is likely to have different travel patterns from the US owing to our lower intensity of car use. Research on trip-chaining in the UK is limited but suggests that men trip-chain as much as women, though the trips within the chains differ.¹⁷ Trips to work account for a higher proportion of trips for men than women, while shopping and taking children to school account for a higher proportion for women.¹⁸ In addition, women are more likely to follow a trip to work with a shopping or school trip, or a social visit, than men, who are more likely to follow a work and business trip with a further trip to work or business.¹⁹

If transport arrangements do not facilitate trip-chaining, accessibility to employment and childcare will be reduced. Cars are more suited to trip-chaining than public transport, and trip-chaining is more common and complex amongst car users than public transport users.²⁰

Women are less likely than men to have a driving licence or access to a car; 25 per cent of women live in a household without a car compared with 17 per cent of men.²¹ Only about two-thirds of female licence holders are the main driver of a household car compared with four-fifths of male licence holders.²² This suggests it may be harder for women than men to combine trips commuting to work and childcare.

Reflecting their lower access to cars, women rely more on walking and public transport (Figure 4). However, public transport systems may not have been designed to facilitate trip-chaining. For example, multi-purpose journeys are less affordable if journeys involving transfer between services require the payment of two or more fares.²³ Women's reliance on public transport inhibits their ability to combine journeys to work and childcare.

So, a combination of their role in managing the logistics of family and work, their lower access to cars and the nature of public transport makes it harder for mothers to undertake long commutes to work and childcare. This in turn limits employment and childcare opportunities to their local area and/or to part-time work. The less affordable or convenient is public transport or the lower is access to private transport, the more limited mothers' job prospects will be. For example, low-income single mothers have lower employment rates than partnered mothers, and are the group least likely to own or have access to a car.²⁴

2.3 How and why does the employment and childcare decision differ in London?

Only 54 per cent of mothers in London are in paid employment, compared with 65 per cent of mothers nationally. Employment rates for mothers in London are 15 percentage points lower than employment rates for London women without dependent children — outside London, the difference is 6 percentage points. In addition, outer London has the highest proportion of mothers who would work longer hours if suitable childcare were available.²⁵

Again drawing from Paull et al, we now examine why employment patterns and childcare demand differ in London. London has higher childcare and transport costs, and a lower proportion of part-time and low-skilled work available than the rest of the country. This means that the ability of London mothers to access employment is restricted to a greater degree than elsewhere. Single mothers are especially disadvantaged, as are low-skilled mothers. The reasons why differ for the two groups, and we discuss them in detail below.

Childcare costs

The highest childcare costs are generally found in London and the southeast (Figure 5).²⁶ The exception to this is out of school clubs, where weekly costs are lower in inner London than both outer London and the England average.

As discussed previously, this reflects the interaction of demand and supply factors. On the demand side, London families generally have higher incomes and are willing to spend larger amounts on childcare than those in other parts of the country. They also have a tendency to spend a higher proportion of their income on childcare, particularly if they have only one child and live in Inner London. Higher spending in part reflects demand for higher quality — in general, the London regions have a lower average number of children per childcare worker than other regions.²⁷ However, it also reflects real differences in the cost of providing the same care.

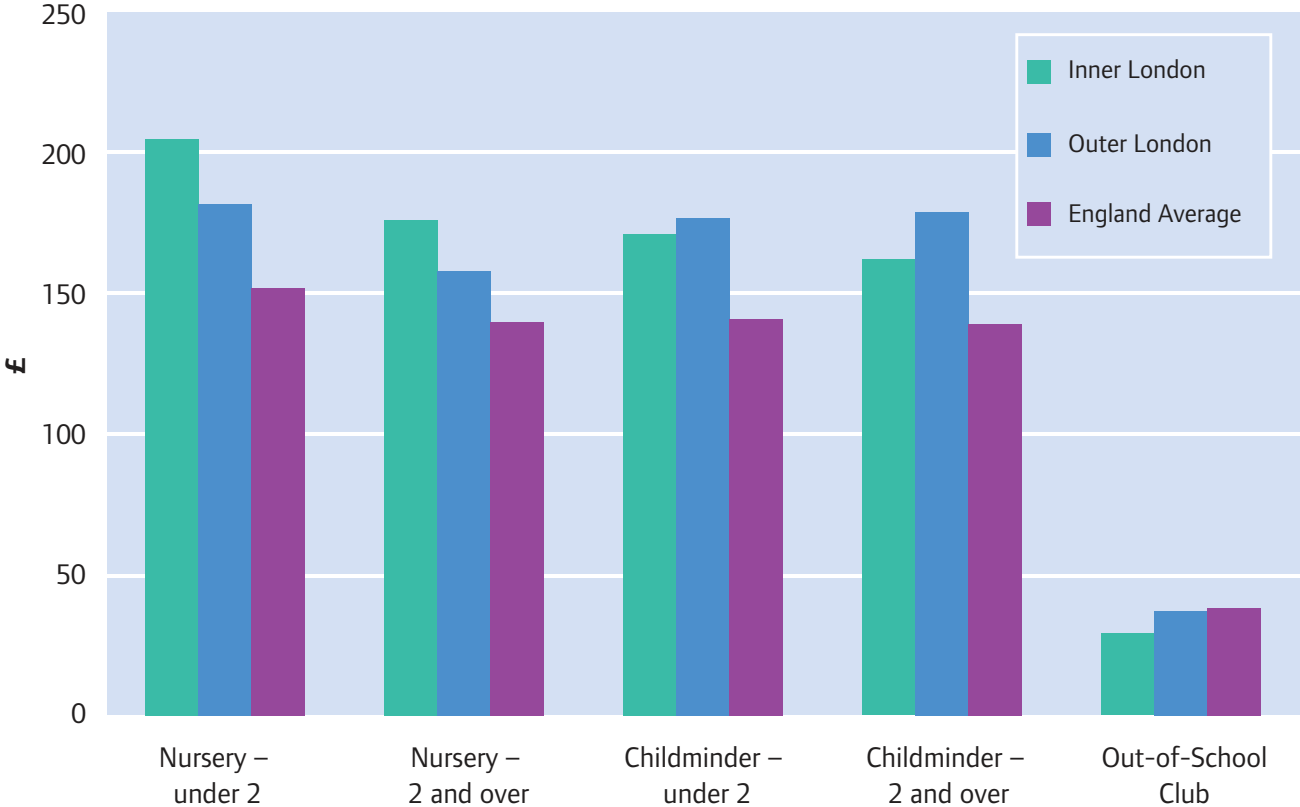
Supply factors have a crucial role to play in raising the price of childcare. Costs for providers in London are higher than the rest of the country — land space is at a premium, which raises property costs for centre-based care and the costs of living for care workers.

Childcare use and availability

London's patterns of childcare use differ both within London and from those in other parts of the UK:

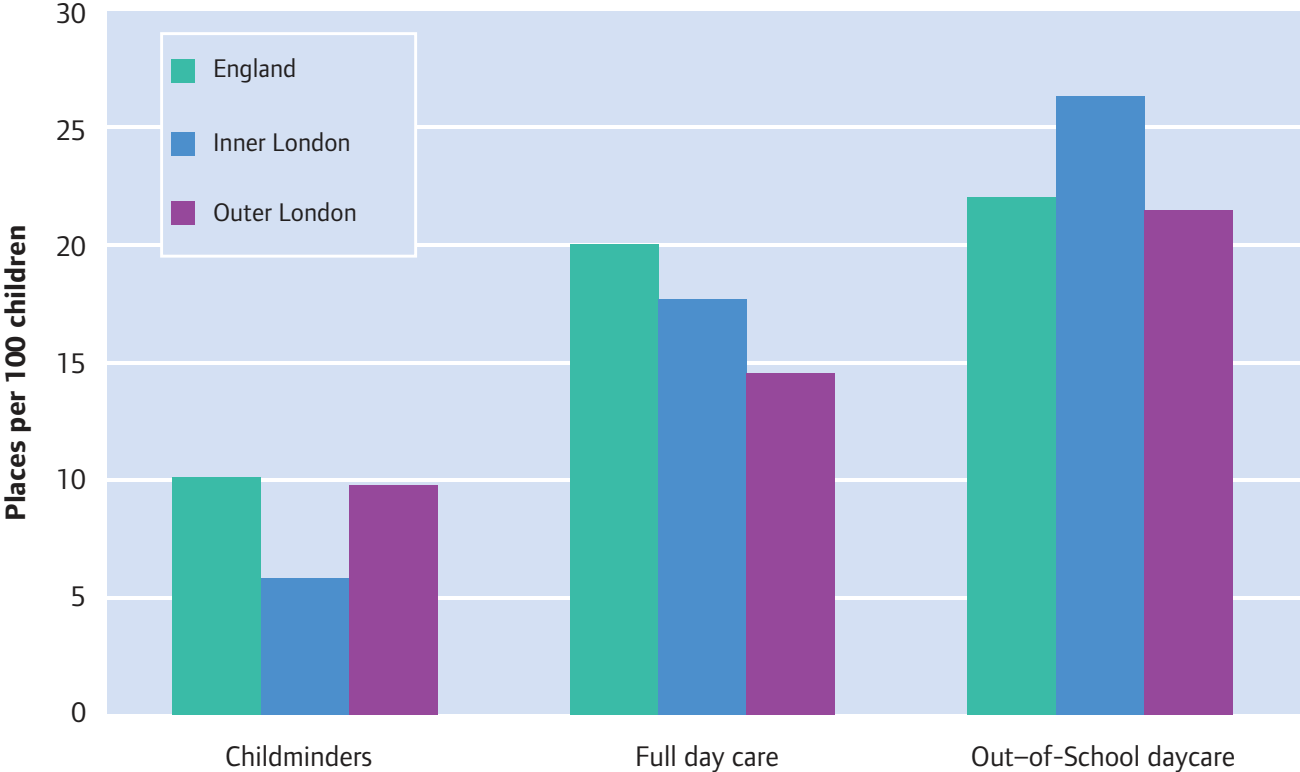
- Outer London pre-school children are less likely to use formal care than pre-school children in other regions. London's school children are less likely to use informal care than school children in other regions.
- For those pre-school children that do use formal care, childminders are used considerably more in London than in other parts of the country. For school children using formal care, centre-type formal care is relatively more used in inner London.

Figure 5: Average weekly childcare costs, 2007



Source: Daycare Trust Childcare Cost Survey 2007.

Figure 6: Availability of childcare places in London and England, 2007



Source: Ofsted 2007, 'Quarterly Childcare Statistics as at 30 September 2007'; GLA population projections – 2006 Round of Demographic Projections; ONS population projections – 2006 Based Principal Projection.

Notes: Only counts places available for children under 8.

Factors such as population density, migration patterns, the cost of living and commuting times may affect mothers' preferences for different types of childcare in different regions.²⁸

Patterns of childcare availability also differ widely (Figure 6):

- Inner London tends to have relatively high levels of day nursery places but low levels of playgroup and childminder places. The opposite is true for outer London.
- Inner London has higher levels of out-of-school club and holiday scheme places than other regions.

These differences may reflect the differences in preferences discussed above, but could also be due to historical circumstances.²⁹

There is a continuing trend for the number of childcare places available in London to lag behind the England average, except for out of school care. In September 2007, there were around 24 childcare places (childminder or full day care) per 100 children aged under five in Inner and Outer London compared to around 30 places per 100 children in England.

Paull et al find no straightforward relationship across regions between the availability of formal childcare options and mothers' propensity to work.

Accessibility

Here we propose that travelling to jobs and childcare is harder for mothers working inside the London boundary than for those working in other parts of the UK owing to longer and more time consuming commutes and higher transport costs. This makes London mothers more restricted in how far they are willing to travel to work, and in turn more limited in their employment opportunities.

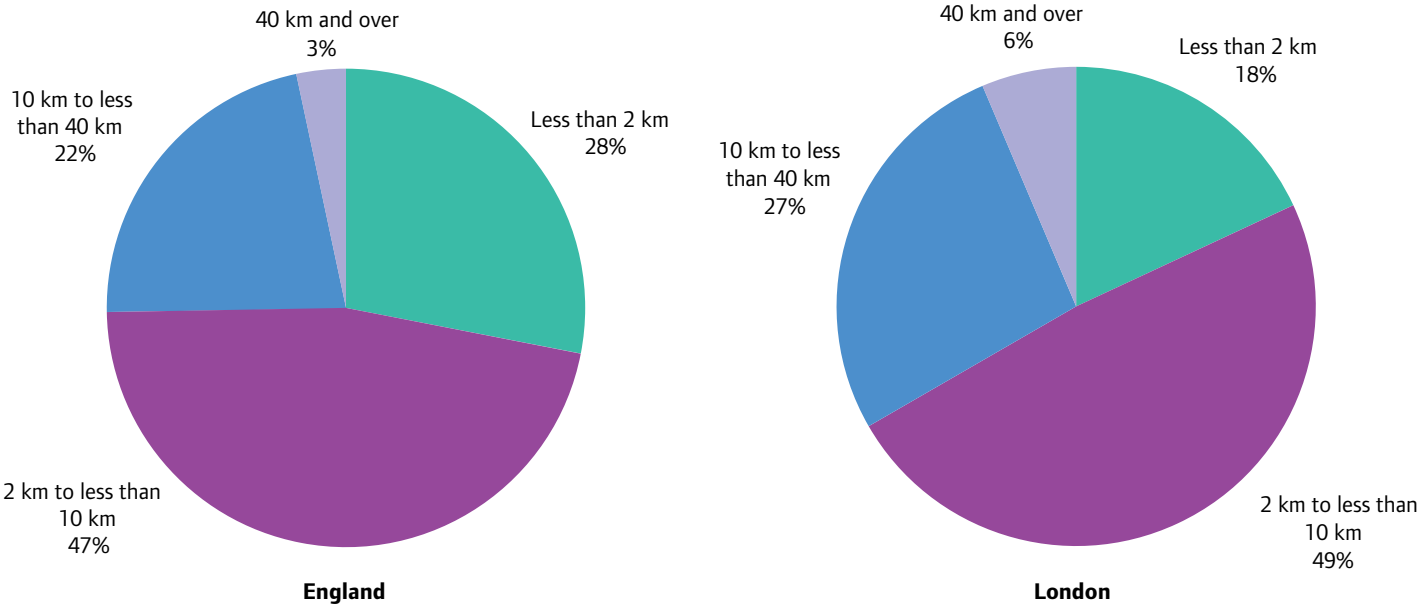
Median journey to work distances for workers in London are longer than for workers in the rest of the UK for all occupational groups. Around two thirds of all City workers travel over 10km to work, compared with 42 per cent of workers in London generally and 32 per cent nationally.³⁰ A higher proportion of women working in London commute for distances over 10km than women working in the rest of England (Figure 7).

Of more importance, commuting times are also higher in London than in the rest of Great Britain, particularly for workers in central London (Figure 8). The proportion of commuters travelling for over an hour to get to work in London is 32 per cent, compared to an average of around 11 per cent for the rest of the country.³¹ Women working in London spend around seventeen minutes more a day commuting to work on average than women in the rest of Great Britain (around 40 minutes compared to 23 minutes).³²

London mothers face longer commute times than in other regions of England, and so the weekly hours of childcare they use are higher. For example, Inner London pre-school children receive an average 2.2 hours more care each week than pre-school children in the northern counties, and Outer London pre-school children an average 0.9 hours more care. Inner London school children receive an average 3.6 hours more a week during school holidays than school children in the northern counties, and Outer London school children an average 1.8 hours more care. These differences persist even after accounting for differences in family characteristics and the mother's work hours.

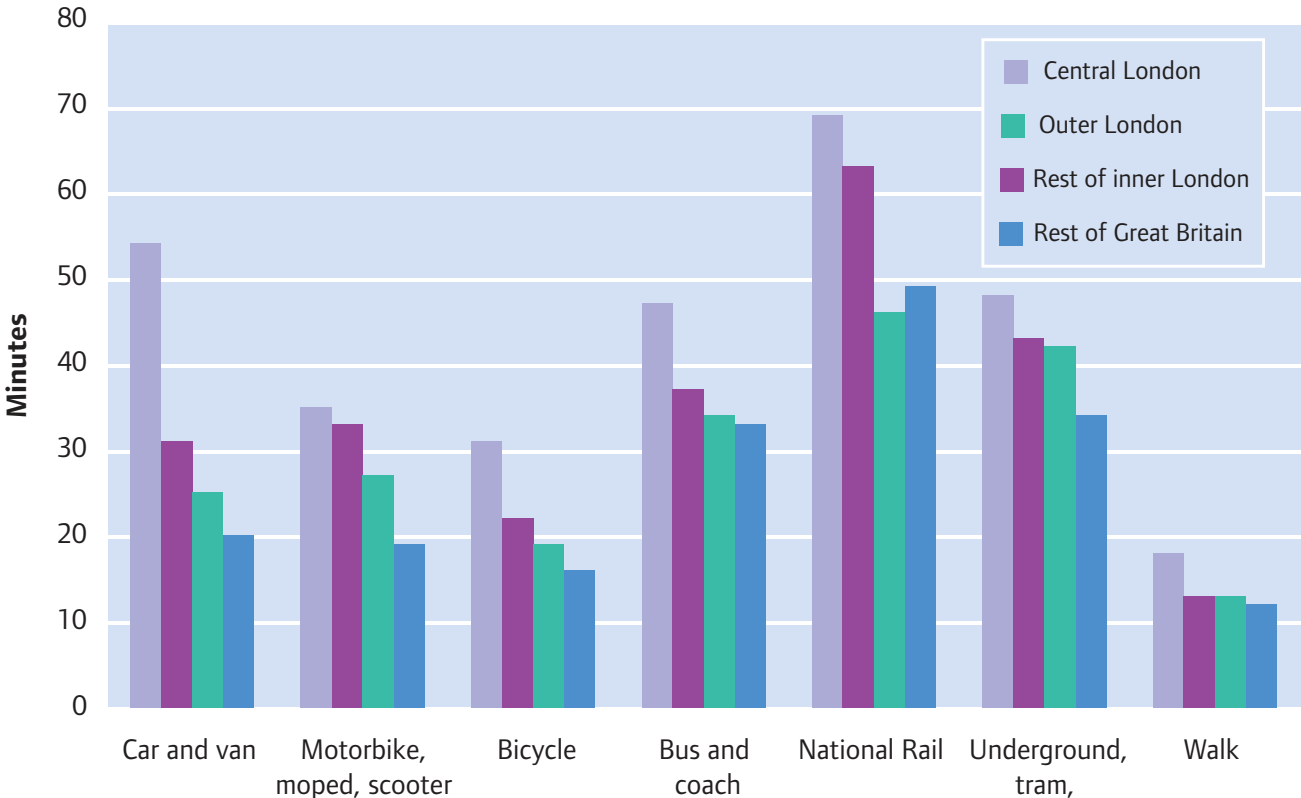
Travelling to work, whether by private or public transport, and childcare incur financial costs. London households spend less each

Figure 7: Women's travel to work distances, London and England



Source: GLA Economics calculations based on Census 2001 data.

Figure 8: Travel to work times by mode and place of work, all workers



Source: TfL 2006, 'London Travel Report: 2006 data', Table T_1_6_2.

Notes: Central London – the Greater London Conurbation Centre or Central Statistical Area (bounded by Regent's Park to the north, Whitechapel to the East, Elephant & Castle and Vauxhall to the South, and Kensington Gardens to the West). Rest of inner London – the City of London and the London boroughs of Camden, Hackney, Hammersmith and Fulham, Haringey, Islington, Kensington and Chelsea, Lambeth, Lewisham, Newham, Southwark, Tower Hamlets, Wandsworth, Westminster (excluding those areas included under Central London). Outer London – the London boroughs of Barking and Dagenham, Barnet, Bexley, Brent, Bromley, Croydon, Ealing, Enfield, Greenwich, Harrow, Havering, Hillingdon, Hounslow, Kingston upon Thames, Merton, Redbridge, Richmond upon Thames, Sutton, Waltham Forest.

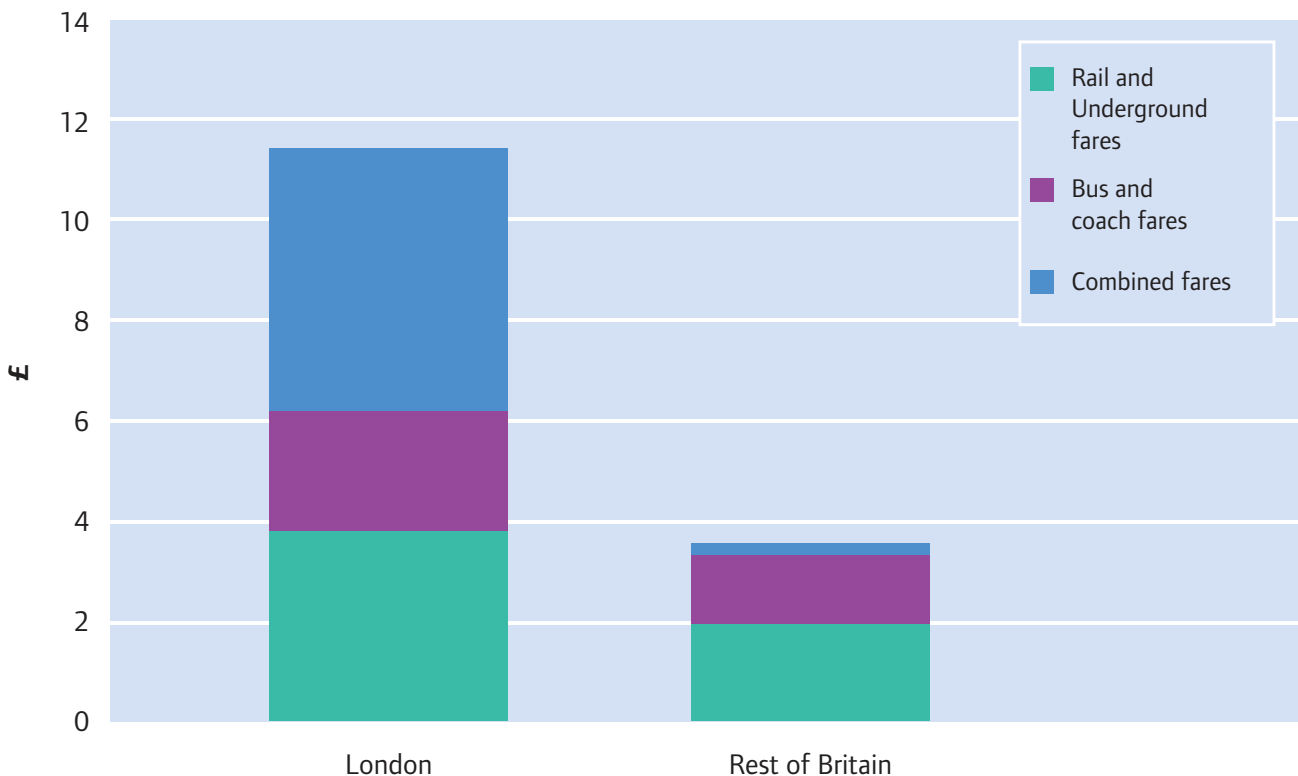
week on motoring than households in the rest of Great Britain, as a lower proportion of households in London own cars. However, for London households that do own cars, weekly spending on motoring is higher than in the rest of Great Britain. London households also spend more on public transport each week (Figure 9), reflecting a combination of their greater reliance on public transport and longer commuting distances.

Implications for London mothers

Given the relatively high cost of childcare in London and the time and financial costs involved in travelling, London mothers require relatively high returns to work to make working worthwhile.

Wages are likely to cover the cost of long commutes and high childcare costs for highly skilled, full-time working mothers. But for some groups – single mothers and mothers with low skills in particular – the high costs involved in working in London are likely to outweigh the benefits. Single mothers are at more of a disadvantage because they are unable to share child-caring responsibilities with a partner and generally have lower household incomes. London's higher childcare and transport costs thus impact greatly upon their ability to access work and childcare. On the other hand, mothers with low skill levels are particularly isolated from the labour market in London owing to the city's occupational profile – London has a smaller proportion of jobs that do not require high levels of skills and qualifications in comparison with other areas.

Figure 9: Weekly household expenditure on public transport, 2004-05



Source: TfL 2006, 'London Travel Report: 2006 data', Table T_1_7_1.

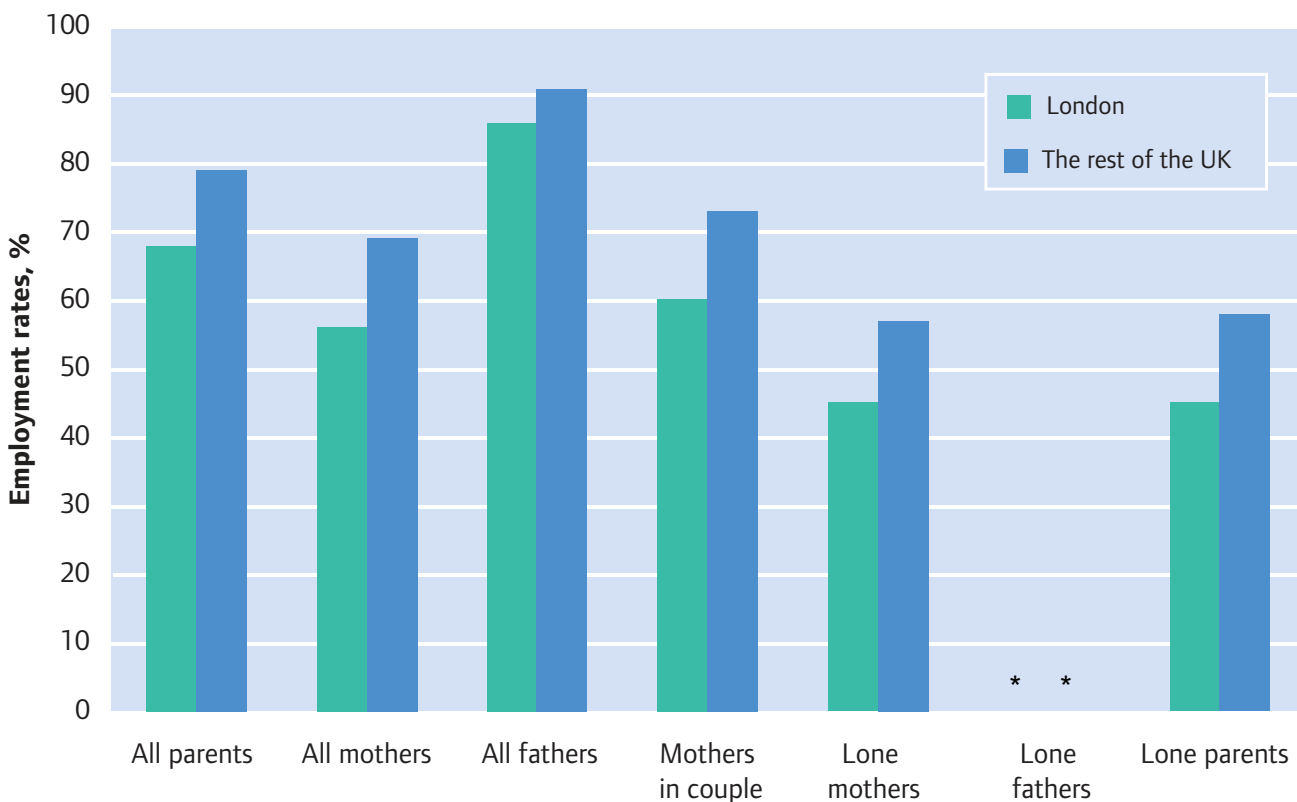
Part-time work could enable both groups to balance employment with family life more easily. However, the availability of part-time work is limited in London owing to the city's occupational mix: 25 per cent of jobs are part-time in London compared to 32 per cent in Great Britain as a whole. There is a lower proportion of women in part-time work in London than in the rest of the UK,³³ and a lower prevalence of mothers in part-time employment.³⁴ Lone parents in London are far less likely to be working part-time than lone parents in the rest of the UK, and part-time working amongst lone parents has been increasing nationally, but not in London.³⁵ Fewer opportunities to work part-time means that some London mothers are forced to not work at all.

Lone parents

Lone parents in London are particularly distant from the labour market (Figure 10). A higher proportion of lone parents in London are on Income Support than elsewhere; their periods on Income Support are on average longer; they are less likely to be in paid work – both full-time (16 hours or more a week) and part-time (less than 16 hours per week); they are less likely to participate in the New Deal for Lone Parents, and where they do they are less likely to leave the programme for paid work.³⁶

As noted, lone parents are disadvantaged by the lack of part-time work in London. However, there are other reasons why lone mothers' employment rates in London are so low.

