

# Equality of Opportunity Committee

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## The Equality and Human Rights Commission in Wales

### Equal Pay Update

#### 1. Background

The Commission's strategic approach to equal pay involves a mix of legislative and non-legislative interventions. The Commission's work is focused not only on the Equal Pay Act and the Equality Bill, but also on promotional activity, provision of practical guidance and the sharing of effective practice in dealing with pay gaps. This includes identifying the causes of the pay gap, carrying out pay audits and the active management of pay systems.

Despite having equal pay legislation for forty years, there is still a significant gender pay gap that will not close without corrective action. The pay gap in Wales between the earnings of full-time men and full-time women is currently 9% and for part-time women this increases to a gap of 31%. The related figures for the UK as a whole are 16% and 35%.

Pay inequality results not only in continuing disadvantage to women, but also in time-consuming and costly litigation, most frequently in the public sector.

Progress in narrowing the pay gap, particularly in local government, has stalled. Reasons given by some local authorities for this include the volume and complexity of legal cases currently stuck in the employment tribunal system - as well as the costs. In Wales there are 20,000 cases lodged at the Cardiff Employment Tribunal and no-win, no-fee lawyers are recruiting cases in several local authority areas.

#### 2. Activity during 2009

##### 2.1 Promoting effective practice

Close the Pay Gap commissioned research into the business benefits of addressing equal pay in the public sector. The research centred on a local authority case study. The results of this were shared at a series of joint employer and trade union partnership events and at an equal pay conference. The aim was to encourage dialogue between public sector employers and trade unions around practical solutions.

##### 2.2 Identifying the causes of the pay gap

The gender pay gap in Wales widened from 10% to 13% during 2008 and, as a result, the Commission worked with Swansea University to identify the causes.

Despite women being almost half of the workforce and the improvement in women's entry into higher education, major structural differences persist in the patterns of male and female employment. These have a strong influence on the gender pay gap in Wales. These include:

Part-time working - almost half of women working are part-time, often in low paid, low skill work and at levels below their qualifications and experience - but in jobs that make it easier to cope with family responsibilities.

Job segregation - women remain crowded into the '5 Cs' - that is catering, cleaning, caring, clerical and cashiering. Fewer women are managers or hold senior positions in organisations.

Persistent undervaluing of women's work - we pay people more to look after our cars (£10.98 an hour) than our children (£8.05 an hour).

Discrimination in pay systems - often caused by factors such as the haphazard growth of pay systems over a period of time.

The widening of the pay gap from 10% to 13% recorded in the 2008 data was exceptional. The 2009 figures show the gap narrowing to 9%. This is more in line with the overall trend.

##### 2.3 Finance sector Inquiry

The results of the Commission's Inquiry into sex discrimination in the finance sector have now been published. Our investigations revealed that women working full-time in the UK finance sector earn 55 per cent less per year than men working full-time. There are large discrepancies in performance related pay between female and male colleagues. The disparity is a major factor behind the massive gender pay gap in the finance sector. Barriers to gender equality in the finance sector include

the lack of transparency over pay and working conditions, direct discrimination, long working hours and the difficulties faced by those with caring responsibilities.

##### 2.4 Private and third sector reporting on the gender pay gap

The Commission is working with the UK Government, the business community, trade unions and others to help develop proposals for gender pay reporting by the private and third sectors, which will be promoted on a voluntary basis. The Commission's consultation is aimed at guidance for employers of 250 or more employees in the private and voluntary sectors, as well as the representative bodies and trade unions organising in these sectors.

### 3. Next Steps

#### 3.1 The law: an effective specific duty on equal pay

The Commission has focussed efforts on achieving a specific duty on equal pay in Wales that will be an effective lever in narrowing the pay gap when it is implemented.

To this end we consulted with public sector organisations on the impact of the current duties. This shows that the duties are delivering some real, practical benefits on the ground - though only two local authorities identified tackling equal pay as a major achievement.

In addition we convened nine voluntary sector focus groups across equality strands and asked them to identify, firstly, the gaps in the public services that are currently provided. Secondly, we asked the groups to identify how new public sector duties could be used to plug the gaps.

This dialogue informed the Commission's response to the Welsh Assembly Government 'listening exercise' and established some underpinning principles for the specific duties. In terms of equal pay the key principles are:

**Evidence-based** - collecting evidence about the workforce in terms of jobs, pay, grades, work patterns and contracts.

**Involvement** - involving stakeholders, particularly trade unions, in analysing the data.

**Transparency** - publishing the findings and the action plan. This will enable trade unions and others to engage with the action plan and assist with monitoring.

**Action** - taking action to address the causes of the pay gap.

**Outcomes** - focussing on tackling the factors that will have greatest impact in narrowing the gap.

**Measuring progress** - reviewing the progress that has been achieved and clarity on what remains to be done.

**Accountability** - ensuring all stakeholders understand priorities and progress.

#### 3.2 The business case: the public sector workforce

Making the Connections, and subsequent government initiatives, are aimed at delivering greater collaboration across the public sector. The downturn has resulted in escalating pressure on public finances. These factors together are driving the transformation of public services. Likely outcomes will include increased use of pooled budgets and more delivery through shared services across the public sector.

It will not be possible to deliver the changes required to public service structures and implement collaborative workforce initiatives unless equal pay (and other terms and conditions) are addressed as a priority.

#### 3.3 Leadership

We need an accurate assessment of the position on equal pay across the public sector. This is particularly urgent in local government where many women are currently facing long delays in having their case heard at an Employment Tribunal. Progress in addressing equal pay has stalled and will remain that way unless our leaders take personal responsibility and ownership of the issue. To achieve that, and increase the pace of change, the Commission, the Minister, the Welsh Assembly Government and the Wales TUC will need to work together.

### 4. Conclusion

Two independent evaluations (2003 and 2007) concluded that the Close The Pay Gap campaign had increased engagement with the equal pay agenda and secured changes but there is still a big job to do.

A decision needs to be taken on continuing a joint campaign and the Committee may wish to express a view to the Minister.