Young Women’s Trust response

Consultation on Draft Regulations on Mandatory Gender Gay Gap reporting

About Young Women’s Trust

Young Women’s Trust supports and represents women aged 16-30 struggling to live on low or no pay in England and Wales and who are at risk of being trapped in poverty. The charity offers free coaching and personalised advice on job applications, conducts research, runs campaigns and works with young women to advocate for fair financial futures.

One million young women aged 16-30 face a lifetime of growing financial, social and emotional disadvantage because they are struggling to live on low or no pay, and are locked out of opportunities that could transform their lives. This is a longstanding problem, which continues to have far reaching consequences not only for the young women themselves but for wider society.

That’s why at Young Women’s Trust we want all those with the opportunity to bring about change, including central and local government, employers, training providers and regulatory bodies, to prioritise and report back on action which could transform the lives of young women now and for future generations.

Young Women and the Gender Pay Gap

Despite reports that the gender pay gap has been virtually eliminated for women in their 20s, research by Young Women’s Trust has identified a gender pay gap in apprenticeships. Young women apprentices are earning just £4.82 an hour compared with young men’s £5.85 an hour. We believe this is most likely to be explained by the gendered occupational segregation becoming evident even in apprenticeships.

These low earnings can become locked in and it is estimated that around 780,000 young women have been stuck in low pay or no pay for the last 10 years- double the number of young men in the same position. One important reason for this may be the persistent barriers employment faced by young women. For example, young women aged 16-24 are more likely to be not in education, employment or training (NEET), and they suffer significant wage scarring as a result. Women who have previously been NEET will earn 17% less aged 34 than women who haven’t been NEET.

Suitability of the draft regulations

Young Women’s Trust welcome the Government’s proposals and the progress made in bringing forwards these draft regulations. We are pleased to see that the regulations will apply to the public sector and include a duty to report the average level of bonus paid to men and women.

We believe that the regulations have the potential to help organisations identify pay gaps that exist between the pay of men and women who are doing exactly the same job within the same organisation and to take steps to remedy those situations. Organisations will also be more aware of average gendered pay differences and may use the data to support women to progress to higher levels within their organisation.
However, there are key aspects that are missing from the regulations. These need to be considered in order to increase the effectiveness of the reporting process in reducing gender pay gaps.

**Part time employees**

Young Women’s Trust is concerned that the regulations do not account for part-time workers specifically. Although the regulations are based on calculating an hourly average wage for each employee we note that the average wage for part time workers is 70% of full time workers. We are concerned therefore that not including recognition of part-time workers will mask other aspects of gender pay difference arising out of women’s greater likelihood of being in part-time employment.

There are currently 5.3 million female employees working part-time compared to 1.6 million male employees- meaning women account for three quarters of part time workers. In addition to lower average pay, part-time employees may find it more difficult to progress within organisations and therefore we feel it is important to include details for pay and bonus of men and women for both full and part-time workers.

**Age**

As outlined above the gender pay gap is different at different ages. The greater propensity of younger women to be out of work and the low pay received when in work are likely to have a detrimental effect on their future incomes.

Furthermore there is evidence, recently published by the TUC that women taking a career break to have children before their 33rd birthday suffer a greater wage penalty than those who take career breaks later on- an indication that policies to support women returning to work are working to provide opportunities for those less advanced in their careers.

We believe that publishing the gender pay gaps at different age bands will help to identify both barriers to progression for young women as well as the impact of career breaks. This will allow organisations to introduce policies which will support the progression of young women and minimise the wage penalties felt by women taking career breaks.

**Penalties**

Young Women’s Trust is pleased that the regulations will place a duty on organisations to publish gender pay gap data. However we are concerned that without regulations setting out penalties for enforcement the new legislation will have a limited impact. We are aware that the voluntary initiative Think, Act, Report attracted 280 signatories but only 5 companies published pay data.

Publishing the data required may encourage employers to take actions to close any pay gap within their organisation – but the impact of the regulations is blunted without sufficient penalties enforced by government.

**Small organisations**

Young Women’s Trust understands that it may appear most manageable to Government to begin regulation of pay by gender by beginning with that portion of organisations which have 250 employees or more. However, they could make a greater positive impact
on women’s lives and society as a whole if they considered how other employers might report and act upon gender pay data.

In the UK there are 9,315 organisations in the combined private and voluntary sectors and central and local government which employ 250 employees or more. Altogether they account for 56.4% of UK employees. Small and medium organisations account for the remainder of employees: a substantial figure of 12,465,000, among whom the gender pay gap is being ignored under current proposals.

The Young Women’s Trust understands that SMEs and large organisations will need different regulation and support in order to tackle their gender pay gaps. In particular, SMEs may be concerned about reporting being burdensome on their resource.

However, if the government is serious about closing the gender pay gap for more than half the working population, it will need to explore ways of working with employers of all sizes. One example of this may be to provide access to software that might lighten the workload of SMEs.

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