Figure 10: Parental employment rates in London and the UK



Source: DMAG's calculations based on Labour Force Household dataset, Oct-Dec 2006

Note: * Indicates not statistically reliable

The characteristics of lone parents in London differ from other areas. These include whether they have been previously married, their tenancy status, age profile, ethnicity, educational attainment and level of work experience. Previous WILE research shows that lone mothers in London are:

- more likely to work in elementary occupations than in other parts of the country;
- more likely to be local authority tenants;
- less likely to receive maintenance, but if they do, receive more; and
- more likely to be full-time students.

However, only part of the difference in rates of employment can be attributed to differences in the characteristics of lone mothers living in London.³⁷ Higher rates of worklessness appear to be driven by a combination of their differing characteristics and an independent 'London effect'.³⁸

As noted above, the disincentive to work created by the tax and benefits system is a particular problem for lone parents in London. This is because in-work tax credits are not worth as much as elsewhere in the country as the costs of living and working in London are higher.³⁹ London has higher housing costs, higher transport costs, and higher childcare costs. Research has found that, even taking into account the fact that some Londoners can get higher wages for the same job than elsewhere in the country, Londoners still have less incentive to work.⁴⁰ Analysis shows that:

- To be £10 better off than if they were to remain on benefits, lone parents in London moving into part-time work must earn more than the minimum wage. This is not the case outside London, where lone parents need only earn the minimum wage to be £10 better off.
- A lone parent who has high childcare costs and moves into full-time work in London must earn more than the minimum wage to be £10 a week better off. Elsewhere, the same lone parent is £24.65 better off at the minimum wage than on benefits.⁴¹

There is a further disincentive to work if lone mothers feel there is more security associated with receiving benefits than there is with working.

A combination of all of the above factors reduces the propensity for lone mothers in London to be in paid work.

Mothers with low skills

London has a smaller proportion of jobs that do not require high levels of skills and qualifications in comparison with other areas. Therefore, London mothers with low skills may be isolated from the labour market, particularly if there are no jobs available in their local area that match their skills. These mothers must choose between commuting to areas with jobs that match their skills or staying in local labour markets with poorer job choices for their skill level. This is likely to be a difficult choice if the costs of buying a car or using public transport cannot be met. Considering that the jobs which match their skills are generally lower paid, transport and childcare is likely to be less affordable, so working is less likely to be worthwhile.

2.4 What makes Londoners low paid? The impact of gender.

The Living Wage Unit have quantified the impact of a range of factors on the likelihood that men and women working in London will earn less than the living wage (currently £7.20 per hour). These include age, qualifications, ethnicity, occupation, sector, hours worked and workplace size.

The Living Wage Unit measured the impact of these factors using odds ratios. Odds ratios are a measure of the odds of an event occurring in one group compared with the odds of it occurring in another. Suppose we are looking at working part-time or full-time. An odds ratio equal to 1 tells us that employees working part-time are equally likely as full-time employees to be low paid. If the odds ratio is greater than 1, this indicates that employees working part-time are more likely than full-time employees to be low paid. Conversely, if the odds ratio is lower than 1, then employees working part-time are less likely than full-time employees to be low paid.

To derive the probability of being low paid given by an individual factor, the following formula can be used:

$$\text{Probability of being low paid} = \frac{\text{odds ratio}}{(1 + \text{odds ratio})}$$

So, if the odds ratios of being low paid by working part-time in London is equal to 4, then the probability of being low paid, if working part-time in the capital, is $4/5 = .80$, ie, 80 per cent.

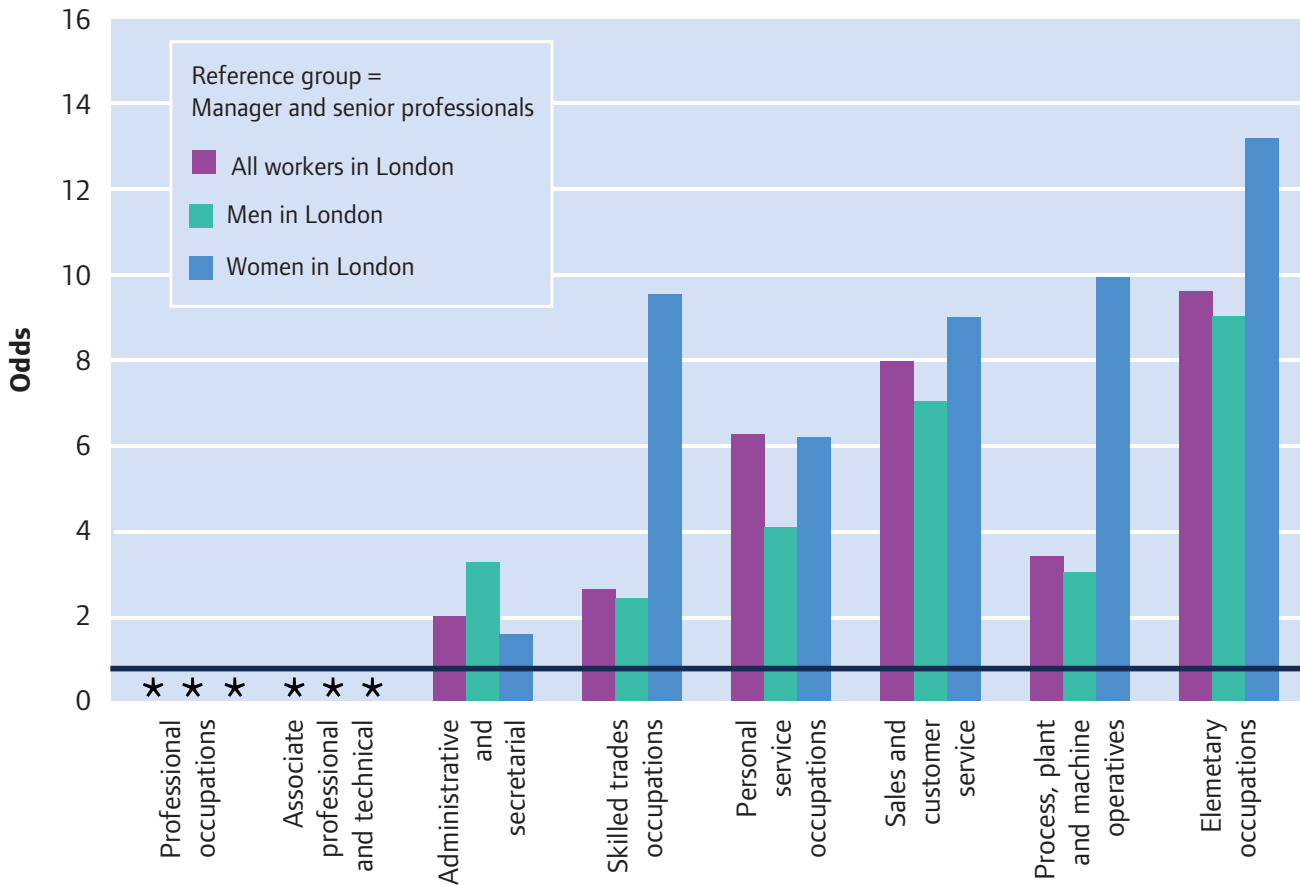
For most factors, the Living Wage Unit found that relative to their respective reference groups women are more likely than men to earn below than the living wage. However, there are some factors for which the opposite is true. We now discuss their findings in more detail.

Occupation

The most significant factor increasing the chances of being low paid is working in elementary occupations, especially for females. Elementary occupations include personal service; sales and customer services; and process plant and machine operation. Women working in elementary occupations are 13 times more likely than female managers and senior professionals to be low paid (Figure 11). Men working in elementary occupations are only 9 times more likely than male managers and senior professionals to be low paid.

Age

The likelihood of earning less than the living wage is higher for younger people. People aged 16 – 24 are about four times more likely to be low paid than 30 – 44 year olds. The odds are higher still for females aged 16 – 24. These women are five times more likely to earn less than the living wage in London than female employees aged 30 – 44. Male and female employees aged 25 – 29 years old have similar odds of being low paid to 30 – 44 year old male and female employees, probably because women in this age group are less likely to have children.

Figure 11: Odds ratios of being low paid in London by occupation⁴²

Source: GLA Economics' own calculations based on Annual Population Survey (APS) 2005

Notes: *indicates not statistically significant

Odds ratio of 1 is the reference group – managers and senior professionals.

Odds ratios greater than 1 indicate a higher likelihood of being low paid than the reference group.

The analysis is based on a sample of individuals who work in London. They may or may not reside in London.

Qualifications

The likelihood that a person will earn more than the living wage increases with qualifications. London employees with no qualifications are more than 4.5 times more likely to earn less than the living wage than employees with NVQ level 4. Female employees with no qualifications are almost six times more likely than those with NVQ level 4 qualifications to earn less than the living wage. At nearly all levels of qualification, female employees tend to be more likely to be low paid than male employees.

Ethnicity

A person's ethnicity affects the likelihood of being low paid. Male employees of all ethnic minority groups are more likely to be low paid than white males. (The Living Wage Unit were unfortunately unable to determine the effect for women as the odds ratios for female employees were not statistically significant).

When are women better off?

In some cases, relative to their respective reference groups women are less likely to be low paid than men. Private sector employees are more likely to earn below the living wage than employees in the public sector. This negative effect is larger for male employees than female employees (figure 12).

Figure 12: Odds ratios of being low paid in London by sector



Source: GLA Economics' own calculations based on Annual Population Survey (APS) 2005

Odds ratio of 1 is the reference group – public sector. Odds ratios greater than 1 indicate a higher likelihood of being low paid than the reference group.

The analysis is based on a sample of individuals who work in London. They may or may not reside in London.

In addition, female employees working part-time are more than twice as likely to be low paid than females working full-time. However, part-time male workers are three times more likely than full-time male employees to be low paid.

Working in a small workplace (less than 25 employees) also has a greater impact for males than females on the likelihood of being low paid.

2.5 Update on the Gender pay gap in 2007

In this section, we update the gender pay gap for 2007 using the latest available data from the Annual Survey of Hours and

Earnings (ASHE). We first look at hourly wages and the gender pay gap for full-time workers, part-time workers and then all workers. We then move on to compare the gender pay gap in the public and private sectors, firstly considering hourly wages and secondly considering gross annual earnings.

Table 2 shows hourly wages by gender for full-time and part-time workers in London and the UK as a whole. Men's average (mean) pay is higher than women's in both London and the UK overall, and for both full-time and part-time workers. Full-time male employees earn the highest average salaries, followed by full-time female employees, part-time male employees then part-time female employees.

Table 2: Hourly pay (excluding overtime) and gender gap for males and females in London and UK

London

	Female		Male	
	Full-time	Part-time	Full-time	Part-time
	£			
Mean	16.21	12.53	21.05	14.23
10th percentile	7.53	5.67	7.95	5.40
50th percentile	14.06	9.05	16.29	8.20
90th percentile	27.36	22.90	40.16	28.57
90/10 ratio	3.6	4.0	5.1	5.3

UK

	Females		Males	
	Full-time	Part-time	Full-time	Part-time
	£			
Mean	12.40	9.65	14.98	11.24
10th percentile	6.13	5.37	6.64	5.35
50th percentile	10.46	7.29	11.96	7.18
90th percentile	20.93	17.03	26.46	23.93
90/10 ratio	3.4	3.2	4.0	4.5

Absolute gender pay ratio (female/male)

	London		UK	
	Full-time	Part-time	Full-time	Part-time
Mean	77	88	83	86
50th percentile	86	110	87	102
90th percentile	68	80	79	71

Absolute part-time pay ratio (part-time/full-time)

	London		UK	
	Female	Male	Female	Male
Mean	77	68	78	75
50th percentile	64	50	70	63
90th percentile	84	71	81	90

CV > 5% and <= 10%

CV > 10% and <= 20%

As well as mean wages, other points on the wage distribution are of interest, such as the median, lowest and highest income earners. The median reveals the middle income earner's wage, while the mean takes the average of all reported wages. The median is more statistically robust, as it isn't affected by outlier data in a given sample. For example, the wage distribution is skewed by a few very highly paid men (particularly in London) so, in this instance, the median should be considered alongside the mean. Gender pay gaps were therefore measured at the mean and the median for both London and the UK as a whole, and for full-time and part-time workers.

The gender pay gap for full-time workers

In London the mean full-time female wage was £16.21 per hour and the full-time male wage was £21.05, yielding a gender pay gap of 23 per cent.⁴³ The mean gender pay gap for full-time workers in the UK is 17 per cent. This suggests that London has a larger proportion of highly paid full-time jobs where the employees are male than the rest of the UK.

The median hourly wage in the capital for full-time females is £14.06 and for full-time males is £16.29. This generates a gender pay gap in London at the median of 14 per cent – for every £1 that a full-time working male earns, a full-time working female earns 86p. The gender pay gap at the median for the whole UK is smaller at 13 per cent. Last year the gaps for London and the UK at the median were both 13 per cent.

When comparing the bottom and the top ends of the wage distribution, wage differentials between male employees in London are higher than in the UK overall. For instance, the highest earning male

full-time workers in London earn five times more than the lowest earning full-time male workers. The highest earning full-time male employees in the UK as a whole earn only four times more than the lowest earning male employees.

The highest earning full-time male workers in London receive much higher wages than the highest earning female workers. As such, there is a much higher gender pay gap for full-time workers of 32 per cent in the capital at the 90th percentile compared with only 21 per cent overall in the UK. The largest difference in gender pay gaps between London and the UK occurs for high income earners.

The gender pay gap for part-time workers

Among part-time workers, the mean gender pay gap is slightly lower in London than in the whole UK. Male part-time workers in London earn 12 per cent more than female part-time workers whereas the difference is 14 per cent generally in the UK.

In contrast, in terms of median hourly part-time wages, women tend to earn more than men in both London and the UK overall, with the differential being more accentuated in the capital. In London, female employees working part-time earned 10 per cent more than male employees working part-time. This compares to the figure for the UK as a whole, which shows that female employees earned only 2 per cent more than their male counterparts. This partly reflects the different age profiles of male and female part-time workers – older part-time workers have more experience and receive higher salaries, and there are more older part-time female workers than males. The gap in London is 3 percentage points smaller than last year,

as the increase in male part-time wages was slightly greater than that of females'.⁴⁴

Part-time employment is usually associated with a lower hourly wage for both females and males. Taking gender and working hours status together, the largest wage differentials occurred between full-time males and part-time males in London at the median, with a pay gap of 50 per cent.

The gender pay gap for all workers

For the median income earner, the difference between the gender pay gap in London and the UK as a whole is around four percentage points, and for low income earners it is even less. For the median and bottom 10th percentile, the gender pay gap is smaller in London than in the rest of the UK (Figure 13).

Low-income earners have a much narrower gender pay gap than high-income earners, particularly in London.

In both London and the UK generally, and across most incomes, the gender pay gap has been falling, over the past five years in particular.

The gender pay gap in the public and private sectors

In previous analyses we found that 30 per cent of women workers are employed in the public sector, compared with 15 per cent of men. Women represent approximately 60 per cent of London's public sector workforce. In this section, we look at differences in men's and women's pay in the public and private sectors in 2007.

Figure 13: Gender pay ratios for all workers by income decile, UK and London 1997–2007

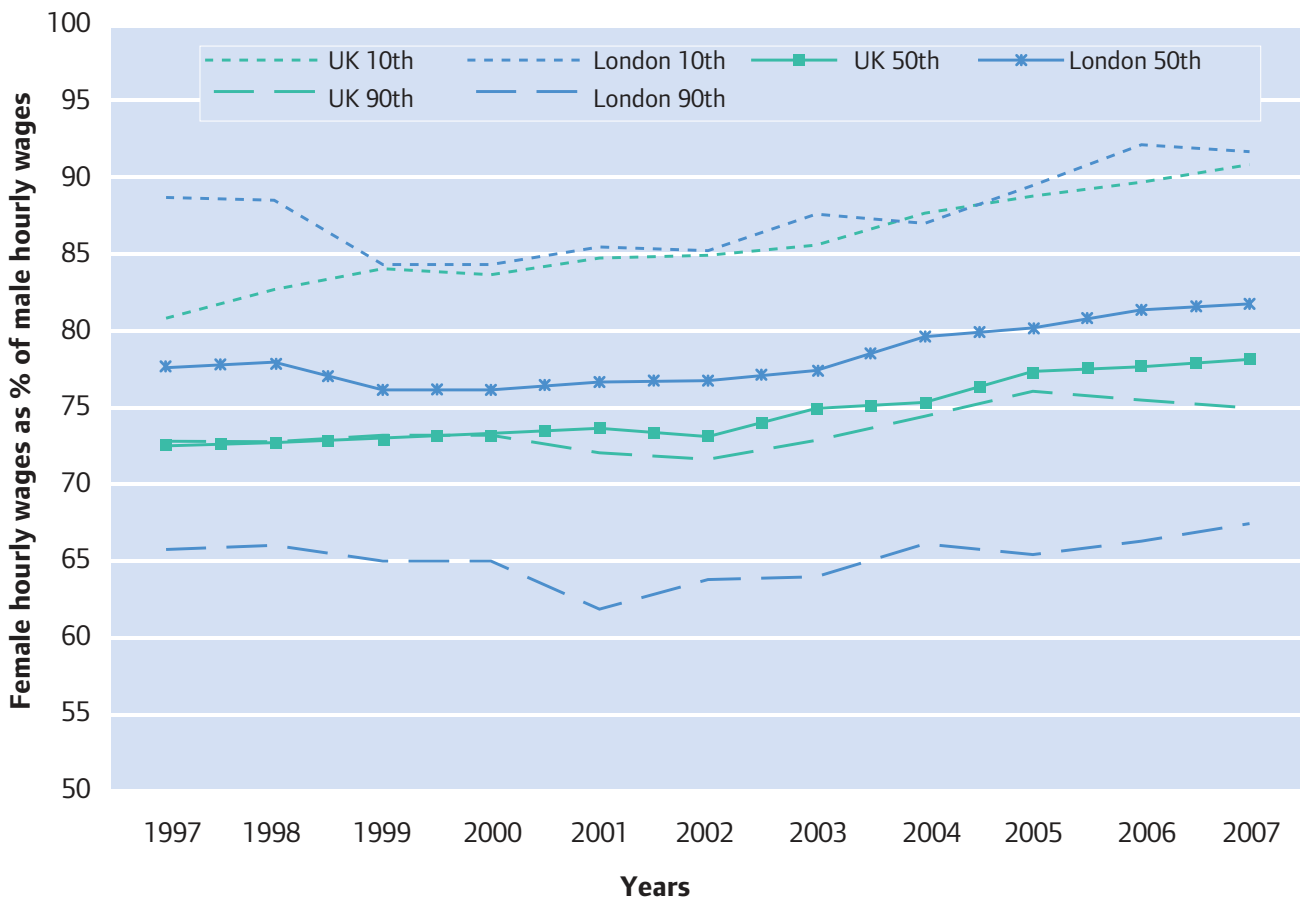


Table 3: Hourly pay (excluding overtime) for females and males in the public and private sectors, London and UK**UK**

		Female		Male	
		Full-time	Part-time	Full-time	Part-time
£					
Mean	public	13.87	11.3	16.06	15.73
	private	11.39	8.37	14.65	9.86
10th percentile	public	7.48	5.9	8.1	6.09
	private	5.75	5.35	6.4	5.32
50th percentile	public	12.54	8.58	13.97	10.95
	private	9.07	6.44	11.32	6.5
90th percentile	public	22.31	20.05	26.01	32.29
	private	19.45	12.85	26.69	19.19

London

		Female		Male	
		Full-time	Part-time	Full-time	Part-time
£					
Mean	public	16.47	14.39	18.65	21.22
	private	16.18	11.29	21.68	12.01
10th percentile	public	9.08	7.10	9.97	7.30
	private	6.67	5.39	7.45	5.35
50th percentile	public	14.83	10.76	16.54	15.91
	private	13.44	7.51	15.93	7.09
90th percentile	public	25.86	25.58	29.08	x
	private	29.11	19.11	43.78	x

Absolute gender pay gap (female/male)

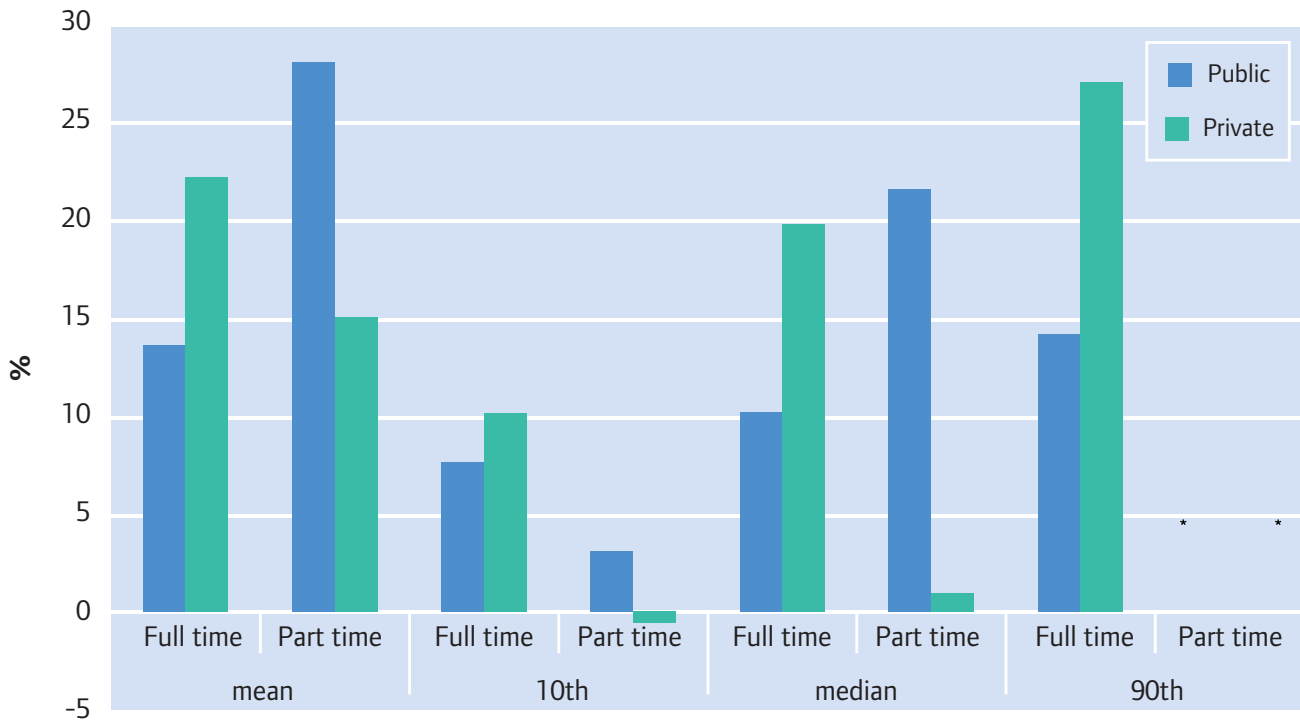
		London		UK	
		Full-time	Part-time	Full-time	Part-time
Mean	public	88	68	86	72
	private	75	94	78	85
50th percentile	public	90	68	90	78
	private	84	106	80	99
90th percentile	public	89	x	86	62
	private	66	x	73	67

CV > 5% and <= 10%

CV > 10% and <= 20%

x indicates unreliable statistic

Figure 14: Gender pay gaps in the public and private sectors, UK



Notes: * indicates not statistically reliable

Hourly wages excluding overtime

Source: GLA Economics calculations based on ASHE 2007

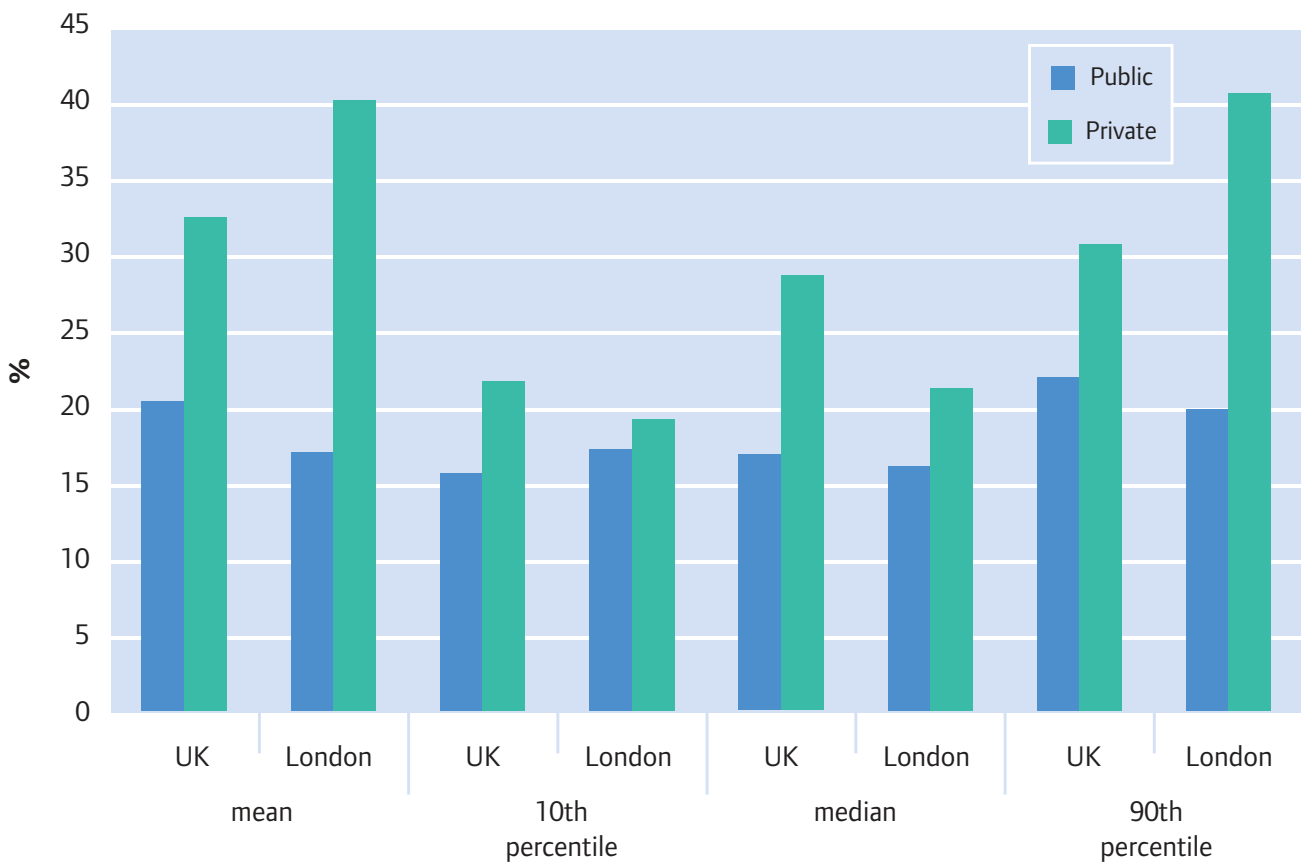
For the UK as a whole, the median gender pay gap for full-time workers in the private sector was double that in the public sector (Table 3). However, the median gender pay gap for part-time workers was significantly smaller in the private than in the public sector. Similarly, at the lowest extreme of the income distribution, full-time workers have a smaller gender pay gap in the public sector than in the private sector, while part-time workers have a smaller gender pay gap in the private sector (Figure 14).

In London, the median gender pay gap for full-time workers in the public sector is 10 per cent while in the private sector it is

16 per cent. The difference in the gap between the private and public sectors is larger for the highest-earning full-time workers, at 11 per cent in the public sector and 34 per cent in the private sector. Differences for part-time and full-time workers in the public and private sectors in London mirror those at the UK level.

Hourly wages as measured by ASHE do not take into account all incentive pay offered in the private sector, such as bonuses paid irregularly during a year. Comparing gross annual earnings provides a more accurate picture of the differences in pay actually faced by women and men in the private and public sectors.

Figure 15: Gender pay gaps in gross annual earnings, full-time workers in the public and private sector



Source: GLA Economics calculations based on ASHE 2007

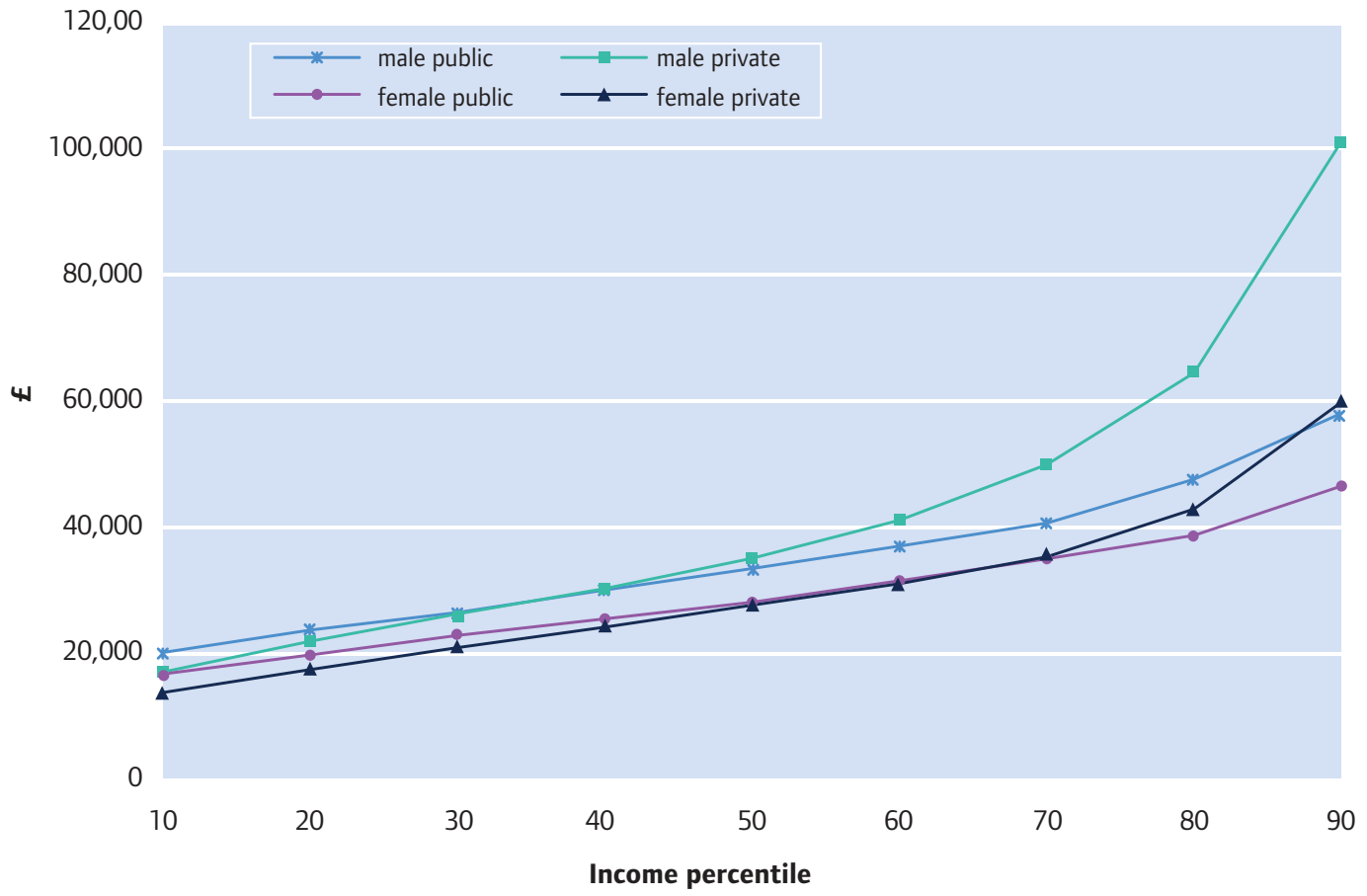
Figure 15 shows the difference between men's and women's gross annual earnings for full-time workers when all bonuses are incorporated. The gender pay gap is wider in both the public and private sectors, though more so in the private sector as incentive pay makes up a higher proportion of wages. The highest income earners in the private sector experience a very large pay gap in London at just over 40 per cent – double that of the gap in the public sector.

In absolute terms, when bonuses paid by the private sector are included, women and men at the higher ends of the income distribution earn more in the private sector than the

public sector (Figure 16). Men and women at the lower ends of the income distribution tend to earn less in the private sector.

When comparing earnings across the public and private sectors, it is important to keep in mind that the types of jobs available in the public and private sectors are quite different. Differences in earnings at each income decile therefore do not represent differences in rates of pay for comparable jobs. In previous years, we have found that wage differentials between women and men are either higher or about the same in the public sector compared with the private sector for the same occupation.

Figure 16: Gross annual wages in the public and private sectors, London



Source: GLA Economics calculations based on ASHE 2007

Chapter 3: External Research Commissioned by GLA

Chapter 3A: Equality outcomes for women in London

3A.1 Introduction

This section reports on research undertaken by the Institute of Employment Studies into the position of women working in the public and private sectors in London. The statistical analysis was conducted for the London region.⁴⁵ At certain points, the statistics for London are contrasted with those for the wider UK population. For reasons of space the analyses for the wider UK population are not reported in full, but they can be found in the technical appendix at www.employment-studies.co.uk. More detailed accounts of the case studies of employer good practice can also be obtained free of charge from the IES website.

3A.2 Summary

Qualifications

- A higher proportion of females in London gain qualifications than males at ages 16, 19 and 23. By the time they enter the workforce, a larger proportion of women in London have high-level qualifications (qualifications at level 4, degree level

or equivalent). Despite this, women are less likely than men to attain supervisory or managerial posts. Women in managerial posts are more likely to have level 4 qualifications than are men in equivalent posts.

- Larger proportions of women and men with high-level qualifications are found in the public sector than in the private sector. This is largely due to the high representation of women in the professional and associate professional occupations in this sector (primarily health, education and local government administration).

Employment patterns

- A slightly lower proportion of women in London are in employment than in the wider UK economy. A majority of women continue to be employed in female-dominated sectors – most notably in public administration, education and health – but in London, the financial services sector is now one of the largest employers of women (and the single largest employer of men).

- A far greater proportion of women than men work part-time, but a lower proportion of women work part-time in London than in the UK as a whole.
- Working part-time carries a penalty in terms of opportunities for advancement as well as reduced pay. A far smaller proportion of women in part-time jobs have supervisory responsibilities than those in full-time jobs. This appears to be particularly acute in the private sector, where more than twice as many women in full-time jobs report having supervisory responsibilities than do those in part-time jobs.
- While women constitute nearly one in eight employees in managerial and senior official posts in London, nearly twice as many of these posts are in the private sector as in the public sector.
- More women and men work long hours in London than in the UK as a whole. In London, of women working full-time, 6.3 per cent work more than 46 hours compared with 4.0 per cent more widely; for men the figures are 14.0 per cent in London compared with 11.7 per cent across the UK. A slightly higher proportion of women, and twice as many men, work these very long hours in the private sector compared to the public sector.
- Far more women working full-time at low rates of pay are employed in the private sector than the public sector: for example, 14.5 per cent of women in the private sector are paid less than £250 a week compared to 6.5 per cent in the public sector. Similarly, more men working full-time on low rates of pay are found in the private sector than the public sector; however, far smaller proportions of men than women are found in these low-paying jobs: 8.0 per cent of men in the private sector earn less than £250 a week, and 3.4 per cent in the public sector.
- Conversely, women who work part-time in London tend to receive better pay than do men working part-time. However, since nearly three-quarters of part-timers are women, far greater numbers of women will be affected by low pay: 29.6 per cent of women and 36.7 per cent of men who work part-time earn less than £100 a week. Over a third of women working part-time in London – 34.8 per cent – earn more than £226 a week; only 26.9 per cent of men working part-time in the capital earn that amount or more. Nearly twice the proportion of part-time women workers in the private sector are low paid as in the public sector, while nearly twice the proportion of part-time women workers employed in the public sector than in the private sector are in the higher paid bands.

Pay

- Women who work full-time are under-represented in the top pay bands and over-represented at lower pay levels. Just 14.5 per cent of men working full-time in London receive £325 a week or less, compared with 22.2 per cent of women. Conversely, while 43.9 per cent of men working full-time in London earn £651 or more a week, just 26.1 per cent of women working full-time earn this amount or more.

Training at work

- More women than men are now being offered training at work, reversing a historic trend. Further analysis may be needed regarding the duration and type of training offered and whether or not it leads to accredited awards, but nonetheless this seems a trend that is positive for women.

- For both women and men, training (on or off the job) was more likely to be offered in the public sector than the private sector: around 74 per cent, compared to 54 per cent.

Caring responsibilities

- Considerably more women than men in London report having responsibilities for caring for adults who are sick, disabled or elderly. A fifth of working women reported having such a responsibility – higher than across the UK as a whole, where the proportion is 12 per cent.

Ethnicity and employment

- A slightly higher proportion of women from ethnic minority backgrounds work in the public sector than in the private sector.
- This research indicates that nearly 29 per cent of women from ethnic minorities working full-time in London earn less than £325 a week compared with 18.2 per cent of white women. Only 9.7 per cent of white males in London earn less than £325 a week, but 25.8 per cent of ethnic minority men.

Disabled women and employment

- A total of 11.5 per cent of women who work in London are disabled according to the current legal definition⁴⁶ compared to 13 per cent at UK level. Ten per cent of men in employment in London are disabled. Disabled women have a significantly lower likelihood of being employed than non-disabled women. Nationally the proportion of disabled women in employment is 43.8 per cent; in London it is 39.4 per cent. A slightly higher proportion of disabled women in London work in the public sector than in the private sector.

- Just under a third of women who work in London say that they have a health problem that limits the type of work they can undertake.
- Disabled women in London are more likely to be in the lowest pay bands – 27.2 per cent of disabled women earn less than £325 a week compared with 20.3 per cent of non-disabled women in London.

3A.3 Starting out

One of the factors that is often raised when considering the relative positions of women and men in work is that of 'human capital', the value of an individual's own knowledge, skills and experience. If women and men have very different qualifications, then it is unsurprising if they subsequently gain entry to different jobs and different pay. Walby and Olsen (2002)⁴⁷ reported that, although the average woman is less well-qualified than the average man, in general any differences are concentrated in those who are aged over 40, and amongst those who are employed part-time or not at all.

We start then with an examination of the human capital of the average female and male in London at ages 17, 19 and 23, by examining the profile of qualifications typically held at those ages.

Qualifications gained at school

The majority of young people in school sit GCSE examinations at the age of 16; in addition, some sit equivalent level vocational awards (such as Young Apprenticeships). These awards sit within level 2 of the National Qualifications Framework. Table 4 shows the proportion of young people in the UK and in London who have attained level 2 qualifications by the time they reach the age of 17.

The statistics show that, at age 17, girls are outperforming boys. However, a slightly smaller proportion of girls in London have attained level 2 qualifications by age 17 compared with the UK overall; amongst boys, attainment is one percentage point higher in London compared to the whole of the UK.

Qualifications gained in post-compulsory education and training

At present, after age 16 young people are able to leave education and training. A large proportion stay in school or sixth form college; some attend further education while others opt to enter work-based training (largely apprenticeships at this age). After age 16 young people in education and training are largely attempting to gain level 3 qualifications: these are mainly A levels (usually taken around age 18) or advanced apprenticeships.⁴⁸ Table 5 shows the proportions of females and males who attain level 3 awards in the UK and in London.

The table shows that at age 19, females in London and the rest of the UK are outperforming males in terms of level 3 attainment. A slightly higher proportion of females attains level 3 qualifications in London by this age than is the case in the wider population.

Higher education

The split between vocational and academic educational routes tends to become more entrenched after level 3. Therefore, in considering level 4 qualifications, it is largely degree programmes that fall into this category when looking at the qualifications held by young people.⁴⁹ Table 6 shows that females in the London area are far more likely to have gained a degree-level qualification by the time they are 23 than are males and more likely to do so than females in the UK as a whole.

Table 4: Proportion of females and males holding GCSEs or equivalent at age 17 (percentage)

	Females aged 17	Males aged 17
Proportion with level 2 qualifications, UK	56.9	49.6
Proportions with level 2 qualifications, London	53.5	50.6

Source: Labour Force Survey (2006 – 07)

Table 5: Proportion of females and males holding A levels or equivalent at age 19

	Females aged 19	Males aged 19
Proportion with level 3 qualifications, UK	47.4%	40.6%
Base, UK (N)	379,810	387,261
Proportions with level 3 qualifications, London	48.7%	40.9%
Base, London (N)	39,814	47,953

Source: Labour Force Survey (2006 – 07) UK data includes Scotland; data based on equivalents

Skills in the workforce

We now move on to consider the qualifications that are held by women and men who are employed in London and in the wider economy.⁵⁰ The Labour Force Survey reports the highest qualification level of a representative sample of individuals in the workforce. This is an indication of the total human capital of employees.

Table 7 shows the proportions of women and men in the London workforces who hold qualifications at the various levels.

Comparison of the data in the table with those for the UK as a whole shows that a far higher proportion of females working in London holds qualifications at level 4 and above than is the case for women in the wider UK working population – 46.0 per cent compared with 33.9 per cent. The picture is similar for men: 41.7 per cent of employed men in London hold higher level

qualifications compared with 30.7 per cent of those in the wider economy. These figures for men are, however, lower than the equivalent figures for women.

In both London and the wider UK population, a larger proportion of women and men working in the public sector are highly qualified than in the private sector.⁵¹ When those working in the private sector in London and elsewhere in the UK are compared, it becomes clear that a much larger proportion of women and men with higher-level qualifications are employed in the private sector in London (40.8 per cent) than in the rest of the UK (25.5 per cent). It is also worth noting that the proportion of highly qualified women in the public sector in London is higher than the proportion of highly qualified men – 57.1 per cent compared with 51.6 per cent, a difference of 5.5 percentage points.

Table 6: Proportion of females and males holding level 4 qualifications or equivalent at age 23

	Females aged 23	Males aged 23
Proportion with level 4 qualifications, UK	35.1%	29.8%
Base, UK (N)	372,527	360,002
Proportion with level 4 qualifications, London	47.6%	39.2%
Base, London (N)	59,081	54,616

Source: Labour Force Survey (2006 – 07) UK data includes Scotland; data based on equivalents

Table 7: The level of qualification held by women and men in the London workforce (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
Level 4 and above	40.8	39.7	57.1	51.6	46.0	41.7
Level 3	13.0	13.0	10.3	14.5	12.2	13.3
Level 2	12.9	9.6	10.4	10.2	12.1	9.7
Below level 2	10.7	8.7	8.9	9.0	10.1	8.8
No qualifications	6.9	8.3	4.8	4.8	6.2	7.7
Base (N)	1,119,591	1,813,664	528,278	381,599	1,647,869	2,195,263

Source: Labour Force Survey (2006 – 07) Trade apprenticeships and 'other qualifications' omitted

Very few of the employed workforce hold no qualifications whatsoever – fewer than one in ten workers. The proportions of women and men in London without qualifications are lower (6.2 and 7.7 per cent, respectively) than in the wider UK workforce (8.5 and 8.9 per cent, respectively). Fewer unqualified workers overall are employed within the public sector than in the private sector, both in the wider UK workforce and in London.

3A.4 Employment

Working in London

In this section we provide an estimate of the numbers of individuals working in London, compared to the picture in the UK as a whole. The data drawn on for these analyses are based on place of residence. Some of these individuals will work outside the London region, while some people living outside London who commute into London for work are not included. For the UK as a whole, the figures cover all individuals, irrespective of where they live or work.

As previous WILE analyses have shown, a smaller proportion of women are in employment in the London region than in the population as a whole.

The fourth European Working Conditions Survey (EWCS) confirmed that the great majority of Europeans continue to work in strongly-segregated occupations,⁵² consistent with previous reports.⁵³ The survey also reported that half of all working women in Europe work in only two industrial sectors: a total of 34 per cent are employed in public administration, education and health and 17 per cent in wholesale and retail.

In the UK, nearly two-thirds of women work in public administration, education and health and in distribution, hotels and restaurants (the industrial grouping that

includes retail and wholesale). In the London region the figure is more in line with that for Europe as a whole: altogether, 53.6 per cent of women are employed in those two industrial groupings.

However, more than a quarter of all women in London (25.1 per cent) work in the financial and business services sector, compared to 15.3 per cent in the UK as a whole. In total, over a quarter of the London workforce is concentrated in this sector.

The types of jobs held by men and women in the London area

As well as showing the extent to which women are confined to a limited sub-set of occupational sectors, the EWCS also reveals continuing strong, vertical segregation in the jobs performed by women across Europe: the ‘glass ceiling’. Women are largely concentrated in lower-level, non-managerial posts, although this is slowly changing.⁵⁴

Managerial roles

Our analyses of the Labour Force Survey indicate that, across the UK as a whole, just over one in ten women (11.5 per cent) are employed in managerial roles, compared to just under one in five men (18.5 per cent). More women hold managerial positions in the private sector (14.1 per cent) than in the public sector (5.8 per cent). In London, relatively more women and men are employed in managerial posts (14.4 per cent and 23.8 per cent respectively) but again the proportion of women is far lower than the proportion of men. Again, more women and men are employed in managerial positions within the private sector than in the public sector. Nearly twice as many women are in managerial and senior official positions in the private sector in London as in the public sector (17 per cent compared with 8.9 per cent, respectively) (Table 8).

Table 8: Distribution of women and men across occupations in London (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
Managers and Senior Officials	17.0	25.4	8.9	16.0	14.4	23.8
Professional occupations	11.2	15.0	26.2	25.8	16.0	16.9
Associate Professional and Technical	19.0	16.5	23.0	24.4	20.3	17.8
Administrative and Secretarial	22.4	4.8	19.8	11.5	21.6	6.0
Skilled Trades Occupations	1.4	14.8	*	*	1.1	12.6
Personal Service Occupations	10.0	2.0	14.9	5.9	11.6	2.7
Sales and Customer Service Occupations	9.7	5.3	*	*	6.8	4.6
Process, Plant and Machine Operatives	1.5	7.1	*	3.8	1.1	6.5
Elementary Occupations	7.8	9.0	5.8	9.3	7.2	9.1
Total (N)	1,119,293	1,812,855	528,146	381,059	1,647,439	2,193,914

* Indicates fewer than 10,000 respondents

Source: Labour Force Survey (2006 – 07)

In contrast to the figures for managerial posts, much higher proportions of women are employed in professional and associate professional posts in the public sector than the private sector. This is probably explained by the large numbers of women employed in health and education, sectors that both employ large numbers of professionals and associate professionals. In the public sector in London, professional roles account for similar proportions of the employment of women and men (around 26 per cent).

Administrative and secretarial roles account for one in five jobs undertaken by women in the UK (20.6 per cent) and just slightly more (21.6 per cent) in London.

Supervisory responsibilities

Jobs that are not labelled as 'managerial' posts may involve some supervisory or managerial responsibilities. Table 9 shows the extent to which employees in the UK and the London region have supervisory and managerial responsibilities in their work.

Fewer women than men report having any supervisory or managerial responsibilities, but the proportion of women who do report having supervisory responsibilities is significantly higher in the public sector than the private sector. This is the case in the UK more widely as well as in the London region. Overall, a larger proportion of women in London report having supervisory responsibilities than in the wider UK economy (38.7 per cent compared with 33.8 per cent).

Table 9: Proportion of staff with supervisory responsibilities, UK and London (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
Supervisory responsibilities, UK	30.8	41.3	39.0	48.9	33.8	42.7
Supervisory responsibilities, London	36.8	50.9	42.2	49.6	38.7	50.5

Source: Labour Force Survey (2006 – 07)

Table 10: Level of highest qualification held by managers, London (percentages)

	Manager		Foreman or supervisor		Not manager or supervisor	
	Women	Men	Women	Men	Women	Men
NVQ Level 4 and above	64.0	57.5	47.5	38.8	36.4	31.6
NVQ Level 3	11.3	13.8	12.2	14.3	12.8	13.2
NVQ Level 2	8.1	8.6	11.9	9.6	14.6	11.9
Below NVQ Level 2	5.6	5.6	9.6	11.6	12.8	11.2
No qualification	1.9	2.4	4.7	6.6	8.6	10.4
Total (N)	395,498	701,657	180,800	213,064	917,569	875,283

Source: Labour Force Survey (2006 – 07)

The qualifications of female and male managers

Table 10 shows the qualifications of female and male managers in the London region.

A greater proportion of women managers and foremen/supervisors hold qualifications at level 4 and above than do male managers. The difference is much greater in the London region than elsewhere in the UK, for each category of employee. A greater proportion of male than female managers holds level 3 qualifications.

Turning next to look at the qualifications of those with supervisory responsibilities, Table 11 shows data for the London region.

A greater proportion of women with supervisory responsibilities hold level 4 and above qualifications, and a greater proportion of both women and men with supervisory responsibilities in the London region hold level 4 qualifications than do supervisors elsewhere in the UK.

Full-time or part-time work?

A higher proportion of both women and men work full-time in London than across the UK as a whole (and, conversely fewer are in part-time work in the capital). While the difference is just a few percentage points for men, a far larger proportion of women work full-time in London than across the UK as a whole: 69.4 per cent compared to 58.2 per cent. These patterns do not differ very much across the public and private sectors (Table 12).

Table 11: Level of highest qualification held by those with supervisory responsibilities, London (percentages)

	Supervisory responsibility		No supervisory responsibility	
	Women	Men	Women	Men
NVQ Level 4 and above	58.3	52.7	36.6	32.4
NVQ Level 3	11.4	13.8	13.0	13.4
NVQ Level 2	9.4	8.9	14.6	11.8
Below NVQ Level 2	6.8	7.2	12.8	11.0
No qualification	2.9	3.9	8.5	9.7
Total (N)	578,361	903,088	915,849	885,317

Source: Labour Force Survey (2006 – 07)

Table 12: Proportions of full-time and part-time employment in the UK and London (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
Full-time (UK)	57.4	90.6	59.9	91.6	58.2	90.7
Part-time (UK)	42.6	9.4	40.1	8.4	41.8	9.3
Total UK (N)	8,466,391	12,384,317	4,383,191	2,344,258	12,882,197	14,771,373
Full-time (London)	69.0	91.4	70.3	94.0	69.4	91.8
Part-time (London)	31.0	8.6	29.7	6.0	30.6	8.2
Total London (N)	1,119,621	1,813,582	528,309	381,650	1,649,523	2,199,552

Source: Labour Force Survey (2006 – 07) Self-employed individuals excluded

Reasons for not wishing to work full-time

The LFS shows that for women, the most frequently-cited reason for not wanting to work full-time is that they want to spend more time with their family. Around two-fifths of women working part-time across the UK said this (40.3 per cent); slightly more women in London cited this as their main reason (42.4 per cent). Across the UK and in London, rather more of the women working in the public sector than in the private sector say that their main reason for working part-time is that they want to spend more time with their family.

The nature of part-time work

Electing to work part-time appears to lead to poorer employment options. Looking at the extent to which part-time workers are given supervisory responsibilities a clear picture emerges: those in part-time work are far less likely to have any supervisory responsibilities. Table 13 reveals that women in the private sector in London are twice as likely to have supervisory responsibilities if they work full-time than if they work part-time; however, in the public sector, the gap is not quite so great, 28.1 per cent compared with 48.2 per cent. It is noteworthy that, in this respect, men fare worse than women: men in the public sector in London are three and a half times more likely to have supervisory responsibilities if they work

full-time rather than part-time, while in the private sector they are nearly two and a half times more likely to have supervisory responsibilities if they work full-time than if they work part-time.

Hours of work

Table 14 shows our analyses of the numbers of hours worked by women and men in London, based on data from the Labour Force Survey 2006 – 07. In banding the hours worked we have used two bands: 36 – 45 hours and 46 hours or more. These two bands indicate the proportions of the population that are regularly working up to or over ten hours extra a week (assuming a 35 hour week) and up to or over five hours extra (assuming a 40 hour week).

In London, as in the UK as a whole, the majority of women and men in full-time employment work over 35 hours a week. In London, just under two-thirds of women, and just over two-thirds of men, work in excess of 35 hours; this is a lower proportion than in the UK as a whole, where over two-thirds of women and over three-quarters of men work between 36 – 45 hours a week. However, rather more workers in London than elsewhere in the UK work more than 46 hours – for women, the figure for London is 6.3 per cent compared with 4.0 per cent more widely; for men the figures are 14.0 per cent compared with 11.7 per cent. A slightly higher proportion of women, and twice as many men, work these very long hours in the private sector than in the public sector.

Table 13: Proportion of full-time and part-time staff with supervisory responsibilities, London (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
Full-time with supervisory responsibilities	43.9	53.3	48.2	51.9	45.4	52.9
Part-time with supervisory responsibilities	19.7	22.2	28.1	14.7	22.7	20.7
Base (N)	967,360	1,405,186	526,647	379,580	1,494,007	1,784,766

Source: Labour Force Survey (2006 – 07)

Table 14: Usual hours worked by full-time employees, London (percentages)

Hours worked	Private		Public		All	
	Women	Men	Women	Men	Women	Men
< 30	2.0	1.1	3.6	0.7	2.6	1.0
30-35	27.6	17.1	30.1	21.4	28.5	18.0
36-45	63.9	66.0	60.5	70.6	62.7	67.0
>46	6.5	15.8	5.9	7.3	6.3	14.0
Total (N)	677,944	1,277,332	366,524	349,680	1,044,468	1,627,012

Source: Labour Force Survey (2006 – 07) Note: respondents self-classify as being in full- or part-time employment. Since full-time work is defined as more than 30 hours a week, the responses in the first row (< 30 hours) should be viewed as erroneous.

Pay

In this section, we present statistics relating to women's and men's pay. We have used the Labour Force Survey for these analyses (rather than ASHE) as this data set allows for detailed exploration of patterns of work and pay. Here we consider weekly pay. It should be noted that weekly pay has some potential for distortion owing to differences in the number of hours women and men work (both basic and overtime pay), incentive pay,⁵⁵ the sectors in which women and men work and the positions they occupy. However, for the same reasons, weekly pay also provides a better indicator of an individual's economic position as an outcome of their usual work pattern.

Table 15 shows the distribution of pay for women and men working full-time in London. In London, fewer people fall into the lowest pay bands in comparison with

the wider UK economy. Nonetheless, there are still proportionally far more women than men in the lower pay brackets. While more employees in London receive the highest levels of remuneration compared to the UK as a whole, far smaller proportions of women fall into these pay bands.

Far more women working full-time at low rates of pay are employed in the private sector than the public sector: for example, 14.5 per cent of women in the private sector in London are paid less than £250 a week compared to 6.5 per cent in the public sector. Similarly, more men working full-time on low rates of pay are found in the private sector than the public sector; however, far smaller proportions of men than women are found in these low-paying jobs: just 8.0 per cent of men in the private sector earn less than £250 a week, and 3.4 per cent in the public sector.

Table 15: Pay of women and men working full-time in London (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
£ <250	14.5	8.0	6.5	3.4	11.8	7.0
£ 251 – 325	10.8	8.1	9.8	5.4	10.4	7.5
£ 326 – 450	20.6	15.4	19.9	18.9	20.3	16.2
£ 451 – 650	29.2	24.4	35.5	29.1	31.4	25.4
£ 651 – 900	13.9	18.9	19.4	26.9	15.8	20.7
£ >901	11.1	25.1	8.8	16.3	10.3	23.2
Base (N)	701,058	1,249,982	364,176	355,544	1,065,234	1,605,526

Source: Labour Force Survey (2006 – 07)

Table 16 shows similar pay data for those who work part-time in the London region. Nationally, proportionally more men in part-time work than women fall into the two lowest pay bands while a higher proportion of women part-time workers than men is in the two highest pay bands (with the exception to this being part-time employees receiving over £351 per week in the public sector). In London, however, there is a more mixed picture. A higher proportion of women than men is in the very lowest (under £50) and very highest (more than £350) pay bands.

While 29.6 per cent of women who work part-time earn less than £100 a week, some 36.7 per cent of men working part-time earn £100 or less.

A higher proportion of part-time women workers is found in the lowest two pay bands (up to £100) in the private sector (34.9 per cent) compared with women in the public sector (19.4 per cent). A larger proportion of part-time women workers in the public sector are in higher pay bands than in the private sector.

Table 16: Pay of women and men working part-time in London (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
<£50	10.4	8.1	6.8	0.0	9.2	6.8
£51-100	24.5	33.5	12.6	11.0	20.4	29.9
£101-150	19.6	28.7	13.5	13.8	17.5	26.3
£151-225	18.7	9.4	16.9	15.0	18.1	10.3
£226-350	14.0	9.7	26.5	39.1	18.3	14.5
>£351	12.8	10.7	23.7	21.1	16.5	12.4
Base (N)	282,288	105,576	149,143	20,362	431,431	125,938

Source: Labour Force Survey 2006-07

3A.5 Work-life balance

We have looked at the proportions of individuals who have approached their employer in the last two years to request changing some aspect of how they work, in line with their statutory right to request flexible working if they have children under the age of 6, disabled children under the age of 18 or are carers of adults. Table 17 shows the figures from the national survey and the responses for the London region.

The findings are subject to the proviso that only a small base of data for London is available: 253 individuals. This number reduces as the questions become more detailed.

The figures for both women and men in the London region are not very different from those for the UK as a whole. More women than men had requested a change to some aspect of their working arrangements.

3A.6 Career development and change

Access to training and development

Analysis of the Labour Force Survey reveals that, across the UK, 59.3 per cent of females and 56.5 per cent of males have been offered training (whether on-or off-the job) at any time while in their current job. Table 18 shows the breakdown across the public and private sectors in the UK and in London.

While both women and men working in the private sector are more likely to be offered training in London than elsewhere in the UK, in the public sector women and men in London are somewhat less likely to be offered training in London than elsewhere in the UK. In both London and the UK as a whole, employees are more likely to be offered training in the public than the private sector. However, no details are given of the type and extent of training that is offered to women and to men and 'training' can refer to anything from an hour's on-the-job training to an accredited external training

programme potentially lasting several years. There have been anecdotal reports that women are more likely than men to receive training in 'soft skills'.⁵⁶ Further research may be needed on the duration and type of training offered to women and men and whether or not it leads to accredited awards.

3A.7 Carers of adults

The Third Work-Life Balance survey⁵⁷ reported that 12 per cent of women and 7 per cent of men in the UK have caring responsibilities for an adult who is sick, disabled or elderly. In the London region, 20.5 per cent of women and 8.8 per cent of men reported having adult caring responsibilities. It should be noted though that the sample size is very small (253 people in total) and so these results should be taken as indicative only rather than as robust findings. However, they do appear to indicate that a larger proportion of women in London have adult caring responsibilities than elsewhere across the UK.

Table 17: Requested to change aspect of work, London and UK (percentages)

	Private sector		Public sector	
	Women	Men	Women	Men
Had requested to change some aspect of their work, responses from London region	23.2	15.4	18.8	18.8
Had requested to change some aspect of their work, whole UK survey	24.0	12.0	20.0	14.0

Source: Third Work-Life Balance Survey (2007)

Table 18: Training offered to women and men working in London and the UK (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
Offered training, UK	51.3	53.1	76.8	74.4	59.3	56.5
Offered training, London	54.5	53.5	74.7	73.5	60.4	57.2

Source: Labour Force Survey (2006 – 07)

3A.8 Ethnicity and employment

Here, we provide an overview of the different employment outcomes for individuals drawn from minority ethnic backgrounds.

Gender, ethnicity and employment

Table 19 shows the distribution of people from the various ethnic backgrounds⁵⁸ across jobs in the public and private sector.

Ethnic minority women comprise 26.0 per cent of the private sector workforce in London compared with 28.7 per cent in the public sector; and ethnic minority men constitute 24.7 per cent of the private sector workforce in London compared with 23.7 per cent in the public sector.

Overall, some 58 per cent of women from ethnic minority backgrounds who are working in London are working in the private sector, as are 64.3 per cent of ethnic minority males.

Gender, ethnicity and wages

Table 20 provides a breakdown of pay by gender and ethnicity for full-time employees. In the table we show a single Black, Asian and Minority Ethnic (BAME) category in

order to overcome the problem of small sample numbers. The numbers in some cells are too small to support a further analysis by public/private sector.

The table shows that whereas only 9.7 per cent of white males in full-time employment in London, and 18.5 per cent of white females, earn less than £325 a week, 25.8 per cent of ethnic minority men and 28.7 per cent of ethnic minority women in London are in the lowest two earnings brackets.

Conversely, whereas 13.1 per cent of white women in London earn over £900 per week, a very small number of women from ethnic minority backgrounds in London are in the top earnings bracket. Twelve per cent of ethnic minority males in London earn over £900 a week compared to 28.1 per cent of white males.

In comparing figures for the UK, when the bottom two earnings bands are considered together, it emerges that nationally a higher proportion of white women than ethnic minority women earn less than £325 a week: 42.6 per cent of white women compared with 37 per cent of ethnic minority women.

Table 19: Ethnicity and employment in London (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
White	74.0	75.3	71.3	76.3	73.1	75.4
Mixed-race	1.6	1.3	1.9	*	1.7	1.3
Asian or Asian British	9.5	11.8	7.4	7.3	8.8	11.0
Black or Black British	8.6	5.9	14.4	11.3	10.5	6.9
Chinese	1.2	0.7	*	*	1.1	0.8
Other ethnic group	5.1	4.9	4.0	3.1	4.7	4.6
All non-white	26.0	24.7	28.7	23.7	26.9	24.6
Respondents (N)	1,120,480	1,814,104	528,105	381,007	1,648,585	2,195,111

* indicates fewer than 10,000 responses in a cell

Source: Labour Force Survey (2006 – 07)

3A.9 Disability and employment

We start this section by considering the proportions of people in London and the UK who have a current disability and their employment status. Table 21 shows the proportions of women and men who do and do not have a disability in employment across the UK and in the London region.

The table shows that disabled people are far less likely than non-disabled people to be in employment. In the UK 47.6 per cent of those with disabilities are employed compared with 78.6 per cent of those

without a disability; in London the equivalent figures are 42.3 per cent and 73.8 per cent. Just 39.4 per cent of women in London who have a disability are employed compared to 65.4 per cent of those without a disability. This is four percentage points below the national figure for the employment of women with disabilities.

The Labour Force Survey asks individuals if they consider themselves to have a current disability as defined by the Disability Discrimination Act⁵⁹ and whether this limits their ability to work.

Table 20: Gross pay bands for full-time employees by ethnic group, London (percentages)

	White		BAME		White	BAME
	Women	Men	Women	Men	Total	Total
< £250	9.6	4.4	14.7	13.1	6.4	13.8
£251-325	8.9	5.3	14.0	12.7	6.7	13.3
£326-450	19.3	13.9	22.0	23.0	16.0	22.5
£451-650	31.2	25.2	32.4	25.3	27.5	28.4
£651-900	17.9	23.0	*	14.0	21.0	13.5
£901	13.1	28.1	*	12.0	22.3	8.4
Base (N)	225,376	358,168	76,713	95,092	583,544	171,805

Note: 'BAME' group consists of mixed race, Asian/Asian British, black/black British, Chinese and other.

* indicates fewer than 10,000 respondents in cell

Source: Labour Force Survey (2006 – 07)

Table 21: Disability and economic status in the UK (percentages)

	Women		Men		All	
	with disability	without disability	with disability	without disability	with disability	without disability
In employment (UK)	43.8	72.5	51.8	85.0	47.6	78.6
Base (UK) (N)	3,980,527	15,523,310	3,590,501	15,280,268	24,221,723	30,803,578
In employment (London)	39.4	65.4	45.6	82.0	42.3	73.8
Base (London) (N)	453,671	2,084,184	411,558	2,102,596	865,229	4,186,780

Source: Labour Force Survey (2006 – 07)

Table 22: Proportion of employees with disabilities, London (percentages)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
DDA disabled and work-limiting disabled	4.5	3.9	5.4	3.9	4.8	3.9
DDA disabled	4.0	3.7	6.0	4.4	4.6	3.9
Work-limiting disabled	2.0	2.1	2.4	2.6	2.1	2.2
Not disabled	89.6	90.2	86.1	89.0	88.5	90.0
Total (N)	1,120,987	1,814,531	528,583	381,783	1,649,570	2,196,314

Source: Labour Force Survey (2006 – 07)

Table 23: Whether health problem affects the kind of work employee can do, UK and London (percentage)

	Private		Public		All	
	Women	Men	Women	Men	Women	Men
Health problem affects the kind of work, UK	33.9	34.4	29.7	33.0	32.4	34.2
Health problem affects the kind of work, London	34.5	31.8	30.6	30.5	32.9	31.6

Source: Labour Force Survey (2006 – 07)

Table 22 shows that a higher proportion of women than men in London have a disability; a total of 11.5 per cent compared with 10 per cent of men. However, a lower proportion of both women and men have disabilities in London than in general across the UK, where 13.4 per cent of women and 12.5 per cent of men have a disability. In total, 6.9 per cent of women and 6.1 per cent of men in London report that they have a work-limiting disability. A slightly higher proportion of women with a work-limiting disability works in the public sector.

In addition to the question regarding work-limiting disabilities the Labour Force Survey contains two questions that ask whether any health problems affect the amount or type of work that people can do. Around a quarter of women and men believe that they have

a health problem that affects the amount of work that they do, far more than those who declare a work-restricting disability. Table 23 shows that around a third of the population believes that they have a health problem that affects the kind of work they undertake. While in the wider UK population a slightly larger proportion of men than women consider themselves to have a health problem which affects the type of work that they do, in London slightly more women than men say that this is the case.

Disability and pay

Table 24 shows a comparison of weekly earnings for disabled and non-disabled employees. The small data size means that it is not possible to provide a break-down into all of the pay bands nor into public and private sectors.

Table 24: Pay of women and men in the London region who have, or do not have, a disability (percentage)

	Women		Men	
	with disability	without disability	with disability	without disability
< £325	27.2	20.3	17.4	12.6
£326 – 650	49.7	51.9	45.3	40.5
> £651	23.2	27.9	27.2	46.9
Base (N)	34,423	267,531	46,332	406,732

Source: Labour Force Survey (2006-07)

The figures show that a higher proportion of disabled women are in the lowest pay banding. The largest difference is amongst men, where disabled men are far less likely to be in the highest pay band than non-disabled men.

3A.10 Employer good practice

As part of this work we undertook a series of interviews with employers in organisations in the private and public sectors in London and a selection of interviews with their women employees.⁶⁰ This section is based on key comments from those interviews.⁶¹

Recruitment and retention

Many of our case study employers emphasised the fact that business success will increasingly depend on being able to recruit a more diverse group of employees.

“In the war for talent it will be important to ensure we recruit our people from every area of society.”

Susie Mullan, HR Director for Human Capital and Diversity, Accenture

“It is a business imperative. As we go forward the talent gap will get bigger, we will need to attract and retain across all groups in society... We have looked at the statistics regarding the ageing population profile, what will happen is that the proportion of 35–44 year olds will decrease as the population ages. That means that it is not just childcare issues that people will have to deal with but also ageing parents. We need to put policies in place that will appeal to those with kids but also help us appeal to people with elder care responsibilities to continue to be successful we need to be constantly innovating and the best way to get innovation is to have a truly motivated workforce. The way to get that is through inclusion.”

Nikki Walker, Director of Strategic Planning and Execution Emerging Markets, Cisco.

“We are a very diverse company and from a personal point of view, as a person of non-British origin I am benefiting from that diversity and inclusion as well. And this diversity brings more benefits to the company in terms of ideas, innovation and creativity, and I encourage that in my area as I myself have benefited from it.”

Natasha Davydova, Group Head, Technology Production Services, Standard Chartered Bank

Increasingly it is likely that offering family-friendly and flexible working arrangements will be essential if the organisation is to be seen as an attractive employer. Once in place, such policies can be invaluable in helping an organisation to retain staff.

“The Guardian has identified us as one of the top organisations where parents want to work. We face little challenge with recruiting staff so over the last five years our policies have been more focused on retention. Some of the many areas where we have taken action include parenting and progression. We recognise that there is a huge talent pool out there and if we are not in a position to offer such effective policies and practices then we will not hold onto these populations. But if we can help balance career opportunities and growth with effective policies in practice our employees and our business will benefit hugely.”

Susie Mullan, HR Director for Human Capital and Diversity, Accenture

Offering such policies may make an organisation attractive to what might be considered to be ‘traditional’ applicants, or in sectors that are not seen as strongly gender stereotyped. However, in sectors such as engineering it can be difficult to attract women into areas perceived as ‘tough’ or ‘masculine’. Some companies have been taking steps to attract more women. Dave Cox and Carole Willsher of British Gas’s Engineering Academy suggested two ways in which organisations can increase the numbers of women. The first is relatively simple: take a more proactive role at careers fairs.

“It’s important to encourage women to apply for roles in areas that have traditionally been male-dominated. Whenever we hold any recruitment events, we challenge the perception that engineering jobs are just for men. Women tend to congregate around the more traditionally female occupational

stands, and unless approached they often pass by the British Gas stand – the organisation is trying to change this.

We have small gifts that we hand out and use to start conversation about the sector.”

Carole Willsher, Recruitment and Diversity Specialist, British Gas Engineering Academy

Carefully designed publicity that clearly challenge stereotypes of the sector and emphasises the benefits of working for the company can also help maximise the company’s opportunities to catch the attention of potential women recruits.⁶² However, recruiting externally through graduate fairs and other routes aimed at young people may bring only limited benefits. Dave Cox described the actions that British Gas is taking to widen the development opportunities for women within the company:

“There has been an increase in the level of interest from women in applying for engineering apprenticeships, and the number of females in engineering trainee roles has increased from 9 per cent in 2006 to 13 per cent in 2007. Some of these are internal applicants, who have moved over from other functions within the organisation. British Gas Services find it particularly difficult to recruit engineers around the M4 corridor, London and the South-East, so making the role more appealing to women increases the number of applications, and helps our drive to increase female representation.”

Dave Cox, Resourcing Manager, British Gas Engineering Academy

If organisations offer women in the organisation the opportunity to move into atypical areas, some of which (as Dave Cox notes above) are often also ‘hard to recruit to’ areas, and then recruit to the posts vacated by those women who have moved sideways, then this can have several benefits:

first, it may serve to reduce the recruitment challenge, as often such posts in more traditional female areas of work are easier to recruit to than for example, engineering; second, it increases women's progression opportunities; and third, potentially the organisation will gain a reputation as one that is prepared to take risks, trust in its employees and offer them real choice in development pathways.

One way of encouraging women in traditional areas to consider moving into atypical areas such as engineering might be to offer 'taster days' in which potential applicants try out some of the activities a newly-recruited engineering trainee might be trained to undertake.

Flexible and remote working

Several of the employers we spoke to made flexible and remote working available to all employees. Although the technology to enable flexible and remote working has been available for several years, it is arguably the employer's attitude that has most impact on its uptake and use to support more family-friendly ways of working.

"We offer our employees a range of flexible working options and do not look at flexible working arrangements as being for 'just women'... we offer compressed working, where a person will work a nine day fortnight or a four day week, and this works really well. I know from my own team that you get real benefits back from offering such working options. If you are willing to offer flexibility then the employees too are willing to be flexible in return. We tend to think about flexible working in terms of younger people with childcare responsibilities, but with the change in the profile of the population it will soon be needed to help people to cope with the demands of elder care. [Flexible working] takes the pressure off the individual and from

the business point of view I cannot see any downside whatsoever."

Beverley Ashby, HR Director, IS & Group, BUPA

At Ernst & Young there has been a large programme to ensure that people can work where and when they need to. If an employee needs to work outside normal office hours, or from a place other than the main office, then this is possible with the technology provided by the company, provided of course that this fits with their co-workers and client commitments.

"For many years the majority of my work has been carried out in the London office but I have lived in Solihull. I have been able to carry on with my senior management post by taking advantage of the remote working opportunities available within the organisation. Remote and flexible working has been available for many years but it is just in recent years that people have really started to take up this option. When it first started it was viewed as something quite bizarre. Now it is pretty much the norm. All of my team now works at home at least one day a week."

Pearl Cash, Senior Account Manager and Head of the Business Relationships Team, Ernst & Young

Beverley Ashby of BUPA also provided an example of an approach to flexible working used to help one woman return to work after maternity leave:

"One young woman who was based at our London office before she went on maternity leave now works two days in London and a couple of days from one of our offices just outside London. We can use the technology to allow her to work from more than one site, and being able to work closer to home on a couple of days a week allows her to take turns with her husband to pick up their child from school."

Helpful and unhelpful organisational cultures

In thinking about the actions that employers can take to increase the representation of women, it is important not to overlook some of the 'softer' factors that influence gender equity in the workplace. Many of the women and the employers interviewed said that a key factor in making their organisation attractive to women was the simple fact that it was perceived as a friendly and welcoming place for women to work.

"The main thing is to make the work good. Our approach is not to have a 'scheme for women'. Our approach is from the point of view of being a welcoming place for all people in the community. Around four or five years ago we surveyed all of the second tier women managers about what it is like to work here. The most common response was that when they came to work here they found it was immediately, visibly, welcoming to women in senior management positions and they had access to a network of other women senior managers."

Andreas Ghosh, Head of Personnel and Development at London Borough of Lewisham

Another example of the importance of the attitude that an employer adopts is from Standard Chartered Bank, which operates across 58 countries. The company has had a flexible working policy (in terms of hours) in place for several years. Natasha Davydova at Standard Chartered Bank spoke of the changes that were being made to the company's policy on flexible working, to provide opportunities for home-working as well:

"For the financial services sector home-working is still a relatively new phenomenon. But we are making good advances from the technology perspective and are working closely with HR to ensure people have the technology needed to support home-working.

In some areas people do have to be in work, for example to provide technical support; other than that, where they can work from home we will allow it."

Natasha Davydova, Group Head, Technology Production Services, Standard Chartered Bank.

It is not sufficient to just have a policy – it is important that all managers and employees understand the policy and that managers are committed to implementing it. One way in which organisations can aid understanding is to produce guidance for managers and employees. Quite simple policies relating to flexible working arrangements can help, and often are of use to the wider group of employees. Akua Agyepong, HR Advisor for Diversity, London Borough of Camden said:

"We have been experimenting with splitting some jobs into smaller, more family-friendly, work hours, perhaps 2–3 hours a day, with individuals choosing whether they work those hours in the morning, over lunchtime or in the afternoon. When a person applies for a job they are asked if they would like to work part-time and if the managers and the service are able to meet the request it is supported. There are examples of job-sharing across the organisation. Around 30 per cent of our employees work part-time – 35 per cent of women and 15 per cent of men. So it is not just the women who work flexible hours, it is everyone."

Akua emphasised the business case for taking such measures:

"It is very much a case of this being 'just good working practice' rather than something introduced 'just for women'. We have reviewed our approach to flexible working and it is more about 'working smartly' – it just makes good business sense. And it affects people's work – they can get more done if they are working at home without the two-hour commute."

It is important to ensure that these types of policies are open to all employees, not just women, as this will promote a more flexible culture in general. Hopefully all employees who work flexibly will benefit and be able to advance if they want to.

Development opportunities

Some of the employers told us of actions they were taking to improve development opportunities – and hence the opportunities for progression – available to women. Lewisham and Camden borough councils had both introduced e-learning arrangements.

“We have good support for progression – it is not specifically targeted on women, but the framework for development for middle managers is very flexible and designed to let people pick up learning when it suits them, the learning opportunities are offered periodically rather than being just ‘one-off’ events.”

Akua Agyepong, HR Advisor for Diversity, London Borough of Camden

“We have quite a lot of e-learning tools developed as alternatives to going on a course, this can be helpful for part-time people in particular, as for them, taking a whole day out of the office may be quite a challenge.”

Lesley Lee, Head of Strategy and Performance in the Regeneration Directorate, London Borough of Lewisham

The Metropolitan Police Service has been striving to improve the position of women within the organisation. They explain that they have taken a holistic approach, focusing on the importance of work/life balance, support, development opportunities, women-friendly policies and awareness-raising. One example of their work is in relation to attracting more women into specialist roles:

“In order to attract more women to our Specialist Firearms Unit, women-only ‘Insight Days’ were set up by women firearms officers with the aim of providing an accurate picture of what it was like to work in the unit. The officers supported the applicants by mentoring them throughout the process. Concurrently, applicants were offered coaching and training to enable them to submit an application form which met the national competencies for the role requirement (many women had previously played down their strengths and abilities, viewing it as ‘boasting’, and there was a lack of knowledge on how the national competencies worked). The Job-Related Fitness Test was also identified as a barrier for women due to the difference in men and women’s physiologies. Working with Occupational Health, a bespoke women’s training programme was devised. It is still early days but we are beginning to see an increase in the numbers of women successfully applying.”

Heather Court, Metropolitan Police Service

Clifford Chance, a global law firm, introduced an innovative initiative focusing on providing support to female employees taking maternity leave.

“We undertook some research which revealed that some of our pregnant employees would appreciate support regarding their arrangements for maternity leave. In particular, dealing with issues of handover prior to going on maternity leave; adjusting to their new role as a mother and the time away from the firm; and finally, preparation for their return to work, re-building their confidence and for lawyers, their client contacts.”

Sarah Twite, Diversity Manager, Clifford Chance

Developing policy in the light of legislative changes

Our last example of good practice comes from Middlesex University. It is only tangentially related to the employment of women, for it deals with the Employment Equality (Age) Regulations which recently came into force. It is included as it demonstrates how changes made in response to legislation can benefit employers as well. Michael Howard, Equalities and Diversity Manager, explains how the legislation made the University review all of their policies within this area and led them to make changes that benefited them as employers as well as leading to a better approach to development for the workforce:

“The Employment Equality (Age) Regulations 2006 made us review our retirement provision. We wanted to make it more equitable for individual employees. The legislation was the main driver for this change, and to be fair without that push we would most probably not have introduced it. However, once that push was there, we went beyond what the legislation required. The law only requires employers to introduce planned retirement, but once we looked at the issue, we realised that it was more beneficial for us as an organisation to move towards a flexible retirement regime than have an arbitrary cut-off. So we have moved the focus towards a working life approach that focuses less on people leaving the organisation at 65 and more on the managerial processes such as career planning than on retirement.”

Michael Howard, Equalities and Diversity Manager, Middlesex University

3A.11 Conclusions

The analyses support previous WILE findings that women experience a range of inequitable employment outcomes: whilst women are more likely to be highly qualified when they enter the workforce they are less likely than men to attain supervisory or managerial posts. A larger proportion of women working in the public sector are highly qualified than in the private sector. Women are more likely to be in managerial posts if working in the private sector than in the public sector, although a higher proportion of women working in the public sector report having supervisory responsibilities than in the private sector. A far higher proportion of women are in professional and associate professional posts in the public sector than the private sector.

In addition, women are under-represented in the top pay-bands and over-represented at lower pay levels. Women are more likely to be in the lowest paid band if they work in the private sector and especially if they work part-time. A significantly larger proportion of women than men work part-time; however more of the women than the men who work part-time are in higher-paying jobs.

The employment opportunities of women from ethnic minorities are particularly inequitable. Far more ethnic minority than white women are found in the lowest pay bands, with more of these lowest-paying jobs found in the private sector; far fewer ethnic minority than white women are in the highest pay bands.

Chapter 3B: Equal Pay Reviews

3B.1 Introduction

The continued persistence of a pay gap between men and women may result in part from the fact that establishing whether or not unfair treatment is taking place in an individual organisation involves a thorough review of job roles and remuneration: an equal pay review (EPR) or pay audit. Research⁶³ on the extent and quality of pay audits being undertaken by London employers reveals persistent shortcomings.

3B.2 Summary

A total of 29 per cent of London businesses have conducted an EPR and a further 5 per cent had one planned at the time of interview. This would seem to show an increase in the level of EPR activity since 2005 (when the former Equal Opportunities Commission (EOC) Equal Pay Review Study of 2005 indicated that 18 per cent of London employers were either conducting or had conducted an EPR). At that time pay review activity also appeared to be higher in London than at UK level, where a total of 15 per cent of employers had completed or were in the process of conducting an EPR.

Levels of EPR activity are highest among the largest employers (with 41 per cent of those with 500 or more staff conducting or having conducted an EPR). Levels of activity are almost twice as high among service sector employers (both public and private services) than they are among those in the primary/manufacturing/construction sector (with around a third of service sector employers conducting or having conducted an EPR compared with 14 per cent of those in the primary/manufacturing/construction sector).

That said, only 61 per cent of those who had conducted or were conducting an EPR stated that their review had involved both a check for differences in pay where men and women are doing the same jobs and a check for differences where men and women are doing jobs of equal value. Without these checks, a review does not meet the former Equal Opportunities Commission's (EOC) definition of an Equal Pay Review.

Most commonly employers had used their own review process as the main method for conducting an EPR – although 19 per cent stated that their main approach had been to rely on the advice of consultants. Equal Pay Review kits produced by the EOC have a relatively low penetration.

One in six pay reviews conducted (17 per cent) had uncovered a pay gap. A large proportion of employers were unsure why the pay gap had developed. Of those who knew why the pay gap had developed, the most common reasons given were lower entry salaries for women and the impact of career breaks (particularly for maternity leave).

For the most part, those employers who have previously conducted an EPR are committed to repeating them.

The most common motivation for conducting an EPR is to be seen to be a good employer (mentioned as the key reason for 72 per cent of EPRs). Smaller numbers stated that they saw it as good business sense (this was the main reason for 20 per cent of EPRs).

When those employers who had not conducted an EPR and did not have one planned were asked why they had not

conducted a review, the reason most commonly given was simply that they believed that their pay systems were not discriminatory (92 per cent stated that this was the case). Such employers may need to be persuaded by communications that reference the fact that bias can be ‘inadvertently’ introduced into pay systems, particularly in cases where individuals are conducting different work of equal value.

3B.3 Methodology

The findings cover 3 phases of research activity: a telephone survey of 451 London employers;⁶⁴ extraction of data relating to London employers from the 2005 EOC study; and a small-scale qualitative exercise following-up some of the employers who participated in the telephone survey (Table 25).

In places in this report we group together responses for ‘all private sector’ employers i.e. combining the primary, manufacturing and construction sector with the private services sector, as the primary, manufacturing and construction sector is a very small sector by number of employees in London (Table 25)

3B.4 Level of equal pay review activity

The definition of an EPR that respondents were given was an exercise comparing the pay of men and women doing equal work, identifying any equal pay gaps and eliminating those pay gaps that cannot satisfactorily be explained on grounds other than sex. If they requested further clarification, they were given the following explanation:

Table 25: Sector definitions

Sector	Sector definition (2 digit 2003 SIC codes)	Coverage
Primary, manufacturing and construction	01 – 41, 45	Agriculture, utilities, manufacturing, construction
Private services	50-74 and 90 – 93	Wholesale, retail, hospitality, transport, finance, personal services
Public sector	75, 80, 85	Public administration, health, education, social services

Table 26: Achieved sample

	Number of employees		
	25 – 99	100 – 499	500+
Primary/manufacturing/construction	50	58	42
Private services	51	50	50
Public services	50	50	50

If you have undertaken a job evaluation scheme/review, with a broader remit than comparing pay of men and women, please only include this as an equal pay review if the job evaluation is analytical (i.e. factor-based and free from gender bias). Factor-based means where a job is broken down into demands such as effort, skill and decision-making. The demands are then scored and this is used to create an overall score for the job.

At an overall level, in 2007 29 per cent of London employers had either completed or were in the process of conducting an EPR while two thirds of London employers had neither completed an EPR nor had one planned.

Estimates from survey data are that around 40 per cent of London's employees (in companies with in excess of 25 staff) have been covered by an EPR. This equates to around 1.3 million individuals.

It is worth noting here that these figures relate to employers' perceptions of whether

or not they have conducted an EPR based on the definition provided. When they were asked to describe the processes incorporated in their reviews, it became apparent that not all of those employers claiming to have conducted an EPR had conducted a review that meets the agreed EOC definition.

The 2007 results would seem to demonstrate an increase since 2005, when only 18 per cent of London businesses had an EPR completed or in progress, 3 per cent had not conducted an EPR but had one in progress and almost four out of five (79 per cent) had neither completed or planned an EPR (Table 27).

The level of EPR activity increases considerably with size of organisation. Two in five organisations with in excess of 500 staff have completed an EPR or had one in progress compared with just over a third of those with between 100 and 499 staff and just over a quarter of those with between 25 and 99 staff. In the smallest category, seven out of ten employers had not completed an EPR and did not have one planned.

Table 27: EPR status of London employers by year

	2005	2007
Unweighted base = all employers	(160)	(451)
Weighted base = all employers	(10,910)	(10,830)
	%	%
Completed or conducting an EPR	18	29
Not completed an EPR but have one planned	3	5
No EPR completed or planned	79	66

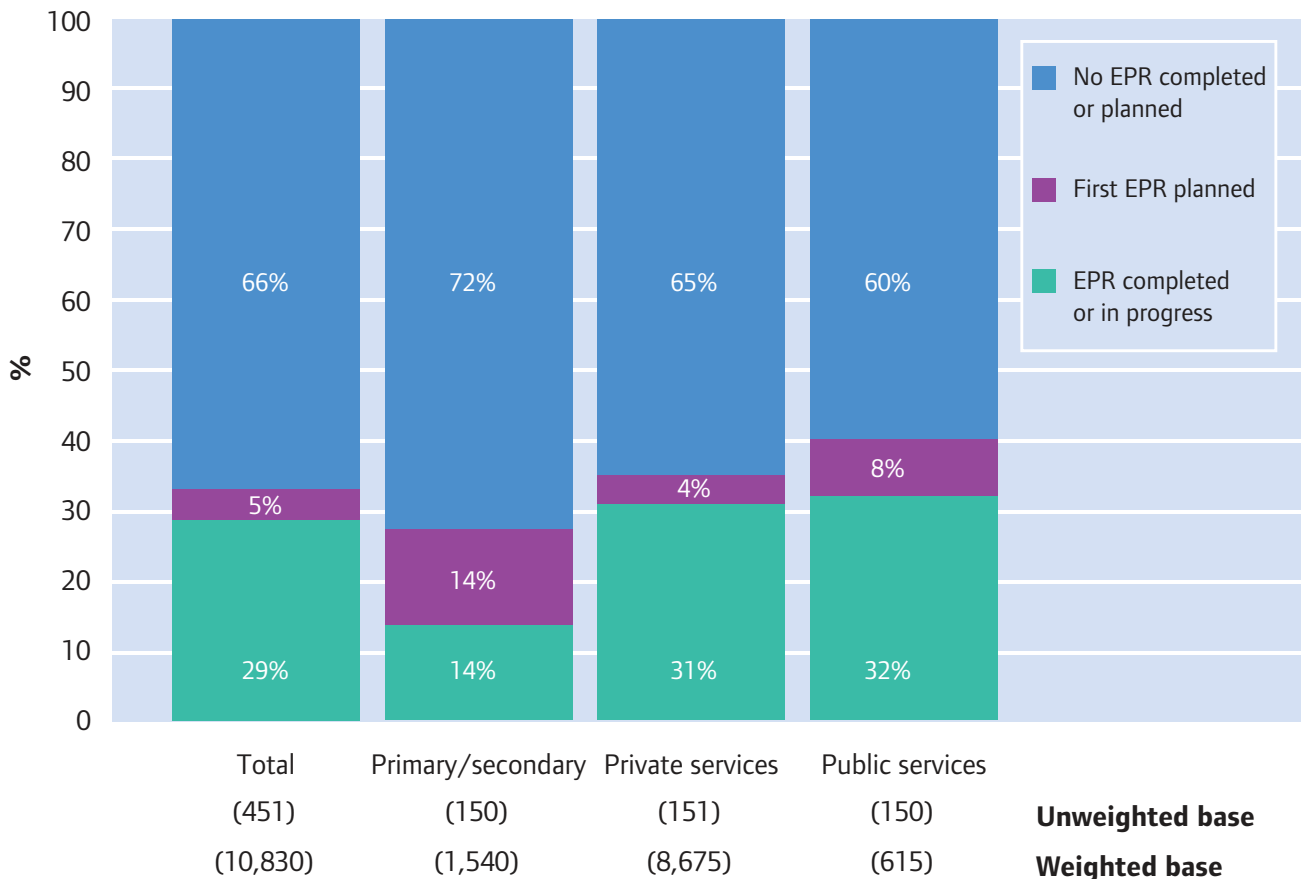
Forty per cent of employers in the public services sector and 35 per cent in the private services sector have completed an EPR or had one planned at the time of interview (Figure 17). In the primary/manufacturing/construction sector, the proportion who have completed or were conducting an EPR was 14 per cent, but a much larger proportion stated that they had an EPR planned (14 per cent).

However, this will still leave 72 per cent of employers in the primary/manufacturing/

construction sector with no EPR completed or planned, compared with 65 per cent of private services employers and 60 per cent of public services employers.

Levels of EPR activity were also higher among employers who stated that they monitored their workforce profile, recruitment or pay with respect to gender (Table 28). A third of these employers had completed an EPR or had one in progress (compared with only 18 per cent of those who did not conduct any monitoring activity).

Figure 17: EPR status by sector



Only 5 per cent of employers who had conducted an EPR stated that they had no plans to repeat the process at all. Half stated that they envisaged conducting an EPR on an annual basis with a further fifth stating that they would conduct a review every 2 or 3 years.

3B.5 Reasons for conducting an EPR

Respondents were asked to give reasons for conducting an EPR and to nominate the single 'main reason' behind their decision. Where just one reason was mentioned initially, this was taken to be the 'main reason' automatically.

The wish to be seen as a 'good practice' employer was the most commonly-cited reason for conducting an EPR amongst London employers. Nearly all said that this was part of their reason for conducting an EPR, with almost three-quarters (72 per cent) nominating it as the single most important reason behind their decision. Although 81 per cent of organisations mentioned that they saw conducting an EPR as good business sense, only a fifth (20 per cent) felt it was their main motivation. Government policy or publicity was mentioned by a quarter of employers

as a reason for conducting an EPR, but only a very small proportion perceived it to be the key reason behind their decision.

Leadership from employer bodies was mentioned as part of the rationale for conducting an EPR by around a quarter, EOC policy or publicity by 13 per cent and an agreement with trade unions by 7 per cent, but all these were very rarely the main reasons for involvement with EPRs.

A very small proportion of London employers stated that their reason for conducting an EPR was because equal pay cases had been raised in their organisation (5 per cent). However, in nearly all these cases, this fact was the main driver behind conducting an EPR.

The very large employers (those with in excess of 500 staff) are less likely to have decided to conduct an EPR because of a desire to be seen as a good practice employer but more likely to give Government policy or publicity, EOC policy or publicity or an agreement with trade unions as a reason. London employers with between 100 and 499 staff were more likely to state that they undertook an EPR as a result of leadership from employer bodies compared to those in other sizebands.

Table 28: EPR status by whether or not monitor workforce profile, recruitment or pay by gender

	All	Monitor with respect to gender	Do not monitor
Unweighted base = all employers	(451)	(302)	(139)
Weighted base	(10,830)	(6,158)	(4,307)
	%	%	%
Completed or conducting an EPR	29	34	18
Not completed an EPR but have one planned	5	5	7
No EPR completed or planned	66	62	75

Table 29 looks at the same analysis by sector of employer. The main distinction here is between public and private sector employers. Those in the public sector are slightly less likely to state that one of the reasons for conducting an EPR was either the desire to be seen as a good practice employer or because it made good business sense. However, they were considerably more likely to mention Government policy or publicity, leadership from employer bodies, EOC

policy or publicity or agreement with trade unions. An agreement with the unions was mentioned by almost a third of public sector employers (compared with only 5 per cent of those in the private sector). Employers in the primary/manufacturing/construction sector were slightly more likely than others to state that a reason for conducting an EPR was the fact that equal pay cases had been raised (10 per cent) or that an EPR is simply part of their regular review process (7 per cent).

Table 29: Reasons for conducting an EPR by sector

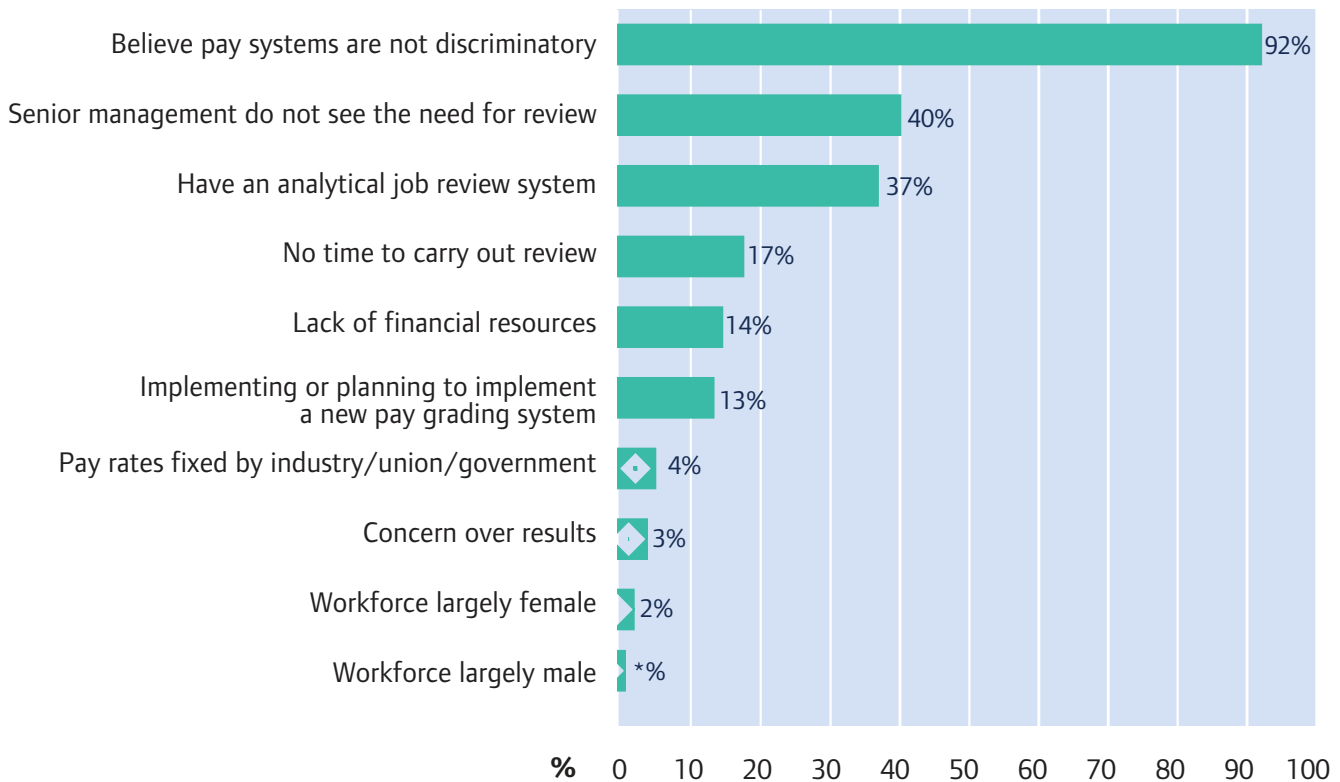
	All	Primary, manufacturing and construction	Private services	All private sector	Public services
Unweighted base = All who have conducted, are conducting or are planning an EPR	(187)	(58)	(61)	(187)	(68)
Weighted base	(3,726)	(427)	(3,053)	(3,726)	(246)
	%	%	%	%	%
Wanted to be a good practice employer	96	89	98	97	85
Saw it as good business sense	81	83	82	82	67
As a result of Government policy or publicity	26	28	23	24	55
As a result of leadership from employer bodies	23	23	22	22	32
As a result of policy or publicity by the EOR or other organisations	13	13	11	12	30
Through agreement with trade unions	7	5	5	5	30
As a result of equal pay cases being raised in your organisation	5	10	4	5	4
Internal company decision/management decision	4	2	4	4	2
Have regular reviews	2	7	1	2	1
Introducing new pay scales	*	-	*	*	1
Other	*	-	-	*	5
Don't know	1	*	*	*	3

Reasons for not conducting an EPR

The belief by employers that their existing pay systems are not discriminatory was the most common reason given for having no involvement with an EPR (92 per cent) (Figure 18). Two-fifths (40 per cent) stated that their senior management team did not see the need for a review and a further third (37 per cent) said that the organisation already had an analytic job evaluation system.

These three most-cited responses have a commonality in that they imply that the organisation believes it does not need to conduct to an EPR. Around one in seven employers stated that they did not have either the time (17 per cent) or the financial resources (14 per cent) to carry out such a review. Another 13 per cent were implementing or planning to implement a new pay or grading system.

Figure 18: Reasons for not conducting an EPR



Base: All businesses with no previous, current or planned EPR activity – 7,104 (264 unweighted)

3B.6 The EPR process and results

Respondents with some EPR involvement were asked more questions about the process. Those respondents who had completed their EPRs were asked when they had started them. Just over a third (35 per cent) had started the EPR in 2007, mostly in the latter half of the year. A further 10 per cent had started their EPR in 2006, while 44

per cent had started their completed EPR in 2005 or earlier (and 12 per cent were unsure when their EPR had started).

Of those respondents who had EPRs in progress, two fifths had started them in the latter half of 2007, with a further fifth having started earlier on in the year. A relatively small proportion (9 per cent) had started the EPR between 2004 and 2006.

A quarter (24 per cent) of those with an EPR in progress stated that the process had begun in 2002 or earlier. This relatively long timeframe would suggest that for a proportion of employers, the process of completing an EPR is not a continuous one, but may go through phases of being stalled

Methods used for completing an EPR

Employers that had either completed an EPR, or were in the process of conducting one, were asked about the methods they had used or were using to do this. Where more than one method was mentioned, respondents were then asked to nominate the most important of these methods. The use of review processes devised by the organisation themselves was by far the most common approach: 76 per cent said

they used such an approach with 74 per cent saying it was the main approach they used. Almost all of those who had made use of their own review process stated that this was the main approach that they took. Larger organisations (above 500 staff) were less likely to use their own review process (58 per cent compared to 78 per cent of organisations with between 25 and 99 staff). The EOC's Equal Pay Review kits were only mentioned by small numbers of employers (6 per cent of larger employers mentioned the EOC toolkit for larger employers and 5 per cent of organisations with 100 – 499 staff mentioned the EOC toolkit for small employers). Table 30 shows the most important approach taken to conducting an EPR by sector.

Table 30: Most important approach taken to conducting and EPR by sector

	All	Primary, manufacturing and construction	Private services	All private sector	Public services
Unweighted base = All who have conducted or are conducting an EPR	(142)	(36)	(52)	(88)	(54)
Weighted base	(3,143)	(219)	(2,730)	(2,949)	(194)
	%	%	%	%	%
Own review process	74	65	77	76	49
Advice of consultants	19	31	18	19	21
EOC Small Employers Equal Pay Review Kit	2	1	1	1	5
EOC Equal Pay Review Kit (for larger employers)	1	3	*	1	5
Job comparisons between grades	*	2	*	*	-
Standard model for sector	*	-	-	-	5
Other	*	-	-	-	2
Don't know	3	-	-	3	15

Table 31: Scope of EPR

	2007
Unweighted base: All businesses who have conducted or are conducting an EPR	(142)
Weighted base	(3,143)
	%
Applied to all employees in Great Britain	96
Involved examination of a Job Evaluation system	82
Checked for differences in pay where men and women are doing the same jobs	67
Checked for differences in pay where men and women are doing different jobs of equal value	68
Examined differences in pay by ethnic origin	58
Examined differences in pay by age	39
Examined differences in pay by disability	18
Examined differences in pay by faith	10

3B.7 Scope of EPRs

The Code of Practice on Equal Pay that was published by the EOC states explicitly that amongst other features, an equal pay review should involve:

Comparing the pay of men and women doing equal work. Here employers need to check for one or more of the following: like work; work rated as equivalent; work of equal value. These checks are the foundation of an equal pay review. EOC (2003):15

It also states that:

A pay review process that does not include these features cannot claim to be an equal pay review. EOC (2003):15

Of those London employers who had completed an EPR, only 61 per cent had actually checked for both differences in pay by sex where men and women are doing the same jobs and for differences in pay by sex where men and women are doing different jobs that are of equal value. Two fifths (39 per cent) had done neither of these checks and hence by the EOC's definition of the process had not strictly speaking conducted an EPR.

Two thirds of employers stated that their EPR involved checking for differences in pay where men and women are doing the same jobs (67 per cent) and a similar proportion that it involved checking for differences where men and women are doing different jobs of equal value (68 per cent) (Table 31).

The proportion of EPRs that had included both checks decreases with increased organisation size (from 66 per cent of those with between 25 and 99 staff to 55 per cent of those with more than 500 staff). EPRs conducted by public services employers were most likely to incorporate both checks (73 per cent).

Employers that had conducted, or were conducting, an EPR were asked how satisfied they were that the methods used to check for pay gaps met their objectives. On the whole, employers were satisfied with this process, with 59 per cent of employers stating that they were very satisfied and 31 per cent that they were fairly satisfied. None were dissatisfied.

The organisations that checked for pay gaps by sex where men and women were doing different jobs of equal value were asked how

they were checking for equal value. The most common approach mentioned was to use a review of job titles (83 per cent). A similar proportion (79 per cent) stated that they had used an analytic job evaluation. One in eight stated that they had used a comparative job evaluation system.⁶⁵ The Hay evaluation system was only mentioned by a very small minority of London employers (whereas the 2005 Equal Pay Review survey conducted by the EOC found that 13 per cent of employers in Great Britain had taken this approach).

The proportion using comparative job evaluation systems increased with size of employer while the proportion using a review of job titles or an analytical job evaluation system correspondingly decreased. One in ten of the smallest employers (those with between 25 and 99 staff) stated that they had talked to staff in order to ascertain which jobs were of equal value.

Table 32: Method of determining which jobs are of equal value by size

	All	25-99	100-499	500+
Unweighted base = All those who checked or are checking for equal value	(97)	(19)	(33)	(45)
Weighted base	(2,151)	(1,428)	(509)	(214)
	%	%	%	%
A review of job titles	83	89	72	63
An analytical job evaluation	79	87	65	62
Comparative job evaluation	12	10	16	19
Talking to staff / obtaining feedback	6	9	-	-
Own method	2	-	8	1
JEGS (Job Evaluation Grading System)	*	-	-	3
Hay job evaluation system	*	-	1	1
Other	8	8	10	3
Undecided / don't know	1	-	1	10

There were considerable differences by sector. Primary/manufacturing/construction employers are the least likely to have used an analytical job evaluation approach (47 per cent) but the most likely to have made use of comparative job evaluation. Those in the private services sector are the most likely simply to have conducted a review of job titles (Tables 32, 33).

3B.8 Pay gaps identified

Employers who had conducted or were conducting an EPR were asked two questions to ascertain whether they had uncovered any pay gaps:

- As a result of your equal pay review, did you identify any pay gaps between men and women that could not be satisfactorily explained on grounds other than sex?

- And have you identified any gaps between the average salary of men and women working either in the same occupation or in occupations found to be of equal value?

Around one in seven employers (16 per cent) who had undertaken an EPR (or were in the process of doing so) stated that they had uncovered the first type of gap and one in eight (13 per cent) that they had identified the second type of pay gap. The considerable overlap between those identifying each type of gap is demonstrated in the fact that 17 per cent in total identified one of the two types of pay gap. This figure is very much in line with that found for British employers as a whole in the EOC 2005 study (16 per cent).

A quarter of the largest employers (those with 500 or more staff) had identified one of these two forms of pay gaps. Those with

Table 33: Method of determining which jobs are of equal value by sector

	All	Primary, manufacturing and construction	Private services	All private sector	Public services
Unweighted base = All those who checked or are checking for equal value	(97)	(23)	(32)	(55)	(42)
Weighted base	(2,151)	(137)	(1,870)	(2,007)	(145)
	%	%	%	%	%
A review of job titles	83	73	86	85	47
An analytical job evaluation	79	47	82	80	68
Comparative job evaluation	12	22	12	13	2
Talking to staff / obtaining feedback	6	-	6	6	4
Own method	2	-	2	2	4
JEGS (Job Evaluation Grading System)	*	-	-	-	4
Hay job evaluation system	*	5	-	*	-
Other	8	10	9	9	4
Undecided / don't know	1	-	1	1	9

between 100 and 499 staff were the least likely to do so (only 12 per cent of those who had completed or were conducting an EPR had uncovered a gap). This difference is likely to be due, at least in part, to the fact that larger organisations have, by definition, more employees and, in all likelihood more job roles to investigate. Thus there is simply a greater potential for pay gaps to develop in these more complex and extensive hierarchies than in smaller organisations.

Seventeen per cent of employers had discovered a pay gap in the process of their EPR but this equates to just 27 organisations participating in the survey. This only allows limited analysis to be conducted into the nature of these pay gaps. The small base size is further compounded by the fact that around half of these employers were unable (or unwilling) to provide details of the average salaries within their organisation.

In those organisations which were able to give an average salary, the mean annual salaries given were just under £28,000 for women and just over £32,000 for men. On average, the salaries given for women were 87 per cent of those for men. In three organisations, the average salary for women was in the region of £10,000 lower than for men.

A relatively large proportion (39 per cent) were unsure of the precise reasons that pay gaps had been allowed to develop. When prompted with possibilities, they were most likely to state that pay gaps had arisen because of women entering employment on lower starting salaries. Of those giving 'other' reasons, the most commonly mentioned was the impact of taking career breaks (and specifically maternity leave) (Table 34).

3B.9 Equal opportunities policies

Almost all (92 per cent) organisations stated that they had some form of equal opportunities policy in place.

However, only around three-quarters of employers stated that they had a policy that explicitly covered gender, and a similar proportion had policies covering ethnicity or disability. Two-fifths stated that they had policies covering other workforce characteristics. The proportion stating that they have policies covering gender, ethnicity and disability increases steadily with size of employer to almost all of those with in excess of 500 staff. Public services employers are considerably more likely to have policies that explicitly cover gender, ethnicity and disability.

Table 34: Reasons for pay gaps

Unweighted base: All with gaps identified in average salary or within individual occupations	(27)
Weighted base	(525)
	%
Differences in length of time that women take to progress through the pay scale	6
Women coming in on lower starting salaries	27
Women not getting access to jobs that attract bonus or other performance related payments	1
Women not getting into the senior, more highly paid jobs	6
Other reasons	29
None of these reasons/unsure of reason	39

In addition to information about their Equal Opportunities Policies, employers were also asked whether they monitored their workforce profile, their recruitment or their pay with respect to gender. Only half of London employers stated that they monitored their workforce with respect to gender and a similar proportion stated that they monitored recruitment in this way. The proportion stating that they monitored pay was slightly lower (42 per cent) although still considerably higher than the proportion stating that they had conducted an Equal Pay Review. While 97 per cent of public services employers monitor their workforce profile only 52 per cent of those in the private services sector and 32 per cent of the primary/manufacturing/construction sector) did so.

3B.10 Qualitative findings on Equal Pay Reviews

Four in-depth interviews were conducted with two private services and two public sector employers. Three of the four employed in excess of 500 staff while the remaining public sector organisation employed between 100 and 499.

All respondents interviewed for the qualitative stage of the study cited a positive motivation for undertaking EPRs: 'best/good practice' was a key theme for two employers, others believing it is a question of being 'fair' to their employees or something they had 'always wanted to do'. One employer described their company's EPR focus as not only an internal review, but a comparison 'with the external market place'.

None of the employers interviewed made their staff aware that they were undertaking an EPR. Reasons given for this were that *'it was a statistical exercise that didn't involve them in the workings and mechanics*

of gathering the data' and that raising employee expectations could detract from the project – "If we made a statement that we were conducting an EPR, people would wonder why we were doing it...and it would encourage people to look at themselves and compare to others... from a biased employee perspective."

The employers interviewed were divided between those whose employees have a significant involvement with unions and those whose employees have little or no union membership. The two firms who did contact their employees' unions involved them in both the planning and analytical stages of their projects. One employer stated that their EPR activity had had a positive impact on their relations with their union.

Employers took a number of steps and used a number of information sources in deciding how to conduct their EPR. Two stated that the most useful guidelines were found through either liaising with or downloading EPR reports from similar organisations in terms of activity, size and sector. Some employers spoke directly but informally with other HR departments, another mentioned 'equality' focused seminars. The DTI (BERR)'s guideline on equal pay was described by one employer as a significant point of reference for devising their methodology.

Employers stated that it would have been helpful to them if they had been able to source material that has evidence of success, i.e. case studies, more information on potential issues that may arise and explanations of how to compare job titles/roles to overcome difficulties in establishing ideas of 'equal value'.

In terms of actually conducting the EPR, employers focussed on information from their HR departments' databases and payroll data. Those with a staff evaluation/ job grading structure already in place were able to analyse where men and women were doing the same job or were doing jobs of equal value much more easily than those without a system to do so – "it is quite difficult to carry out a pay audit scientifically when all you can go on is a job title". The two most thorough employers analysed the data by: grade (and number of employees within the grade), gender, age, location, hours and overtime, basic salary, benefits and length of service.

Employers stated that the actual conduct of their EPRs took between one to three months but one stated that the process is ongoing. None of the employers incurred any extra financial cost, apart from time invested, with up to three people doing 'intensive work'.

The issue mentioned previously over a lack of a job evaluation system or defined job level proved difficult both practically and strategically for two of the employers in terms of looking at 'equal value'. No employers encountered any resistance to their projects from other members of staff that they had to request information from, despite one stating that had been expected.

The general consensus across the four employers is that the reviews did not highlight any major discrepancies. One cited pay gaps sometimes in favour of and sometimes against women, however all were less than 5 per cent and therefore considered 'not significant'. Two employers noted a greater proportion of men in senior positions than women. One stated that of 3500 employees in their division, the focus of the EPR, four cases were recommended

for 'immediate correction'. Interestingly, within these four cases, the largest pay increase awarded as a result of the EPR, 26.8 per cent, was for a male – the situation described as 'an oversight on our part'. Two employers described findings that were not 'glaring mistakes or causes of concern' but caused 'a slight worry' that would warrant a deeper investigation into job roles, for example – one of these two found they had no people from ethnic minorities working in manual positions.

In terms of action taken on the back of EPRs, one employer stated that salaries have been adjusted as a result of their EPR and job evaluation system in tandem, another stated that action will become part of their ongoing yearly salary review/ increase by using the findings to shape and challenge where appropriate. One employer, although taking no action regarding salary adjustments, will now encourage more women to apply for higher paid jobs as the EPR made them look into the reasons why women are not applying. Furthermore this employer now runs regular staff attitude surveys looking into morale and development opportunities. One employer described their EPR as an 'awareness exercise'.

None of the employers have communicated their findings directly to staff. In the two workplaces where this is applicable, unions either have been informed or will be informed at the next meeting.

In terms of concrete business benefits from the process, two employers cite increased protection from and/or ability to handle an equal pay dispute as a result of their review. Two also believe that the findings will help to improve staff retention and analyse why certain people may have left their employment. Most return to the sense

of 'best practice', both from their own perspective and in terms of being seen as a 'fair and reputable employer'.

Employers stated that they would recommend that processes were put in place as soon as possible to enable monitoring of pay and benefits (i.e. a job evaluation scheme or means of calculating 'equal value' in job

roles and titles). They also recommended having good software in place, using what other companies have done before, ensuring senior management are behind the process and ensuring willingness to act upon your findings. *"Do it, there is no point holding back, because if anyone thinks they can avoid equal pay claims – they are sorely wrong."*

Chapter 3C: Pregnancy discrimination in London

3C.1 Introduction

The University of Warwick Institute for Employment Research (IER) conducted research into the incidence of pregnancy discrimination in London and its associated costs, on behalf of the GLA.⁶⁶ The research followed findings by the Equal Opportunities Commission in 2005 that 30,000 women in the UK each year lose their jobs because of their pregnancy and that 'more than seven in ten pregnant women treated unfairly at work are suffering in silence'.

The research focussed on two key types of discrimination – dismissal and direct financial loss – judged to be the easiest to measure, and estimated that upwards of 13,000 women in London each year are affected by this discrimination.

The cost of pregnancy discrimination in London has been estimated to be at least £18.3 million and as high as £54.3 million per year – equal to between 11 per cent and 16 per cent of the total costs in the UK. Owing to sample size limitations for London alone, analysis of London and the South East as well as the whole UK was also undertaken.

This showed that 25,000 women in London and the South East were affected by one of these two types of pregnancy discrimination, with a total cost of between £70 million and £118.3 million.

The estimates do not include any costs (or savings) to employees in respect of any existing children, merely those resulting from the impact of their current pregnancy.

The data for London and the South East are drawn from a relatively small sample so should be interpreted as merely indicative of the costs borne by women.

3C.2 Measuring discrimination

The approach was based on the IER model developed for the Equal Opportunities Commission⁶⁷ and used a variety of sources, principally the EOC's Incidence of Pregnancy-Related Discrimination Survey (hereafter the Incidence Survey).

The research considered costs borne by employees, employers and the state. The estimation of costs relating to pregnancy discrimination requires a number of

assumptions to be made. Changing these assumptions would alter the magnitude of the derived costs of discrimination and this should be kept in mind when interpreting results. Despite the estimates being sensitive to changes in the underlying assumptions of where costs are incurred and how to calculate these costs, this study strongly supports the suggestion that pregnancy discrimination is a significant issue imposing substantial costs on employees, pregnant women, employers, and the state.

The Incidence Survey contained various interpretations of pregnancy discrimination, but for the purpose of cost estimation in this report, only two types of discrimination have been considered (cf Appendix 3CA):

- Dismissal – where a woman reports that she was made redundant, dismissed, or treated so poorly that she had to leave work;
- Financial loss – where a woman reports that she has experienced a financial loss because of her pregnancy through not being considered for a promotion, having her salary reduced, receiving lower pay rises than colleagues, or not receiving non-salary benefits while pregnant, on maternity leave or on the return to work.

Using data from the Millennium Cohort Study (MCS) and the UK Register of Live Births⁶⁸ the percentage of women who were working as employees during pregnancy was found to be 59 per cent in London and 63 per cent in London and the South East. Combining these proportions with the number of live births in 2003 it is found that more than 65,000 women in London and more than 128,000 in London and the South East were employed and pregnant in a given year. These numbers represent the ‘at risk’ population. From the Incidence Survey the proportion of women who perceived the various types of discrimination in London and in London and the South East were calculated. This leads to estimates of almost 14,000 women in London and more than 25,000 in London and the South East who reported that they faced pregnancy-related discrimination in the form of dismissal or financial loss.

While the proportion of women at risk of financial loss was slightly lower in London than in London and the South East or the UK as a whole, the proportion of women reporting dismissal was highest in London, at one in ten of pregnant employed women. Twenty per cent or more of women in the ‘at risk’ populations in all three areas perceived that they faced discrimination either in terms of dismissal or in terms of direct financial loss.

Table 35: Population estimates of pregnant women who perceived discrimination.

Type of Discrimination	London		London & South East		United Kingdom	
	Proportion	Population Estimate	Proportion	Population Estimate	Proportion	Population Estimate
Dismissal	10%	6,300	7%	9,100	7%	31,000
Financial Loss	11%	7,500	13%	16,100	14%	62,000
Dismissal or Financial Loss	21%	13,700	20%	25,200	21%	93,000

Source: Millennium Cohort Survey, Incidence Survey (IFF/EOC)

3C.3 Extent of perceived discrimination

Table 35 presents estimates of the numbers of pregnant women who perceived discrimination.

3C.4 Cost to employees

Included in the estimated cost to employees of pregnancy discrimination are the costs of loss of earnings due to job loss, losses of relative earnings after returning to work and costs associated with taking a discrimination case to an Employment Tribunal (ET).⁶⁹ In total, the overall cost of pregnancy discrimination to employees in London was estimated to be about £1.4 million each year. Owing to the small sample size in London it was decided to include analysis of London and the South East of England alongside the analysis for London only. The total estimated cost to employees in London and the South East is £41.9 million annually, equal to 48 per cent of the total cost to employees in the UK, indicating that if pregnancy-related discrimination in this region were to be significantly reduced then the overall cost to employees in the UK would also decline substantially.

3C.5 Who perceives discrimination?

It is possible that some groups of women are more affected by perceived discrimination than others and this may have an impact on costs. For example, if managers are more likely than personal service workers to perceive pregnancy discrimination then the loss of earnings for this group may be substantially greater than for the latter.

In relation to dismissal:

- London has the greatest proportional incidence of discrimination in the form of dismissal, with 10 per cent of all women reporting it, compared with 7 per cent of women in both the UK and London and the South East.
- 45 per cent of women in London who reported dismissal were in senior occupations.
- In terms of occupational group, the lowest proportion of women who reported dismissal belonged in the skilled group.⁷⁰ Of the three occupational groups, proportionately more women in routine occupations than in the other two groups, reported dismissal.
- In London, the proportion of women with higher qualifications who reported dismissal (36 per cent) was higher than the proportion with higher qualifications in the at risk group (31 per cent). There was also a higher risk of dismissal for higher qualified women in the UK as a whole. Women who were dismissed in London were much more likely to be in larger workplaces than women dismissed in the UK as a whole. 72 per cent of women dismissed in London were in workplaces of 100 or more compared with 47 per cent of women dismissed in the UK.

In relation to financial loss:

- A smaller proportion of women who experienced financial loss in London were in senior positions than those who were dismissed – 35 per cent, compared to 45 per cent. In the UK as a whole, the reverse was the case, with 43 per cent of those who experienced financial loss in senior positions, compared with 34 per cent of those dismissed.

- London experienced a slightly lower proportional incidence, with 11 per cent of women perceiving financial loss compared to 13 and 14 per cent in London and the South East and the UK respectively.
- In the UK as a whole, the greatest proportion of women who perceived financial loss worked in senior occupations as compared to skilled and routine occupations. In London, the proportion of women who perceived this type of discrimination was similar in each of the three occupational groups.
- In London, women with higher qualifications were slightly less likely to experience financial loss while those with intermediate level qualifications were more likely to experience this type of discrimination. The figures are shown in Table 36.
- Women in London in medium sized workplaces of six to 99 employees were more likely to perceive financial loss than those in the smallest and largest workplaces. In the UK, the incidence of financial loss was more in line with the overall proportions of women at risk, except with a slightly greater likelihood in the largest workplaces.

Table 36: Proportion of pregnant women who perceived discrimination – Greater London

	All at risk	Dismissed	Financial Loss	Column percentages	
				Dismissed or Financial Loss	Neither Dismissed Nor Financial Loss
Occupation					
senior	41	45	35	40	42
skilled	29	14	31	23	31
routine	29	41	34	37	27
Qualifications					
higher	31	36	27	32	31
intermediate	64	64	65	64	64
lower	5	0	7	4	5
Size of Workplace					
1-5	8	0	0	0	10
6-24	16	0	28	17	16
25-99	26	28	40	35	23
100 or more	50	72	32	48	50

Source: Incidence Survey (EOC/IFF)

* For definition of the 'at risk' population see above under 'measuring discrimination'

3C.6 Return to work

For those who were dismissed, made redundant, or encountered constructive dismissal, there is a loss to both the individual and the state if alternative employment proves elusive. The following findings emerge:

Overall, about 75 per cent of all women had returned to work. Among those who perceived dismissal, the proportion that had gone back to work was considerably lower. Of those who were 'dismissed', 68 per cent in London, 64 per cent in London and the South East and 62 per cent in the whole UK had returned to work.

In the London and South East region overall, 16 per cent of women who had experienced dismissal reported that they were planning to return to work but had not yet done so, while 20 per cent did not plan to return to work. This compares with 18 per cent in the UK who were planning to return but had not yet done so and only ten per cent who did not plan to return.

Taking London separately, a higher proportion of women reported that they had not returned to work and that they were not planning to return – 32 per cent. This could indicate a greater impact of discriminatory pregnancy-related dismissal on women in London in terms of keeping them out of work.

3C.7 Earnings before and after childbirth

For all women in London and across the UK, average annual earnings and average weekly hours were higher before pregnancy than after. In London and London and the South East, however, average hourly earnings decreased following pregnancy whereas average hourly wages increased in the whole UK (see Table 37). The mean is used for all averages.

For all women in London, mean annual earnings were £19,321 before pregnancy and £14,350 after pregnancy. In London and the South East average annual earnings before pregnancy were £17,113 and after pregnancy £12,066. In the UK as a whole average annual earnings before pregnancy were £15,257 and after pregnancy £11,917.

The average annual earnings after pregnancy of those women who reported dismissal were considerably higher than the earnings of those who did not report dismissal, especially in London and London and the South East.

These findings may in part be due to the small sample – particularly for London where average earnings of those women who reported dismissal may be skewed by a few higher figures – but there are other factors. They may reflect the fact that those who reported being dismissed had less scope to reduce their hours of work as desired in their new job following childbirth. Women who did not report discrimination in relation to their pregnancy may well achieve a negotiated settlement with their current employer about work after pregnancy – such as reduced hours – whereas those who reported, for example, dismissal may have much less scope for choice in this respect given that they need to find a new job with a new employer. It is notable that the weekly hours, in London, of those who suffered discrimination in the form of dismissal or financial loss had a 16 per cent reduction while those who were not discriminated against saw a 27.1 per cent drop.

For the whole UK, average annual earnings decreased by 30.5 per cent for women who had a financial loss and by 13.9 per cent for those who were dismissed. Among women who faced neither dismissal nor financial loss annual earnings decreased by 21.2 per cent. Similarly, women who had a financial loss had the greatest relative decrease in weekly hours (33.6 per cent) while hours decreased

by nearly the same amount for women who were dismissed as for those who did not face either type of discrimination.

3C.8 Costs of not returning to work

The Incidence Survey reveals that of those women who had been dismissed, 16 per cent in London and the South East and 18 per cent in the entire UK had not returned to work but were planning to do so. Based on the average before-pregnancy salary of those who reported dismissal – £37,871 a year in London, £35,822 in London and the South East and £21,275 in the whole UK – the estimated loss in maternity pay to the employee is £3,933, £3,720 and £2,209 in London, London and the South East and the entire UK respectively.⁷¹

The estimated cost each year of dismissal in terms of lost maternity pay is estimated to be £5.3 million in London and the South East and £12.3 million nationally.

The estimates are partial because they do not take into consideration the time taken to find a new job. For every week beyond the end of maternity leave the cost to the individual is the salary they might have expected to earn had they returned to work minus any benefits they might receive.

This does not take into account any benefits the individual receives such as not having to pay for childcare. Not being able to afford childcare may further inhibit the return to work.

Table 37: Comparison of earnings and hours before and after pregnancy – Greater London

	Averages (mean)						
	All	Type of perceived pregnancy discrimination				Dismissed or Financial Loss	Neither Dismissed Nor Financial Loss
		Dismissal		Financial Loss			
		Yes	No	Yes	No		
Annual earnings before pregnancy £	19,321	37,871	17,420	11,898	20,503	22,381	18,405
Annual earnings after pregnancy £	14,350	34,250	12,310	8,446	15,290	18,862	12,999
% change in annual earnings	-25.7	-9.6	-29.3	-29.0	-25.4	-15.7	-29.4
Average weekly hours before pregnancy	32.0	37.6	31.4	36.1	31.3	36.7	30.6
Average weekly hours after pregnancy	24.2	38.7	22.8	25.4	24.1	30.8	22.3
% change in weekly hours	-24.4	3.1	-27.5	-29.5	-23.2	-16.0	-27.1
Average hourly wage before pregnancy £	11.10	17.10	10.50	6.90	11.80	11.00	11.10
Average hourly wage after pregnancy £	10.70	16.80	10.10	6.50	11.40	10.60	10.70
% change in hourly wage	-3.6	-1.8	-3.8	-5.8	-3.4	-3.6	-3.6

3C.9 Tribunal costs

In 2005 – 06 there were 1,504 ET claims accepted in relation to suffering a detriment or unfair dismissal due to pregnancy in the UK.⁷² Based on information about the location of pregnancy discrimination cases,⁷³ it is estimated that there were 241 cases in London and 526 cases in London and the South East.

If it is assumed that the costs are the same as for the average applicant in a discrimination case then it is possible to make some inferences for women claiming pregnancy discrimination. The DTI⁷⁴ showed that, on average, tribunal applicants incurred £70 in travel costs, £206 in communication costs, plus £4,333 in professional advice. This gives a total of £4,609 per applicant.

The grossed up cost to ET applicants for the UK, based on the proportion of cases where costs were incurred (around one-third) is approximately £12 million. Estimated costs for London on the same basis are £1.9 million and for London and the South-East £4.2 million.

The total cost of tribunals which is borne by employees is offset by the amount of settlement to an employee where a case is successful.

The DTI estimates a mean award in discrimination cases of £3,993 and that two per cent of cases succeed at tribunal and that overall 62 per cent of cases were successful or settled privately or settled at ACAS.

Combining the total grossed up tribunal costs borne by employees with the total grossed up amount of awards results in estimated total net costs of £8.3 million for the UK, £1.3 million for London and £2.9 million in London and the South East. These figures are based on the cost figures including salary

but net of any award for loss of earnings. Excluding salary the cost of applying to a tribunal for an employee and net of any award is about £616 per case. In practice applicants may be awarded costs. This is based on all applicants where the case was successful. There is a need to avoid double-counting, because the Incidence Survey also includes information about loss of earnings. If these are excluded, then this results in a cost of £160,000 for London and £349,000 for London and the South East. These figures are shown in Table 38, summarising the estimated costs borne by employees.

In addition, there are costs that are nearly impossible to measure such as the cost of the prohibition of human capital accumulation for those women who leave the labour market due to discrimination or who find it difficult to re-enter it.

3C.10 Costs to employers

The most readily identifiable costs relate to: costs resulting from increased labour turnover and recruitment; redundancy costs (where applicable); costs related to ETs (where applicable) and legal advice. Potential cost savings from removing pregnant women from their employment relate to: decreased absence of staff for attendance at ante-natal appointments, savings in maternity pay (even though this is largely recoverable through National Insurance contributions) and elimination of the need to hire replacement staff for those on leave.

Using estimates by the Chartered Institute for Personnel Development (CIPD),⁷⁵ the estimated cost of recruitment stemming from staff who perceived discrimination in the form of dismissal was £15.9 million in London, £26.3 million in London and the South East, and £75.6 million in the UK as a whole. This takes account of direct costs only such as advertising.

The CIPD survey also attempts to estimate the wider costs of labour turnover taking into account both recruitment costs (advertising costs, agency or search fees) and a broader range of costs (vacancy cover, training and induction costs). They warn that a relatively small number of employers collect such data, which creates some discrepancies when comparing recruitment costs alone to the broader measure of labour turnover costs.

This gives a total cost to employers ranging from £15.9 million to £51.8 million per year in London (from £37 million to £74.3 million in London and the South East and from £89.9 million to £245 million at UK level), depending upon whether only recruitment costs or all costs of labour turnover, including redundancy, are considered.

From the Incidence Survey it is known that a small percentage of women were made redundant. No women reported being made redundant in London but it is possible to estimate a notional cost of £250,000, if the proportion of women made redundant is the same as for London and the South East. In London and the South East the estimated cost of redundancy was £500,000 annually, compared with £3.3 million per year nationally.

The total cost borne by employers in relation to Employment Tribunals in London is estimated to be between £1.8 million and £1.9 million per year. The total cost of ET for employers was found to range from £3.9 to £4.2 million annually in London and the South East.⁷⁶

Table 39 shows these best estimates of employers' total costs. Table 40 shows total estimated costs to employees and employers.

According to the lower estimates the costs in London are equal to about 11 per cent of the UK total – although this is very likely an underestimate owing to the limited data

available. The costs in London and the South East are equal to 41 per cent of nationwide costs. Considering the higher estimates, London and London and the South East incur 16 per cent and 35 per cent of the total costs of pregnancy-related discrimination in the UK respectively. These high proportions are not simply because of the share of population living in or near the capital. Average wages are higher in London and the South East than they are across the whole of the country and, therefore, the losses suffered by women who endure pregnancy-related discrimination are potentially greater than for those outside of these regions. Similarly, the costs of business are also higher in the capital and so the costs borne by employers in relation to replacing pregnant staff as well as defending discrimination cases are also potentially greater than the UK-wide averages.

Adding up the costs to both employees and employers results in the overall cost of pregnancy discrimination in London being between £19.4 million and £55.4 million per year.

3C.11 Other costs

The cost of pregnancy discrimination to society as a whole is much harder to define and accurately estimate than the costs borne by employees and employers. This is especially so for London, as losses in tax revenue and national insurance contributions as well as benefit payments are not directly borne by the city but by central government. Costs would include lost income tax and national insurance contributions, cost of benefit payments, tribunal costs and lost economic contribution of individuals forced out of the labour market. The costs to the state are not included in the final overall cost figure.

Costs borne by women in relation to the wider effects of pregnancy-related

Table 38: Summary of costs borne by employees

	London	London & South East	United Kingdom
Employee loss of salary for those who returned to work	£87,000	£33.7 million	£66.4 million
Loss of earnings because of job loss	0	£5.3 million	£12.3 million
Tribunal costs minus loss of salary	£160,000	£349,000	£1.0 million
Total	£247,000	£39.3 million	£79.7 million

Table 39: Costs borne by employers

	London	London & South East	United Kingdom
Staff recruitment			
lower estimate	£15.9 million	£26.3 million	£75.6 million
higher estimate	£51.8 million	£74.3 million	£245.0 million
Redundancy payments	£250,000	£500,000	£3.3 million
Legal/Employment Tribunal costs			
lower estimate	£1.8 million	£3.9 million	£11 million
higher estimate	£1.9 million	£4.2 million	£12 million
Total Cost – lower estimate	£17.9million	£30.7million	£89.9million
Total Cost – higher estimate	£54.0million	£79million	£260.3million

Table 40: Estimated overall cost to employees and employers

	London	London & South East	United Kingdom
Costs to Employees	£0.25m	£39.3m	£79.7m
Costs to Employers (lower estimate)	£18.0m	£30.7m	£89.9m
Costs to Employers (higher estimate)	£54.0m	£79.0m	£260.3m
Total Cost – lower	£18.3m	£70.0m	£169.5m
Total Cost – higher	£54.3m	£118.3m	£339.9m

discrimination and forced departure from the labour market on individuals' accumulation of human capital have not been estimated.

3CA Appendix

It is impossible to be precise about the costs of pregnancy discrimination because ideal and complete data are not available

(Table 41 outlines the data that would ideally be used in calculating the costs of perceived pregnancy discrimination). The sources of cost of all types of pregnancy-related discrimination are shown in Table 42. Excluding estimates of these costs does not imply there are none. Instead, the estimates presented in this section should be seen as the lower bounds of total costs.

Table 41: Ideal data for cost modelling

Variables required	Data requirement
Individual	
Costs	
Lost salary	Total lost salary during period in which searching for a job
Lost pension contributions	As above
Lost perks (e.g. company car)	Calculated according to Inland Revenue rules
Legal costs	Costs incurred for legal fees, etc.
Change in earnings resulting from job change	Difference in income in new job (if obtained) compared to previous job (may be a benefit)
Savings	
Receipt of benefits (e.g. Jobseekers' Allowance)	Total amount of benefits received over and above what would have been received if in work
Costs of childcare	Where individual no longer needs to pay for this
Receipt of compensation from tribunal	Total compensation and costs awarded
Employer	
Costs	
Recruitment costs	Costs of recruitment incurred over and above that required to obtain cover during maternity leave
Legal costs	Costs of defending an employee's case at tribunal or legal advice sought regardless of whether case reaches a tribunal
Agency costs (if agency staff hired to fill in for pregnant staff who left)	Costs incurred over and above required to obtain cover for maternity leave
Productivity losses	Employer estimates of lost productivity in comparison to the relative skills and abilities of the person taken on to replace pregnant woman
Costs of settling in new staff	As above
Savings	
Salary costs	Additional to those required to replace pregnant woman
National Insurance Contributions	
Pension contributions	
State	
Lost taxation	
Lost National Insurance Contributions	
Costs of tribunals	Costs not covered by individuals nor employers
Cost of benefit payments	
Lost contribution to national economy	Loss associated with those forced out of the labour market

Table 42: Typology of perceived discrimination

Type	Category Type	Definition
A	Dismissal	Women who, as a result of their pregnancy were: <ul style="list-style-type: none"> · made redundant; · dismissed; · treated so poorly that they felt they had to leave.
B	Financial loss	Women who, as a result of their pregnancy, experienced: <ul style="list-style-type: none"> · any of the treatment in the 'dismissal' category; · failed to gain promotion; · had their salary reduced; · received a lower pay rise than they would otherwise have secured (for example than colleagues of the same grade received); · did not receive non-salary benefits while pregnant, on maternity leave or on the return to work, or had them taken away.
C	Tangible discrimination	Women who, as a result of their pregnancy, experienced: <ul style="list-style-type: none"> · any of the treatment in the 'financial loss' category; · were threatened with dismissal (but not actually dismissed); · were threatened with redundancy (but not actually made redundant); · were put under pressure to hand in their notice; · were discouraged from attending ante-natal sessions; · had their shift hours changed against their will; · were given unsuitable work or workloads; · were unfairly criticised; · were denied access to training that they would otherwise have received; · employer unwillingness to grant maternity leave; · returned to a different job on maternity leave (that was not of their choice); · were signed off sick before they were ready to start maternity leave; · were encouraged to start maternity leave before they felt ready to do so.
D	Unpleasant treatment	Women who, as a result of their pregnancy: <ul style="list-style-type: none"> · experienced any of the treatment in the 'active discrimination' category; · felt that they were treated with less respect at work; · faced dispute about their return to work after maternity leave (either whether they were entitled to return, when they would return or the type of work that they would do on their return) · received unpleasant comments from their employer or colleagues; · felt that their employers was unsupportive either while they were pregnant or on their return to work.
E	Poor employer practice: risk assessments	Women for whom: <ul style="list-style-type: none"> · no risk assessment was conducted · a risk assessment was conducted by some or all of the identified risks were not resolved; · risks that they identified themselves were not picked up by their employer.
F	Poor employer practice: flexibility	Women who: <ul style="list-style-type: none"> · were, on their return to work after maternity leave, not allowed time off to cope with the illness of their baby; · requested more flexible working practices on the return to work but were denied the opportunity to work more flexibly; · wanted to work more flexibly on the return to work but did not ask to do so because they felt that their employer would not allow it.

Chapter 4:

Legislation and policy

4.1 Introduction

In considering legislation and policy issues this year, we concentrate mostly on solutions at the level of legislation. This is because of the focus that there has been in the last year on the Discrimination Law Review and the potential for proposals for a Single Equality Act to come forward in the next year. Now is an important moment to address the barriers to women's equality in the economy and deliver on the government's commitment, through the Discrimination Law Review, to improve anti-discrimination law and its outcomes. Firmer measures to tackle the gender pay gap and the factors that contribute to it could include mandatory pay audits, equality provisions to be embedded in procurement, steps to help reduce occupational segregation, positive action and other measures to help break the glass ceiling and reduce the pay divide.

We have also reported on policy and practical steps that have been taken – illustrating employer good practice on equal pay reviews, flexible working and career progression and practical changes that have been supported by the Mayor such as reducing the cost of childcare, as well as equal pay reviews and other measures within the GLA group.

Using both mean and median measures, gender pay gaps in London are wider than in the rest of the UK for full time workers. The pay gap for full time workers is particularly wide using the mean, partly reflecting the predominance of men in higher paid jobs in London. The difference equates to an average full-time female wage of £16.21 per hour compared to an average full-time male wage of £21.05 – showing the need for positive action and other measures that can smash the 'glass ceiling', and which have already begun to do so in some other countries.

Private sector employers are not currently required to scrutinise recruitment, employment and promotion structures to see what patterns of discrimination they may contain, much less address them. This contrasts with the obligations that cover the public sector: as a result of the Gender Equality Duty (GED), which came into force in April 2007, public authorities in England, Wales and Scotland must demonstrate that they are promoting gender equality for women. It is ironic therefore that, as research earlier in this report shows, the gender pay gap is wider in the private sector than in the public sector in London. Looking at whether and how to level up equality requirements across sectors is clearly an issue. We discuss the possible shape of a proactive private sector duty below.

Promoting positive role models and challenging gender stereotypes is also vital. Qualitative research for the 2006 WILE report showed that employers, lecturers, local Learning and Skills Councils, the CBI, the TUC and trade unions all believe that much more needs to be done to prevent young people developing gender-stereotyped views about occupations. The research highlighted the fact that the negative impact of bad careers advice and other factors is often disproportionately larger for females than males because young women are channelled into female dominated occupations and 'female low paid jobs are often even lower paid than male low paid jobs'.⁷⁷ Taking this on board, the draft strategy of the London Skills and Employment Board includes a proposal to 'develop an effective London careers advice service' providing 'comprehensive information, advice and guidance' including 'intensive support for particular groups such as those who regularly move between welfare and work' and to 'build on best practice from elsewhere such as ... the "Careers Voyages" website'.⁷⁸

However, the pay gap cannot be addressed solely by reducing the barriers to women occupying a more diverse range of jobs. The persistence of pay inequality at different income levels is also clear. This is evident in the persistence of a significant pay gap between full-time male and female median hourly earnings, or within other income bands: among London's top 10 per cent of earners there is a 32 per cent gap between women and men, for example. This gap is much wider than at UK level. This calls for measures such as monitoring of workforces to reveal what is happening in pay structures, highlight patterns of inequality and address the factors that may be contributing to them.

Only twenty nine per cent of London businesses have conducted an Equal Pay Review.

4.2 Pay Discrimination

Research reported in Chapter 3 showed that where London employers had undertaken an Equal Pay Review 17 per cent had uncovered a pay gap 'that could not be satisfactorily explained on grounds other than sex' or that was between 'men and women working either in the same occupation or in occupations found to be of equal value'. Among the largest employers (defined as those with 500 or more employees) a quarter had identified a gender pay gap. However, as also shown by our survey, less than a third of London employers had conducted an Equal Pay Review and 39 per cent of these reviews did not meet the Equal Opportunities Commission's definition.

The latest (2007) survey by the Institute of Directors (IoD) shows that the pay gap was widening for women in senior jobs: the gender pay gap among directors had risen to 22 per cent, up from 19 per cent in the previous year.⁷⁹ The gap was lowest in the public sector, at 5 per cent.

Research for WILE 2005 also highlighted the fact that female company directors earn considerably less than their male counterparts, particularly when average remuneration⁸⁰ is considered: women earned just 44.5 per cent of average male directors' remuneration. This pay gap at boardroom level was underlined by a Guardian survey of FTSE 100 companies that showed 'the only two women heading any of Britain's top 100 companies saw their total salary last year lag 75 per cent and 25 per cent behind the average paid to their male counterparts'.⁸¹

In the last year surveyed, the gender pay gap between male and female managers widened for the first time in 11 years,⁸² showing that while progress in closing the gender pay gap has stalled overall, in some areas the gap is actually widening. Although women are representing an increasing proportion of managers – in line with the trend for a growing female proportion of the workforce – the survey, of more than 42,000 managers, found that women’s pay averaged £43,571 while men’s averaged £49,647. The higher women progressed up the career ladder, the bigger was the gap, with a 23 per cent gap at director level, up from 19.8 per cent the previous year. Perhaps unsurprisingly, the same survey found that women were more likely to resign than men, with female resignation rates at 7.8 per cent compared to a male rate of 6.4 per cent.

Another survey showed that more than half of all women working in the technology industry believe that their pay package is lower than that of their male colleagues.⁸³ Only four per cent of companies had conducted an equal pay audit that employees were aware of, but 81 per cent of the employees surveyed thought equal pay audits should be mandatory and 72 per cent said they would encourage them to work for a company.⁸⁴

The case against mandatory equal pay reviews is sometimes argued by pointing out that the causes of the pay gap are complex and only partly the result of discrimination. WILE research has shown that direct and indirect discrimination are indeed complex and need to be met by a range of responses. However, discrimination plays a part: the DTI’s 2002 study of women’s position in the labour market found that the largest factor causing the gender pay gap was discrimination (responsible for 29 per cent of the gap). Occupational segregation was

responsible for 13 per cent of the gap and most of the remaining gap was due to women’s caring responsibilities.⁸⁵ The GLA’s own study of the gender pay gap found that unequal treatment and/or unexplained variation within earnings was responsible for 27 per cent of the gap in London and occupational segregation for around 50 per cent. As we have noted previously, the factors that contribute to occupational segregation are themselves complex and will include some elements of discrimination: stereotypes may be held to which judge women inherently unsuitable for some jobs or indirect discrimination may exist, such as employment conditions that act as a barrier to women or certain groups of women.⁸⁶

Public sector – the GLA group

With regard to the Greater London Authority itself, equal pay reviews have been completed or embarked upon across the group. During 2005 the GLA introduced a new pay scheme based on incremental scales, which was one of the main recommendations of the 2003 pay review and designed to improve the number of applications from women for higher paid jobs. In March 2007,⁸⁷ fifty six per cent of the total GLA workforce was female. The proportion of women among employees earning above £50,000 at the GLA rose from 37 per cent in March 2003 to 42 per cent in March 2007. At the London Development Agency women make up 50 per cent of all employees and 45 per cent of those earning above £40,000.⁸⁸ At the Metropolitan Police Service, in the 12 months to March 2007, just under 21 per cent of police officers were women, as were 28 per cent of officers joining. At the Metropolitan Police Authority 45 per cent of all staff were women, and 40 per cent at management level. At the London Fire and Emergency Planning Authority, female support staff in top management increased from 36 per cent

to 39 per cent,⁸⁹ although women make up only five per cent of firefighters. At Transport for London women made up 20 per cent of senior management staff as of March 2007, while 23.3 per cent of total staff numbers were female.⁹⁰ The pay reviews undertaken by the GLA are set within duties under the GLA Act as well as the more recent public sector gender duty, and illustrate the influence of legislation.

The business case

Women's inequality represents a loss to London businesses as well as to the individual women concerned. If women are deterred from accessing the full range of occupations, face pay or employment discrimination that leads them to shift or leave employment or work below their skill level in order to find a fit between home and work, London employers will not be accessing the full range of skills available in the workforce. As research in this report shows, women in London are outperforming men in qualification attainment. This is replicated across the European Union, where women are 60 per cent of graduates.⁹¹ Tackling employment discrimination and the factors that lead to pay inequality will allow business to benefit from a wider pool of skill and talent.

Recent research has amplified the 'business case' for equality by identifying a link between financial performance and workforce diversity. Research by US-based organisation Catalyst⁹² showed that companies with the highest representation of women in senior management achieved better financial performance than those with the lowest women's representation. In the 353 Fortune 500 companies for which at least 4 years of data were available between 1996 and 2000, the return on equity was over 35 per cent higher for those with the highest

proportion of senior women and the total return to shareholders was 34 per cent higher. A smaller study in the Netherlands published in 2004 also found that there was a correlation between higher numbers of women in senior management and total return to shareholders: companies that had high female representation at senior level returned 35 per cent more than those in the low category.⁹³

Our study of the incidence of equal pay reviews (Chapter 3) found that 82 per cent of private sector employers who had carried out a review mentioned that they believed conducting reviews made 'good business sense'. For 97 per cent of private sector employers, the main reason for undertaking the review was the wish to 'be seen as a good practice employer', suggesting that employers are concerned to project a positive equality image as part of attracting the most diverse pool of potential employees. As a representative of HBOS plc commented in last year's WILE report: 'An Equal Pay Audit is something a company should do if it is firmly committed to equal opportunity and diversity, as it seeks to alleviate any reward issues as well as to identify and seek to address areas where cultural change is necessary'.⁹⁴

4.3 Balancing work and family

Women continue to take the primary responsibility for childcare and other caring demands. WILE research has shown the profound impact of this on women's employment opportunities and pay, right through from when they first inform an employer about their pregnancy to their income in retirement. The economy relies on a huge amount of unpaid work by women but does not provide the comprehensive support women need to carry out their

complex roles. Nor does the current law adequately protect them from discrimination when they are attempting to combine employment with caring and motherhood.

The long hours culture prevalent in many jobs is a barrier to many women's advancement and to fathers' participation in their children's upbringing. Employees in London are more likely to work 48 hours plus per week than in any other region in the UK – 16.1 per cent in 2007, compared with the UK average of 13.1 per cent.⁹⁵ The law on flexible working needs to be strengthened and we discuss this below.

Even before pregnancy, women may experience discrimination from employers who are reluctant to take on women of child-bearing years. Research from the EOC in 2006 found that younger women were still being asked at interview about their intentions on marriage and children.⁹⁶ Black Caribbean, Pakistani and Bangladeshi women were more likely to be asked these kind of questions than White women, suggesting they may be more at risk of sex discrimination.

Pregnancy discrimination

As research for this report shows, an estimated 6,300 women in London lose their jobs each year because of their pregnancy. At 10 per cent of all those who are employed and become pregnant, this rate is higher than that experienced in the UK as a whole (seven per cent).

A further 7,500 women a year in London suffer financial loss through pregnancy discrimination – a rate of 11 per cent, compared with 14 per cent in the UK as a whole. The total cost of this discrimination is estimated to be at least £19.4 million and could be as high as £55.4 million every year,

or between 10 and 16 per cent of the total costs of such discrimination in the UK – a significant cost to London businesses but an enormous cost, simply in financial terms, to the women affected.

This research follows the Equal Opportunities Commission's 2005 'formal investigation' into pregnancy discrimination⁹⁷ which found that each year almost half of the 440,000 pregnant women in Great Britain experienced some form of disadvantage at work simply for being pregnant or taking maternity leave. As many as 30,000 women were forced out of their jobs.

Part-time work

Inadequate options for flexible working and a long-hours working culture often constrain women's employment choices. In order to square the circle of employment and childcare, women will sometimes opt for part-time work that is below their level of skill and experience, if suitable alternatives are not available.

London has the lowest proportion of part-time jobs of any region in Britain – 26 per cent of all jobs are part-time in London compared to 32 per cent nationally. Part-time jobs are often poorly paid. In 2005, 22 per cent of London's part-time workers earned less than £5.35 per hour and 46 per cent earned less than the Living Wage level of £7.20 per hour. The WILE 2006 report noted that the 'most common job for both male and female part-time employees is in the wholesale and retail sector working in sales and customer service'. Typical jobs in this category include telephone sales, checkout operators and sales assistants. Within this category there are more than two female employees for every male employee.

The contribution that the concentration of women in poorly paid part-time work makes to the pay gap was also identified by a pay audit by the University of Sunderland: 28 per cent of the university's staff worked part-time and there was a 33.3 per cent pay gap between full-time and part-time employees. The university concluded that one of the reasons was the concentration of women in the lower end of pay scales, with 33.5 per cent of part-time female workers in manual grades and 11.6 per cent being academics; compared to a reverse pattern among men, with 43.2 per cent being academics and 12.2 per cent in manual jobs.

Unless part-time working is available across the spectrum of jobs and pay scales, particularly at higher paid levels, take-up will do little to challenge gender pay inequality.

Women often downshift to jobs which do not use their skills but in which they can work part-time and locally in order to fit in with caring responsibilities. Research by the EOC found that nearly a half of women working part-time were working below their past potential.⁹⁸ For many, this was because of limited market opportunities. Qualitative research for WILE 2006 found that women attempting to work part-time in senior positions believed that that they were not taken as seriously as full-time colleagues or would suffer in subsequent career development. Recent focus groups run by One Parent Families for the London Child Poverty Commission underlined this difficulty:⁹⁹

'There [are] barriers to promotion if you work part-time, because they don't see that a job sharer or a part-time worker is of the same value as a full-time worker. ... In theory you're not supposed to be discriminated against, but you are. But you just have to take it, well, I'm thankful just to have a part-time job.' Viv.

Research for the EOC found that by 2006, three-fifths of employers had employment schemes in place that allowed staff to move between full-time and part-time hours.¹⁰⁰ However industries dominated by men were less likely to have policies in place allowing such transitions compared with industries where women are more prevalent, underlining the strong occupational segregation by gender. Among employers with no female staff, only 30 per cent had such policies compared with 73 per cent of employers where more than half the staff were women.

Some employers may be resistant to extending flexible working and other 'family-friendly' policies, but research for the Department for Business, Enterprise and Regulatory Reform¹⁰¹ found that 'increased incidence of family-friendly provisions in private sector workplaces was positively associated with managers' perceptions of improved financial performance over the time period, demonstrating that increasing provisions are compatible with improving financial performance.'

Childcare

As WILE research has consistently shown, continuing to improve access to affordable childcare is crucial to removing a barrier to employment experienced by women with children. As chapter 2 shows, affordability and accessibility of childcare is a big factor in the employment decision-making of women with children .

The 2006 Childcare Act placed a duty on local authorities to ensure a sufficient supply of childcare in their areas to meet the needs of parents who want to work or undertake training or education which would help them to obtain work. Currently provision is lower in London than in England as a whole, except for out of school care. In September 2007, there were 24 day nursery and childminding

places per 100 children under five in London, compared with an England average of 31.

Local authorities are also required to ensure that there is sufficient supply of childcare which is eligible for the childcare element of working tax credit. This means, at current rates, a maximum of £175 per week in fees for one child and £300 for two. The maximum proportion parents can claim towards fees is 80 per cent.

Childcare in London costs on average 20 to 25 per cent more than the England average and many nurseries charge fees above the maximum for childcare tax credit, placing them beyond the reach of lower-income parents and adding to the employment barriers for women in London. Women with children are less likely to be in employment in London than in the rest of the UK – 55 per cent, compared with 69 per cent.

In order to address these barriers, the Childcare Affordability Programme was set up by the Mayor of London and the Department for Children, Schools and Families. This programme, run by the London Development Agency, is subsidising the cost of children's day care to enable parents to stay in or return to employment or to undertake training or other preparation for work. One of the most popular features for parents and providers alike is funding for flexible places, either for longer hours than the traditional working day or for part of the day, since part-time childcare is often more expensive pro-rata than a full-time place, adding to the difficulties of parents who want to work part-time.

The second phase of the programme is funding childcare for children with special educational needs and in the transition to work, so that parents can undertake training and other preparation for employment. This scheme provides childcare funding for older children as well as under-fives.

The Daycare Trust has called for the principle of the Childcare Affordability Programme to be extended to other areas, along with an increase to 100 per cent in the maximum proportion of childcare costs payable under the childcare tax credit.¹⁰² They call for further exploration of how funding could be directed to providers to reduce charges to parents with the aim of introducing long-term direct funding through local authorities.

The UK currently spends 0.5 per cent of GDP on early childhood services, compared with one per cent in France, 1.7 per cent in Sweden and two per cent in Denmark.¹⁰³

Lone parents

Lone mothers in London – who are over 90 per cent of all lone parents in the city – face particular barriers in combining work with looking after their children. High childcare costs together with the scarcity of better-paid part-time jobs with career prospects means that it is simply not financially worthwhile for many to go into employment, as illustrated by the analysis in Chapter 2. Employment rates of lone mothers in London have been increasing, but they are still well below the rates for lone mothers in the rest of the UK – 45 per cent, compared to 58 per cent.

In December 2007, the Government announced the introduction of new obligations on lone parents to actively seek work, moving them from Income Support to Jobseekers Allowance, with potential loss of benefit for non-compliance.¹⁰⁴ The change will be introduced for lone parents with a youngest child aged 12 or over from October 2008; for those with a youngest child aged 10 or over from October 2009; and a youngest child aged 7 or over from October 2010.

The Government's welfare reform Green Paper 'In Work, Better Off', which consulted on these changes, was criticised by organisations

like One Parent Families/Gingerbread¹⁰⁵ and the Child Poverty Action Group¹⁰⁶ (CPAG) for proposing to introduce sanctions for lone parents who do not comply with conditions to seek employment without providing the support they need.

CPAG said, *'The Government should concentrate on improving and extending high quality employment support, which at present is not able to meet demand from the majority of lone parents who want to find a good quality job that can be balanced with parenting demands. Unless employers provide more well-paid, high-quality jobs with family friendly hours, lone parents will simply move from out-of-work poverty to in-work poverty with children carrying the cost of less time with their parents.'*

The Mayor's response to the Green Paper was also concerned that 'increased conditionality for lone parents in the form of greater requirements for work search will result in either increased benefit sanctions or an increase in lone parents moving into low-paid, low-quality jobs. The first will have an adverse financial impact on children already in poverty and the latter, while improving employment rates in the short-term at least, will cause families to shift from out of work poverty to in-work poverty.'

The Green Paper noted that by 2008 it is expected that a third of all secondary schools will be offering extended services, but wants all lone parents of children aged 12 and above to find employment from the same date. Nor has the right to request flexible working been extended to parents of children of this age. In November 2007, the Prime Minister announced the Government's intention to extend the right to request flexible working to parents of older, teenage children and Imelda Walsh, Human Resources Director of J Sainsbury PLC, has been asked to 'lead an independent review to determine how this can be achieved'.

Women as carers

Discrimination legislation does not cover carers as such, yet the disadvantage they experience is systemic. Over a third of a million women in London provide care for relatives or friends. This represents nearly 12 per cent of women aged 16 and over, rising to 21 per cent for women in their fifties. A half of women carers are also in employment.

Age Concern England reported that carers in their fifties, especially women, were 'penalised financially for taking time out to care for sick, older and disabled partners, relatives and friends'.¹⁰⁷ 28 per cent of people caring for 20 – 35 hours a week were likely to give up work and 59 per cent of those providing care for more than 50 hours a week were likely to do so,¹⁰⁸ while both men and women who provide 20 or more hours of unpaid care a week are concentrated in low level, lower paid, jobs.¹⁰⁹

From April 2007 the DTI Regulation on Flexible Working extended the right to request flexible working to carers – but not for the 10 per cent caring for a friend or neighbour outside their own household. But even if rights to request flexible working were extended, they may not be sufficient alone to match carers' needs, which may often involve having the flexibility to change working arrangements or organise time off at short notice rather than simply have a fixed, though more flexible, working pattern. 'Reasonable adjustment' is an approach that has been effectively used in disability law, to require employers and service providers to make 'reasonable' adjustments to accommodate the needs of disabled people and thereby remove unequal barriers to opportunities. As an approach to discrimination it is a recognition that treating everyone alike will not be sufficient to avoid discrimination in many instances. With regard to carers, this approach could encourage consideration of how work could be arranged

to allow for a fit between work and the often unpredictable demands on carers.

Low pay

Analysis of the London Living Wage has shown that women outnumber men among the low paid and as income levels rise, men increasingly outnumber women. The factors outlined above all increase women's likelihood of being among the low paid – being mothers, single parents, carers, facing discrimination in pregnancy. Research in Chapter 2 showed that women working in elementary occupations are 13 times more likely to be low paid than female managers and senior professionals.

The preponderance of women among the lowest paid can be changed by a number of actions such as addressing the reasons why many women are obliged to take up lower paid part-time jobs – by increasing the availability of affordable and flexible childcare and by ensuring that the interaction of tax credit and benefit rules with earnings make employment financially worthwhile. More immediate action can also be taken by companies paying all workers a living wage. As well as the GLA group of organisations, 25 other employers in London have so far agreed to pay the Mayor's London Living Wage, including some major financial companies. The South East Region of the TUC has worked with the GLA to produce a working guide on the London Living Wage and implementation is being promoted across London with London Citizens and the trade unions.¹¹⁰

4.4 Unequal patterns: positive action to improve women's under-representation

Research has identified the under-representation of women in both senior and higher paid jobs and in particular sectors of

employment in London, and the impact such patterns have on the gender pay gap. The fact that such under-representation remains ingrained points to the need for better legal obligations and rights, such as have already been introduced in other countries in Europe and beyond. Using positive action to address this has been discussed within the Discrimination Law Review. It is recognised that Britain's laws on positive action lag behind what is permissible within European law.

Under-representation and pay

Research detailed in Chapter 3 adds to the picture provided in previous WILE reports of women's representation in different sectors and jobs. It shows that in London, 14.4 per cent of women but 23.8 per cent of men are employed in managerial posts. This is despite the fact that significantly more women than men in London, at age 23, are likely to have a degree-level qualification.

Previous WILE research reported that women are under-represented in managerial and senior occupations by 25 per cent but over-represented in administrative and secretarial roles by 62 per cent and in sales and customer services by 40 per cent. For management and senior occupations, and for professional occupations, women are under-represented in all sectors except education, health and social work. Even within these sectors, at senior levels, there is lower representation of women than would be expected considering the numbers of women in the sector as a whole.

These occupational patterns make a marked contribution to women's pay. WILE 2005 found that eight out of the ten most common jobs for females have a lower median hourly wage than the top ten most common jobs for men.

Women in business

Women continue to be significantly under-represented in senior positions in business, as in public and political life.

A study by the Lehman Brothers Centre for Women in Business¹¹¹ reviewed the experience of 61 organisations, which included seven of Europe's 'top 20 Companies'.¹¹² The report confirmed earlier findings that *'the proportion of women in senior roles is stagnant or even decreasing'*. While in 2002 40 per cent of senior management posts were filled by women, in 2006 only 22 per cent of such posts were female-occupied. In FTSE 250 companies, again, 21 per cent of head of function posts were held by women in 2002 but by 2006 only 12 per cent were.

Of the organisations studied it was reported that 72 per cent 'measure the proportion of women at key job levels' while 66 per cent 'measure the salary differences between men and women'. As companies 'become familiar with measuring and reporting' then some use their findings as the 'basis for setting targets' which 'typically...address the number of women in senior executive roles'. The report recommends that businesses 'monitor, measure and consider the application of targets'.

The authors considered there was *'a significant gap between the aspirations of policy and everyday practice'* when it came to flexible and part-time working at senior levels. While nearly 100 per cent of organisations said they offer part-time work, 89 per cent offer 'flexible working options' and 77 per cent job sharing, the actual experience of take up in senior posts is much lower. Fewer than 10 per cent of women managers reported that they work flexibly, while nearly 80 per cent of executives report that less than 20 per cent of managers and senior executives work part-time and less

than 10 per cent of managers are in job shares.

The Female FTSE Report 2007¹¹³ reported that women make up 11 per cent of total directorships'. Additionally, 'The number of female CEOs remains at two, and there is still only one female chairman'. At the same time the 'number of female executive directors fell to 13, and this is out of 362 executive seats'. The number of companies 'with female executive directors has slipped back to 11' while 'since 2002 there has been little movement in the number, which is disappointing'.

It notes that 24 per cent of FTSE 100 companies still have all-male boards, and in the FTSE 250 women held only 7.2 per cent of board positions (up from 6.6 per cent).

The report also notes that there are still only two female CEOs (Dame Marjorie Scardino of Pearson, and Dorothy Thompson of Drax) and 'only one female chair, Baroness Hogg of 3i, and the number of female deputy chairs is down to two (Lady Barbara Thomas Judge at Friends Provident; and Baroness Dunn at HSBC Holdings)'.

In London, research for WILE 2005 showed that women made up only 6.6 per cent of directors of London-based FTSE 250 companies.

What has been called a 'fix the women' approach will do little to address these patterns. This report cites examples of good practice being developed by some business and argues for legislative back up when required. As one business leader has commented: 'To improve diversity, women may hold the key, but men generally still control the lock'.¹¹⁴ Measures to open the lock are required, both for women's equality and to contribute to successful future London economy.

Race and women's under-representation in business

According to the Female FTSE 2007 report, black and minority ethnic women's representation at company board level remains very low, despite an increase in the last year surveyed. The report notes that there are only eight women directors 'of non-European descent' and 'all are non-executives'. The 'overall proportion of ethnic minority directors in the FTSE 100 is 4.1 per cent, up from 3.4 per cent in 2006'. However, the report notes that 'this is partly due to the accession of the Indian firm Vedanta Resources into the FTSE 100' and that 'only one British black director holds a FTSE 100 position, Ken Olisa of Reuters'.¹¹⁵

International steps

International research has shown that women's under-representation has been effectively tackled when supported by legislation.

As a result of legislation in Norway,¹¹⁶ boards of public limited companies are required to be at least 40 per cent female in composition. The law has been effective in raising women's representation, with a high level of compliance and latest figures indicating that women now comprise 36 per cent of company boards.¹¹⁷ This is a sharp increase: in 2003 there were 254 women among the country's 2,800 directors of public companies, fewer than 9 per cent. By December 2007 80 per cent of companies had reached the target, with most of the remainder taking last minute steps to do so. Even with this requirement women only hold 15 per cent of executive management positions and four per cent of board chairs and 'the Norwegian labour market remains very segmented, with the prestigious and well-paid jobs held overwhelmingly by men and the low-paid public sector jobs held primarily by women, suggesting that additional steps to address these issues more widely are also needed'.¹¹⁸

Research by Egon Zehnder International and the European Professional Women's Network¹¹⁹ found (in 2006) that women occupy 8.5 per cent of corporate boardroom seats in Europe's largest 300 company boards, or 385 places out of 4,535, a slight increase from the 8 per cent in 2004. The research argued that the Scandinavian countries, through 'proactive policies and quotas' have 'surged ahead'.

At the other end of the spectrum, Spain introduced, in March 2007, a new law on gender equality that requires listed companies to 'seek a balanced representation of men and women' at boardroom level. Companies are given eight years to reach this. At present '63 per cent of listed companies have no women on their boards, according to the National Stock Market Commission's annual report on corporate governance. In 2005, Spain's listed companies had appointed only 95 female directors – less than 6 per cent of the total'.¹²⁰

As a review of international jurisdictions in the 2007 WILE report noted, beyond Europe both the United States and Canada are among countries that provide for firm positive action steps. Canada's Employment Equity Act 1995 obliges 'positive policies and practices and making such reasonable accommodations as will ensure that persons in designated groups achieve a degree of representation in each occupational group in the employer's workforce that reflects their representation in the relevant workforce'.¹²¹

4.5 Multiple discrimination

Evidence shows that women in London face inequality and disadvantage in relation to their ethnicity, disability, religion, age and sexuality as well as their gender and caring status. The extent of this disadvantage is often more pronounced in London than elsewhere in the UK.

For instance, the employment rate of disabled mothers in London in 2005 was only 34 per cent, compared with 48 per cent in the rest of the UK, but both are much lower than for non-disabled mothers: 58 per cent in London and 72 per cent in the rest of the UK.¹²² They are also very much lower than for non-disabled fathers, whose employment rates were 90 per cent in London and 94 per cent in the rest of the UK. As Chapter 3 shows, disabled women in London who are in employment are more likely to be in the lowest pay bands – 27 per cent of disabled women earn less than £325 a week compared with 20 per cent of non-disabled women in London.

Women from black and minority ethnic groups also receive lower pay – as Chapter 3 shows, nearly 29 per cent of women from ethnic minorities working full-time in London earn less than £325 a week compared with 18.2 per cent of white women who work full-time.

Pakistani and Bangladeshi women have the lowest employment rates of all women – only 24 per cent in 2006, compared with 69 per cent of White women, 57 per cent of Black or Black British women and 62 per cent of Indian women.¹²³ While the age structure of the different ethnic groups is undoubtedly a factor, with more women in the younger age groups and therefore more likely to have young families, public perceptions of cultural barriers to employment for Pakistani and Bangladeshi women are unfounded. A study by the DWP on Pakistani and Bangladeshi women's attitudes to work and family showed that difficulties in finding suitable childcare and flexible working arrangements act as the biggest barrier to work for ethnic minority women, as they do for women in general.¹²⁴

A statutory investigation by the former Equal Opportunity Commission reported that one in three Black Caribbean working women under 35 and one in five Bangladeshi and Pakistani

women had experienced racist comments at work. The report argued that: *'The conclusion of our two-year investigation is that the main reason Bangladeshi, Pakistani and Black Caribbean women who want to work find it so difficult to fulfil their potential is that they are forced to fit into a workplace culture and a system that was designed for a different age'*. It pointed out that *'Bangladeshi, Pakistani and Black Caribbean women continue to be under-represented in senior level jobs, despite the fact that those in work are more likely to have a degree than white British women'* and that ethnic minority women, even more than white British women, are clustered in a narrow range of workplaces, jobs, sectors and local labour markets. It reported complaints that *'can only be explained by overt racism and prejudice, such as the failure of women with Islamic names to get called for interview, even when they have good qualifications and experience'*. The report urged a series of steps to remove the barriers to equality.

The current legislation makes it very difficult for individual women to pursue discrimination on more than one ground. As WILE 2007 pointed out: *"the UK's present anti-discrimination scheme comprises discrete, and inconsistent, legislative measures, addressing race or gender or disability etc. The classes protected by the anti-discrimination laws are not homogenous, and disadvantage is experienced differently even within groups. Because the protected classes are defined mono-characteristically, tackling 'multiple' or 'intersectional' discrimination is problematic. In a case of indirect discrimination, for example, a black woman complaining of indirect discrimination as such will find either white women or black men (depending on whether she characterises the complaint as one of sex discrimination or race discrimination) included in her pool for the purpose of determining whether she and others are disadvantaged by any measure*

under challenge. This can have the effect of undermining any claim to be disadvantaged by it as a member of either class.¹²⁵

4.6 Equality in the private sector and procurement

The fact that the private sector is the major employer of women, at London and UK level, yet indicators of inequality, such as the gender pay gap and under-representation at senior levels, are higher in the private than public sector points to the need to consider why this is and to take corrective action. Given that the public sector has to meet more stringent equality requirements – due to the gender duty introduced in 2007 – discussion has focussed on the need to create a ‘level playing field’ between sectors, so that women are entitled to equality of treatment wherever they are working.

One way forward would be to introduce an appropriately constructed gender equality duty for the private sector. As has been noted, ‘to the extent that public sector equality duties mean that public sector workers are more likely to have equal opportunities and less likely to be discriminated against in practice because of the mechanisms accompanying the positive duties, failure to regulate private sector employers to the same extent means that private sector employees are, to that extent, second-class citizens’.¹²⁶

The Hepple Report – which remains the most comprehensive review of anti-discrimination legislation and proposals for its improvement – argued that while a voluntary approach to equality and diversity initiatives in the private sector may influence the behaviour of some organisations it will not work in others that are ‘resistant to change’ and recommended an ‘enforcement pyramid’ which ‘starts from a base of persuasion, information and voluntary action plans’

but moves upwards to ‘enforcement where voluntary methods fail’. That is, by means of the statutory enforcement of proactive duties where necessary.¹²⁷ The Equality and Human Rights Commission has called for ‘the introduction of limited compulsory obligations’ alongside ‘a greater degree of transparency by business’, saying that ‘to rely solely on voluntary self-regulation will not lead to a change of culture and practice’ and reminding all that ‘equality and non-discrimination’ are ‘fundamental social rights; there cannot be a trade off between equality and the needs of business’.¹²⁸

The limits of self-regulation appear clear in the statistics of inequality: employers who support the case for equality will implement anti-discrimination measures; those who do not will use the lack of regulation to persist in discrimination. Commenting on the widening of the gender pay gap among senior women in business, the Director General of the Institute of Directors commented that ‘Unless we can achieve equality of opportunity in the near future, we will inevitably face further regulation in this area. The only way to rebut this is for business to act quickly. It is wholly unacceptable in this day and age that it appears that women in comparable positions do not receive the same rewards as their male counterparts’.¹²⁹

Analysis by the Confederation of British Industry found that the overwhelming majority of companies (83 per cent) reported having written equal opportunities policies, but few undertook regular monitoring (40 per cent) or even trained line managers on implementing the policy (30 per cent).¹³⁰ Similarly, while the Workplace Employment Relations Survey (WERS) 2004¹³¹ found that ‘most workplaces with at least 100 employees (96 per cent) had a formal written equal opportunities policy’ it also found that a policy on paper did not automatically

translate into standard, let alone comprehensive, equal opportunities practice. Only 31 per cent of workplaces 'with a formal written equal opportunities policy monitored recruitment and selection by gender', for example. The survey found that while the existence of a formal equal opportunities policy was almost universal in public sector workplaces, only 67 per cent of private sector workplaces (where there was a recognised union) were found to have such a policy.¹³² These gaps between policy and practice are underlined by our research into pay audits in London and the Lehman Brothers Centre for Women in Business study cited above.

A business-led study into race inequality¹³³ looked into causes of the ethnic minority employment gap and concluded that 'the most direct way to motivate business to promote race equality would be new legislation creating a private sector duty to promote race equality'. It also went so far as to highlight the fact that legislation had already been held back in the hope that the private sector would improve its equality performance saying: 'the IPPR Task Force recommended considering new legislation if the private sector did not make progress towards eliminating race equality'. The report added that: 'It made this recommendation in 2004'. To underline the point the report stated: 'the private sector is much more likely to act without being legally obliged to do so if it believes Government is serious about bringing in new laws if there is no action in a measurable period'. While this study held back from supporting new positive duties for the private sector it did recognise that such may be inevitable and in the meantime urged a more robust system of contract compliance between the public sector and private business.

4.7 Moving towards more effective law

Since the last Women in London's Economy report and conference, in February 2007, the government has published a Green Paper on the future of anti-discrimination law. Its proposals proved a disappointment, however, with many agreeing that government had 'resisted calls for extensive change, demonstrating a fondness for the status quo on a number of issues'.¹³⁴ In particular, the Green Paper contained few proposals to better tackle the gender pay gap, inequality in the private sector or women's under-representation. Further discussion is anticipated this year. Set out below are key changes the Mayor believes a Single Equality Act should deliver.

As noted above, 2007 saw the introduction of the Gender Equality Duty¹³⁵ as a result of which public authorities are required to promote gender equality and eliminate sex discrimination. Instead of depending on individuals making complaints about sex discrimination, the duty places a proactive legal responsibility on public bodies. The duty will affect employment practices as well as policy-making and services. It could undoubtedly be strengthened – for example, rather than being required to address the gender pay gap, authorities are only required to 'consider' the need to have objectives that address the causes of any differences between the pay of men and women that are related to their sex. Compliance with the gender duty – and with other laws applying to public authorities – needs to be evaluated. Women's equality in the public sector is far from perfect, underlining the fact that it is insufficient to have a law or a policy on paper. Laws must be upheld. The positive duties in particular need to be monitored and enforced if they are to lead to change. To assist this, the Mayor has supported a statutory duty on the public service inspectorates

to evaluate such compliance in their inspection of public bodies.

Notwithstanding these caveats, the public sector duty is a milestone in the development of a more proactive form of law on women's equality. Rather than the burden being on individual women to highlight discrimination, mostly after the fact, organisations are required to think about and plan for equality. The hope would be that this would reduce the basis for discriminatory patterns and future litigation.¹³⁶

It is therefore ironic that this improvement only covers the public sector, where – as this report demonstrates – the pay gap is narrower than in the private sector. As Secretary of State for Equality, Harriet Harman, has stated, while unequal pay is 'a problem in the public sector, it is even worse in the private sector'.¹³⁷ The EOC, prior to its closure in September 2007, was seeking a gender duty in the private sector which mirrored that in the public sector. More women – nationally and in London – are employed in the private sector. The private sector is also increasingly important in delivering services. We therefore consider the possible shape of a private sector positive equality duty.

A private sector duty

A private sector proactive equality duty could take a variety of forms and include a varying number of requirements, which could also be introduced individually. Provisions would need to be appropriate to the sector. Workforce monitoring, reporting and corrective intervention have been successfully used in the private sector in Northern Ireland and in other jurisdictions. Concerns raised by employer organisations about burdensome legislation could be offset by applying specific duties to employers above a designated number of employees. Phasing in of obligations and specific parts

of them could also assist with any practical issues and could differ according to the size of the employer. It is noteworthy that the employers who were interviewed on equal pay reviews in research for this report did not raise cost as a particular concern in relation to these.

Equal Pay Audits are a specific form of proactive duty that could be required of the private sector.

Mandatory equal pay reviews

Legislating for mandatory equal pay reviews (or audits) would be a proactive way to identify and tackle pay discrimination. Pay reviews provide transparency, so that employers and employees have the facts about workplaces in front of them. They allow an objective appraisal of the criteria for recruitment, promotion and pay awards. If they trigger corrective action they can reduce the need for recourse to the law.

The case for mandatory equal pay reviews is increasingly clear. Trade unions, the Equal Opportunities Commission, the Hepple Report¹³⁸ and others have all set out compelling and comprehensive arguments in favour. The Women and Work Commission, working by consensus, failed to reach agreement on making equal pay reviews mandatory, but those on the Commission who supported the case pointed out that, 'as long as the law remains based on individual rights, affording remedies to individuals who take cases to employment tribunals, we will not eradicate systemic discrimination in pay systems and workplace practices', arguing that pay reviews were an essential component in a more systematic and realistic approach to tackling pay inequality.¹³⁹

However at present equal pay reviews remain voluntary. As such, as the research in Chapter 3 shows, only a minority of employers are undertaking them and of these many use

methods that fail to meet the standard definition set by the former Equal Opportunities Commission.

Only 1 in 4 conducting any form of pay audit

Chapter 3 shows that just over a quarter of London employers had completed an Equal Pay Audit. Of these, 17 per cent had discovered a pay gap in the process of their EPR. Of those organisations in this category that were able or prepared to give average salary details, the mean salaries were under £28,000 per annum for women and just over £32,000 per annum for men. In three organisations the average salary for women was in the region of £10,000 lower than for men.

When is an Equal Pay Review not an Equal Pay Review?

However, even among the minority of London employers undertaking equal pay reviews, only 61 per cent had actually done so in a way that would have met the Equal Opportunities Commission's definition of what constituted an EPR: that is, checking for differences in pay by sex where men and women are doing the same jobs and for differences in pay by sex where men and women are doing different jobs that are of equal value. Nearly two-fifths of organisations that had thought they had conducted equal pay reviews had not included both such checks in their process.

The case for regulation

Despite the low proportion carrying out pay reviews, the Government's Green Paper on a possible single equality bill, 'A Framework for Fairness',¹⁴⁰ proposed to continue to rely on 'promoting the spread of good practice' to encourage employers to implement pay audits.

The enduring reality of the pay gap demonstrates that this approach is failing. Those employers who do not want to carry out pay reviews believe they are unnecessary.

This was reflected in the research for this report, which shows that the 'most common reason given for having no involvement with an EPR' given by employers who had not conducted a pay review and were not planning to – the majority – was the 'belief by employers that their existing pay systems are not discriminatory'. This belief was cited by 92 per cent of employers while 40 per cent gave as a reason a problem in engaging the commitment of senior management. Similar findings resulted from the last survey conducted by the Equal Opportunities Commission.¹⁴¹ But without such a review, employers cannot know that their pay systems are not discriminatory, a view upheld at law.¹⁴²

Even if pay reviews only highlighted and tackled the proportion of the pay gap that was most straightforwardly attributable to discrimination that would be significant.

However, a broader private sector gender duty could link such measures to re-evaluations of systems of pay, recruitment, promotion and related employment conditions. Such a duty could be an even more significant driver of change.

Workforce monitoring and reporting

Workforce monitoring and reporting, which triggers action to tackle discrimination, has been another area of increasing discussion. A number of detailed approaches have been advanced.

The Lehman Brothers Centre for Women in Business report cited above identified 'measuring and reporting' as a practice being used by employers in workforces that are addressing women's representation, and one that could be used more widely. The authors said '*there is much merit in introducing key targets to ensure the progress of high potential women through the leadership pipeline*' and recommended

'that from recruitment to promotion progress is monitored ... that head hunters are required to field female candidates and that all executive selection panels consist of 50 per cent women and that progress is monitored and reviewed at the most senior levels'.¹⁴³

The positive duty that was proposed by Hepple would require firms of a particular size to undertake a three-year periodic review of employment procedures, and to take reasonable remedial action by means of an employment equity plan when the review indicated the existence of significant under-representation. The report proposed that employers would not be required to take action that would involve undue hardship to their business or the selection or promotion of under-qualified persons. It also proposed three-yearly pay audits and the introduction of equity schemes where discrepancies were identified.

In Northern Ireland the Fair Employment and Treatment Order 1998 (FETO) established a regulatory system in which employers are required to undertake a triennial review of employment composition and practices, and to take steps to address any issues that are identified. As one expert has noted, *'In marked contrast to the aversion to contract compliance as a remedial measure for race and sex discrimination, the legislation explicitly provides that public authorities refrain from contracting with employers who are found to be in default of various provisions under the legislation'.¹⁴⁴*

The 2007 WILE report identified how similar proactive steps have been taken in countries such as Canada, Norway and Sweden.

The Equality and Human Rights Commission's has called for new regulation in the private sector to include 'business self-portraits' which would 'require an employer to look

at their employment practices objectively, monitoring the composition of the workforce, pay and benefits, and processes such as recruitment and dismissal'. As part of this 'employers should be expected to identify any gender pay gap within their workforce'. They propose data would be publicly available and lead to steps – such as an equal pay audit or positive action – which would be outlined in a 'self-improvement plan'.¹⁴⁵

The issue of the system of enforcement of any such requirements is an area requiring further research and discussion.

Procurement

Using contract compliance to bind private sector suppliers to equality standards that apply in the public sector has been a growing area of discussion. Embedding equality in the procurement process – if it involves applying meaningful and measurable requirements that are monitored and upheld – can have a significant positive impact for some women (and other groups which experience discrimination) working in the private sector.

The Mayor has strongly supported the use of existing legal duties to promote equality when procuring services from the private sector. However, while it permits equality considerations to be included as a factor in contract setting, the law is complex, and this is not mandatory. From 1997 onwards the Labour government weakened the limitations on contract compliance strategies but legislation remains cautious, complex and time-consuming for public bodies to negotiate. It allows for the robust policy enacted by the GLA,¹⁴⁶ but does not clearly require equality considerations to be part of contract setting. Nor is there an effective system for monitoring procurement from an equality standpoint.

The Mayor has supported the introduction of a mandatory duty. The Discrimination Law

Review Green Paper issued for consultation in the summer of 2007 instead suggested improved guidance and encouragement of good practice would be preferable. Experience indicates that these alone are insufficient to create change on an adequate scale. As the Mayor's submission to the consultation pointed out, policy initiatives aimed at improving the public sector's approach to addressing equality in procurement have been manifold.¹⁴⁷ Nevertheless, a government survey in 2005 reported that only 40 per cent of authorities addressed equality and diversity in procurement, with examples or targets.¹⁴⁸

There is a recognition among businesses committed to equality that using the procurement mechanism to extend equality would be effective. The National Employment Panel study on race inequality already cited argued that *'by far the most effective way to change supplier behaviour is through provisions in contracts that require commitments to promoting workplace race equality...if it wants to eradicate that part of the ethnic minority employment gap attributable to employer discrimination, and if it wants to do this within a period of years rather than decades, then it will need to use contract compliance in public procurement'*. It recommended *'that Government establish a public sector wide procurement policy to use more robust pre-qualification questions and contract conditions to promote race equality in the workplace.'* The study included useful draft clauses for use in procurement contracts which specified definite action to be taken under a 'race equality plan' to be supplied by contractors. This would include measurements of progress in equality which would be monitored for implementation through being followed by a 'progress report'.¹⁴⁹ While the focus in this study was race inequality, the point could equally apply to others experiencing discrimination in employment.

The Mayor's view is that standardising effective use of the procurement process requires the support of improved legislation to mandate public bodies to include equality in contracts.

Equal pay reviews, workforce monitoring and a mandatory duty to embed equality in the procurement process would be three important steps to address inequality in the private sector. Improving the very weak provisions on positive action would be a further important step, and the next section considers these separately.

Addressing under-representation – legislating for positive action

In Britain, the sort of positive action steps that have been taken in other countries are currently unlawful. The government's Discrimination Law Review Green Paper¹⁵⁰ acknowledged that British law does not allow for the levels of positive action permissible under European Directives. Positive action is treated as an exception to the law against discrimination, reflecting the formalistic approach to addressing inequality in British law.

Law in Britain provides mainly for positive action related to women mainly for training for employment and encouragement to take advantages for work opportunities, under tight conditions: the fact that a woman has participated in a women-only training scheme does not legally give her any greater right to be offered employment in the area for which she has trained. EU provisions would permit steps relating to access to employment, including promotion, which give a specific advantage to women with a view to improving their ability to compete in the labour market and to pursue a career on an equal footing with men, so long as any positive action is proportionate.

Other, more substantive, approaches exist within the UK context. Legislation in Northern Ireland incorporates stronger provisions on positive action. Directed at addressing historic discrimination against particular communities, the Fair Employment and Treatment Order 1998 (FETO) requires affirmative action 'to secure fair participation by members of the Protestant, or members of the Roman Catholic community in Northern Ireland by means including: the adoption of practices aimed at encouraging such participation; the modification or abandonment of practices that have or may have the effect of restricting or discouraging such participation' and requires employers to 'review the composition of those employed and ceasing to be employed' for the purpose of determining whether 'members of each community are enjoying, and are likely to continue to enjoy, fair participation in employment'. Where a review indicates that there is not fair participation an employer is required to 'determine the affirmative action (if any) which would be reasonable and appropriate'.¹⁵¹ The issue of 'fault' is removed from consideration as the 'employer is made responsible for promoting fair participation simply where disparities are apparent even though there is no proof that the employer was guilty of unlawful discrimination'.¹⁵²

Within Britain an important positive action model that goes beyond the generally limited provision is that which allows political parties to use women-only shortlists in selecting candidates for elections.¹⁵³ As of November 2007 there were 126 women MPs out of a total of 646. This total has been greatly influenced by the use of women-only shortlists by the Labour Party: a policy of choosing candidates from women-only shortlists in a limited number of constituencies prior to the 1997 election was a major factor in almost trebling the number of women Labour MPs returned. Currently there are 95 women Labour MPs out

of a total of 352, 17 Conservative women MPs out of 195 and 9 women Liberal Democrat MPs out of a total of 63. While women remain significantly under-represented in parliament, and black and minority ethnic women much more so (there are only two black women MPs) this indicates the potential of positive action. Indeed parliament voted to amend legislation to allow for this to continue after it was struck down by an Employment Tribunal as unlawful sex discrimination.¹⁵⁴

British law is also less restrictive with regard to positive action in employment in relation to sexual orientation, religion or belief and age than it is with regard to addressing women's under-representation. Under provisions of the Sex Discrimination Act 1975 it is only permissible to restrict access to training to women to help fit them for particular work, or to encourage one protected class to take advantage of opportunities for doing that work, where nationally the numbers of the particular class doing such work were comparatively small at any time during the preceding 12 months. Where the numbers undertaking particular work in a local area are comparatively small, such training may also be provided where it is likely that those undertaking the training are likely to take up that work in that area. This is a restrictively high threshold: not only does the law not require positive action, it makes it extremely difficult even in the limited field of training. Statistics are often not collected, making action impossible to justify. Under the Religion or Belief Regulations, Sexual Orientation Regulations and the Age Regulations, the law is different. It is not necessary to show an actual under-representation for training and encouragement to be lawful. It would be lawful where 'it reasonably appears to the person doing the act that it prevents or compensates for disadvantages linked to' religion or belief, sexual orientation or age.

These examples highlight the potential for more effective positive action provision within UK law. They show that in certain areas British law already goes further than it does with regard to positive action to address women's under-representation in employment.

If the Government amended the scope of existing legislation as provided for under Article 141 (4) of the EC Treaty, Article 5 of the Race Equality Directive and Article 7 of the Framework Directive – as mooted in the DLR Green Paper – the ability to use positive action in Britain would be considerably extended.

Even then, however, it is unlikely that simply allowing for positive action will be sufficient to prompt the scale and pace of change needed. This has been recognized by the steps taken in some countries to require action to address under-representation of women (and setting targets and timescales for example) and by the provisions of legislation in Northern Ireland. The evidence suggests that a wider legal provision requiring action in certain circumstances will be needed to stimulate change.

Balancing life and work

Pregnancy discrimination

The law on pregnancy discrimination at work is complicated, with potential protection found in a variety of statutes including the Sex Discrimination Act, the Employment Rights Acts 1996 and 1999, the Employment Act 2002 and Health and Safety legislation. In the EOC's review of Employment Tribunal decisions on pregnant women, it was found that *'In most of the cases included in the present study, tribunals were required to consider a range of legislative measures in reaching their decisions, often with mixed results.'* Out of 121 successful cases, 89 (74 per cent) were successful under both the SDA and other legislation. Only 22 (18 per cent) were successful under the SDA alone.

While less favourable treatment of a woman on the grounds of pregnancy or maternity leave already constituted unlawful sex discrimination before 1 October 2005, it was not explicitly stated in the Sex Discrimination Act 1975 (SDA) but was set out in case law deriving mainly from the provisions of the Pregnant Workers Directive and the Equal Treatment Directive. The SDA was amended to explicitly prohibit discrimination on the grounds of pregnancy and maternity leave in the employment field from 1 October 2005.

However, the law still presents considerable barriers to proving pregnancy discrimination. As last year's WILE report pointed out, the 'likeness' model of British anti-discrimination law, whereby the concern is not with disadvantage but simply proving likeness of treatment, has obvious drawbacks in this area. The comparator model is still invoked, albeit the comparator is the pregnant woman herself before pregnancy.

In February 2007 the High Court upheld a claim by the EOC that amendments to the Act made by the Employment Equality (Sex Discrimination) Regulations 2005 SI 2005/2467, which were designed to implement the EC Equal Treatment Amendment Directive (No.2002/73), did not properly implement certain rights in the Directive prohibiting harassment, discrimination on the ground of pregnancy or maternity leave, and less favourable treatment in connection with terms and conditions during maternity leave.¹⁵⁵ The High Court held that, contrary to the current wording in the SDA, it is not necessary for a woman to compare herself to the way she would have been treated had she not been pregnant. The Government said it would not be appealing, and would instead be consulting the EOC on amendments to the Act. At the time of writing, there has been no visible progress in correcting this breach of EU requirements.

The incidence of pregnancy discrimination illustrates that even if the law is improved so as to make it easier for women to challenge discrimination through the courts, it is critical that discrimination meets a deterrent sanction, and we deal with this below.

Maternity and paternity leave

From April 2007, the Work and Families Act 2006 has extended statutory maternity and adoption pay from six to nine months. In addition, the Act enables the Government to introduce a new right to fathers of up to 26 weeks' additional paternity leave – some of which could be paid if the mother returns to work – and the extension of maternity pay to 12 months. The Government's aim is to introduce these extensions by the end of the current Parliament (2007 – 08).

While the extension to paternity leave is to be welcomed as widening the choice available to parents about who takes care of the children, it may not be sufficient to produce change, judging from the take-up of current paternity entitlements. At present, fathers are entitled to two weeks paternity leave paid at £106 per week, but this is too low to be much of an attraction for those who do not receive full pay from their employer. Fewer than 20 per cent of those eligible take the opportunity, according to the Calpol Parenthood Survey of 2004 – far short of the projected 80 per cent uptake forecast when the government introduced paternity leave in 2003.¹⁵⁶

Research by the Chartered Institute for Personnel Development also showed that fewer than half of fathers would take paternity leave at the current rate if they had another child.¹⁵⁷ In contrast, the proportion who said they would take paternity leave at 90 per cent of full pay increased to 80 per cent, and at full pay the figure rose to 87 per cent

Swapping parental leave from mothers to fathers is also not likely to be attractive while in most cases the father's earnings are higher than the mother's. Systems operating in other countries may prove more effective in sharing parental leave between mothers and fathers. In Norway, for instance, in 1993, the paid parental leave system was extended to one year of leave with pay, and the father's quota (a period of parental leave that only the father can use) was introduced, with the explicit aim of breaking with the traditional gender pattern of working and caring.¹⁵⁸

Right to request flexible working

Since April 2003, the 'right to request' flexible working has been available to parents of children aged under six or of disabled children aged up to 18. The Mayor has consistently argued in responses to government consultations for the right to request to be extended to parents of all age groups of children. In April 2007, the right to request flexible working was extended to carers of adults who are close family or household members. The Mayor argued that the definition of carer was too narrowly defined, excluding the 10 per cent of carers who are looking after friends or neighbours.

The EOC's final report on its investigation into the Transformation of Work argued that the right to request should be extended to all employees, not just those with caring responsibilities.¹⁵⁹ It cited a study from The Work Life Law Centre, which concluded that it made business sense to extend flexibility rights to all employees as in Germany and the Netherlands. It suggested that 'Limiting the right to a sub-group such as parents of pre-school children, as is the case under UK law, not only causes resentment but also makes it more difficult to accommodate requests. Parents of young children tend to be fairly homogenous in their demand for working hours; whereas when all employees are included there is a better chance

of covering the whole array of the employers' working-time needs.' The TUC has called for flexible working to be available to all employees.¹⁶⁰

Carers rights

The position of women as carers could be improved by the types of service and legislative amendment set out already. But carers should also be protected from discrimination in their own right – as carers – by the inclusion of a non-discrimination right for carers in the Single Equality Act. This should include the right to reasonable adjustments for carers, as required for disabled employees, to avoid them being forced out of employment and losing income, along with the loss of their skills and experience to the economy.

Improving outcomes and remedies

Some of the legislative proposals above would themselves improve the likelihood of the law functioning more efficiently and effectively to prevent discrimination. For example, strengthening the law on positive action would allow employers to take action that was proportionate to levels of under-representation. Proactive law for the private sector – whether in the form of specific changes like mandatory pay audits or a more broad-based private sector duty – would require employers to think about and plan against women's inequality. Strengthened law on procurement would require private providers to adhere to public sector equality standards in contracted work, potentially producing important practical changes and proactively planning for equality rather than allowing for discrimination. It would also support the equality standards already being held to by the best employers in the private sector.

However, where discrimination persists it is critical that the law is effectively enforced. In many areas of discrimination the high number

of people affected – pregnancy discrimination being a glaring case in point – is an ongoing testament to the fact that the law is poorly enforced and sanctions are very weak.

Strengthening the Equal Pay Act

Despite the enactment in 1970 of the Equal Pay Act (EPA) women experience systematic inequality in pay compared to men. The scale of this in London has been identified in the Women in London's Economy series of reports. Part of the problem in tackling the gender pay gap lies in the limitations of the EPA. The law is highly individualistic – relying on individual women to identify and bring complaints – with no obligation on employers to make pay systems transparent or conduct audits or reviews. The Act assumes there will be a male comparator – ignoring the reality of occupational segregation and making claims additionally difficult.

The provisions of the EPA contrast with how other kinds of discrimination are treated under UK law and how other countries have better tackled pay discrimination against women. South Africa, Canada and Australia all have more proactive laws which, in various ways, require workforces to be monitored and discriminatory pay practices addressed. Some EU member countries have taken effective and proactive steps. France requires companies to report on pay differentials, as does Sweden, while Denmark requires companies to compile gender-differentiated wage statistics on request. While it is always difficult to make comparisons across countries, EU research indicates that these are all countries with a narrower gender wage differential than both the EU average (of 16.2 per cent) and the UK figure (of 17 per cent). The UK ranks 18th on the list of 27 EU countries in terms of severity of the gender pay gap. Across the EU the average gender pay gap is 15 per cent, and is wider in the private sector, averaging 25 per cent. The gap increases with age, level of education and length of service.¹⁶¹

Hypothetical comparators and better equal pay law

Claims against unequal pay are taken under the Equal Pay Act, which, unlike the Sex Discrimination Act or equal pay claims on other grounds (such as race), does not allow for hypothetical comparators to be used. This means that a woman taking an equal pay claim must find an actual male comparator. This technicality limits the ability of women to bring equal pay claims in gender-segregated workforces, for example. The EOC pointed out that 'some of the worst pay and conditions are in the private sector ... where jobs such as cleaning and catering are largely carried out by women employed by contractors, probably part-time. It is unlikely that there will be male comparators employed by their employer doing work of equal value so that the [EPA] in its current form offers no remedy'.¹⁶² Or as Karon Monaghan showed in research for WILE 2007, 'pay discrimination suffered by women, which is known to be a continuing and significant problem, is addressed by the weakest anti-discrimination legislation, the EPA'. The Mayor's submission to the Discrimination Law Review urged that both the EPA and SDA be streamlined on an anti-discrimination model, allowing for hypothetical comparators to be used in equal pay claims and therefore for the law to be more effective.

However, this recommendation differed from the thrust of the Green Paper's approach to equal pay law, which was essentially to streamline the law but to leave these characteristics unreformed.

Representative legal actions

The reality of pay discrimination and the highly individualised and ineffective character of equal pay law are reflected in the very high number of equal pay claims going to an Employment Tribunal. The number

of claims brought to tribunals in 2006 – 07 rose by 155 per cent, from 17,268 the previous year to 44,013.¹⁶³ Equal Opportunities Review commented that 'at this rate of increase, equal pay claims look set to become the most common complaint heard by employment tribunals'.¹⁶⁴ There were 44,491 claims for unfair dismissal in total in the latest year's figures, only marginally more than those about unequal pay.

Legislating to provide for representative legal actions, thereby allowing relevant third parties to take legal cases for groups of individuals, would make the law easier to work in practice. Case law shows that many pay cases do not simply represent the discrimination experienced by one individual woman: her experience might be shared by 500 co-workers. Yet the law forces each individual to take her case individually. The individual woman has to bear the strain of this, over the long period that it takes for cases to reach an outcome, and the system is avoidably bogged down with many individual cases. This system is also expensive, time-consuming and inefficient for businesses and the Tribunal service. Representative (class) actions 'would permit a wider range of bodies ... to institute proceedings in their own name or jointly with individuals where there is a common problem affecting a number of persons [and] ... would permit a greater range of bodies to act as agents of change and reduce the burden, financially and personally, on specific individuals'.¹⁶⁵

The Trades Union Congress argues that 'the mass of current equal pay litigation would be far more efficiently dealt with by allowing trade unions and other suitable bodies to bring representative actions on behalf of groups of women'.¹⁶⁶ The single equality commission – the Equality and Human Rights Commission – has also added

its support to the now long-standing call for representative actions. In response to the publication of latest pay gap figures by the Office of National Statistics in October, Baroness (Margaret) Prosser, deputy chair of the Equality and Human Rights Commission, who also chaired the Women and Work Commission, said *'Sadly, the Commission's new research shows only one in five women know they can challenge unfair treatment in the courts. Therefore, the Commission is asking for the power to take 'representative actions' so vulnerable individuals will not have to stand alone in the courts. Their victories will bring change for many.'*¹⁶⁷

While continuing to allow for individual actions and test cases, allowing for representative or class actions would speak to the reality of institutional or sectoral discrimination that can affect large groups of women. They could reinforce the positive effect of proactive policies and measures such as mandatory pay reviews and workforce monitoring, if these were introduced in such a way as to trigger corrective action if discrimination was identified.

Remedies

Penalties for breaching the law on equal pay and discrimination against women need to be such as to encourage compliance. At present, the powers available to courts and employment tribunals are individualised and weak. Rather than permitting courts to order employers to ensure that discriminatory practices do not recur, the focus is on compensating the individual alone. In particular, they 'have no power to direct that strategic action be taken by a discriminator directed at avoiding further acts of discrimination, following a finding of unlawful discrimination'.¹⁶⁸

The fact that the court's actions are not directed at changing discriminatory practices and that each claim is treated afresh explains the prevalence of 'repeat offenders' in the system and the high number of individual claims. The limited remedial action available to courts contrasts with the powers open to courts in other countries.

In his submission to the consultation on 'A framework for fairness' which set out the government's thinking on a Single Equality Bill, the Mayor argued that Tribunals should be given the power to order discriminatory practices to be changed. Additionally he argued that Employment Tribunals should be given the power to enforce compensation awards, order the reinstatement of employees who have been dismissed as the result of discrimination but who do not have one year's service or a finding of unfair dismissal, and order interim relief or suspension on full pay for claimants under the Sex Discrimination Act (as currently possibly under the Employment Relations Act).

Allowing for representative legal actions while strengthening the range of remedies available to Employment Tribunals and courts would provide for more efficient and effective legal action where discrimination persisted.

Conclusion

A modern, productive, successful economy goes hand in hand with equality. London's economic present and future depend on access to the widest range of talent and a strong skills base. The most far-sighted employers understand this and support the business case for equality.

This report puts forward the case for more robust anti-discrimination legislation because it is sadly far from the case that all employers are far-sighted or practising equality. At a time when the gender pay gap for full time workers is wider in London than at UK level and when women remain under-represented in London's most remunerative jobs to the degree that it distorts the average pay gap, fewer than one third of London employers have undertaken an equal pay review – and of these many would fail the EOC's standard for what a review should measure. The relatively new public sector gender equality duty creates the potential for employers to plan for equality.¹⁶⁹ The wider pay gap in the private sector compared to the public sector suggests that pay and anti-discrimination law in that sector could be improved by looking at what works for public sector employees. Billions are spent each year by public authorities in procuring services from private sector providers, and while it is possible for the public sector to ask contractors to uphold equal opportunities it is neither mandatory nor straightforward. The fact that 25,000

women in London and the South East are dismissed or suffer direct financial loss each year as a result of pregnancy discrimination is a significant loss to London's economy and a massive cost to the women concerned, one which current law and the penalties for breaching it are doing too little to curb.

Self-regulation clearly has its limits: employers committed to equality will act, in varying ways and sometimes with good intentions but using methods that may be less than effective; those with different standards will fail to act at all.

A Single Equality Act can introduce legislative change requiring all employers to plan for equality and take steps to avoid discrimination. This will be good for women, good for businesses and good for London's economy.

Commitment to introduce such legislation was a manifesto pledge by the present government because the weaknesses of the law at present are crystal clear. Progress towards the sort of comprehensive, levelling-up, change-focused, law that is required has been slow. With further proposals and discussion anticipated in the next year, to help remove the barriers to women's equality in the economy, a Single Equality Act is the opportunity to:

- introduce mandatory equal pay audits which trigger remedial action;
- ensure law reflect the realities of discrimination in women's lives – 'hypothetical comparators' should be possible in equal pay cases, as pay inequality is often the result of women's jobs being valued less;
- allow for representative legal actions;
- introduce a mandatory equality duty in public sector procurement;
- look at how the private sector can benefit from appropriate proactive, positive legal equality duties that encourage employers and service providers to anticipate and plan for women's equality;
- support and strengthen the public sector gender equality duties by ensuring it is properly enforced – for example, by creating a statutory duty on the public sector inspectorates to monitor public authorities for their compliance with these laws;
- strengthen the law on positive action that can help smash the glass ceiling, learning from experience in other countries;
- ensure pregnancy discrimination law is fully enforced;
- strengthen the powers of tribunals to take and enforce action against discrimination;
- help families balance work and home life by extending flexible working rights to all with children and all carers and provide carers with protection against discrimination.

Overall the law must be levelled upwards, based on concepts that reflect the realities of women's lives at work and in wider society and using tools shown to be effective in other areas of UK discrimination law and in other countries.

As has been well argued, a Single Equality Act must tackle 'the major deficiency of existing UK anti-discrimination law:

its primary focus is on remedying acts of discrimination suffered by individuals after the event...it is much less effective in ensuring that employers, public authorities and service providers take positive and active steps to ensure equality of opportunity before discrimination cases arise. The legislation is reactive, rather than proactive in how it regulates behaviour. This lessens its effectiveness. It also can make life unnecessarily difficult for employers and service providers, who are frequently left unsure as to what they should be doing to avoid discrimination claims. A new pre-emptive focus is needed to complement the existing focus on ex post facto remedies.¹⁷⁰

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- 60 We would like to thank the organisations that contributed to the examples of employer good practice featured here. These organisations were: Accenture, British Gas Services, BUPA, Cisco, Clifford Chance, Ernst & Young, London Borough of Camden, London Borough of Lewisham, Middlesex University and Standard Chartered Bank.
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