

Autumn Budget 2021 Pre-Budget Briefings

# Women and employment during Covid-19

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## Women and employment in the recovery from Covid-19

A pre-budget briefing from the UK Women's Budget Group – October 2021

### Key points:

- **Women are the majority of employees in industries with some of the highest Covid-19 job losses, including retail, accommodation and food services.**
- **The furlough scheme came to an end at the end of September 2021. At the end of July 2021 there were still 1.6 million people on furlough.** The impact of the end of the furlough scheme on women remains to be seen.
- **Black, Asian and Minority Ethnic (BAME) women began the pandemic with one of the lowest rates of employment (62.5%) and the highest rate of unemployment at 8.8% (compared with 4.5% for White people and 8.5% for BAME people overall). Between Q3 2019 and Q3 2020, the number of BAME women workers had fallen by 17%, compared to 1% for White women.**
- **46% of mothers who were made redundant during the pandemic cite lack of adequate childcare provision as the cause.** 70% of women with caring responsibilities who requested furlough following school closures in 2021 had their request denied. This has led to almost half (48%) worried about negative treatment from an employer because of childcare responsibilities.
- **Employment for disabled people has fallen more rapidly during the crisis than for non-disabled people (1.9% compared with 1.1%) and disabled people are currently 2.5 times more likely to be out of work than non-disabled people.**
- **During the first national lockdown, those in low-paid work were twice as likely to be on furlough, or have their hours reduced than those in higher income jobs, hitting women in particular as there are twice as many women as men in the bottom 10% of earners.**
- **By the end of 2020, 546,000 women had made SEISS claims (totalling £1.2 billion), compared with 1,376,000 men (totalling £4.2 billion). There was a clear gendered difference in actual take up rate, with only 51% of eligible women claiming, compared to 60% of eligible men.**
- **Whilst job vacancies increase, it is important to focus on the quality of jobs as well as quantity. The recent surge in vacancies is entirely driven by an increase in low-paid jobs, in which women are more likely to be working.**

### Women and employment

The Covid-19 pandemic has caused an economic recession that has severely changed the employment landscape for all. However, it has led to an exacerbation of pre-existing inequalities which disproportionately impact women, young people, Black, Asian and Minority Ethnic communities, disabled people and those on low incomes. This briefing lays out what we know about the impact of the pandemic on women's employment and earnings. Where possible, data

from across the devolved nations is referenced, as well as across different groups of women.

### Employment, unemployment and economic inactivity

#### Prior to Covid-19

Prior to the Covid-19 pandemic, there were more women in paid employment than at any time, with economic activity levels having recovered significantly for both men and women since the peak of the last economic crisis in late 2011. In

2019, 71.8% of women (80.3% of men) were in employment.<sup>1</sup>

The employment rate for mothers was 75.1% in April to June 2019, which is an increase from 66.2% in 2000.<sup>2</sup> For the last decade, the employment rate for women with children had been higher than the employment rate for women with no dependents (the reverse was true prior to 2010). This may partially be attributed to women having children later in life, having spent more years in work with greater labour market attachment. However, there is still a significant pay penalty for mothers.<sup>3</sup> According to IFS research from 2018, the pay gap between mothers and fathers increases by approximately 21% between the birth of the first child, and the child's twentieth birthday.<sup>4</sup>

Prior to the pandemic, women were the vast majority of those employed part-time (74% of all part-time workers). They were also more likely than men to be involuntarily part-time<sup>5</sup> (57% of involuntarily part-time workers), in part-time self-employment (59% of part-time self-employed) or in temporary employment (54% of temporary workers).<sup>6</sup>

The sectors where women tend to work are still some of the lowest paid, with women still predominating in the so-called 'five Cs' of caring, cashiering, catering, cleaning, and clerical work.

### Since the pandemic began

The ONS has released official data on employment, unemployment and those that are economically inactive each month throughout the Covid-19 pandemic. However, the accuracy of headline figures in recording the volatility of the pandemic on the labour market has been called

into question by several experts, including the ONS itself.<sup>7</sup>

According to the Alliance for Full Employment, the ONS data has omitted an additional 350,000 job losses. Looking at Pay As You Earn (PAYE) data, they found that there were 785,000 fewer employees on payroll between March-November 2020. This suggests that the unemployment rate could be significantly higher than the ONS was reporting at the beginning of 2021, at 7.2%, rather than 4.9%. Currently, PAYE data is not disaggregated by sex, presenting further challenges to finding an accurate assessment of current labour market activity for women.<sup>8</sup>

Migration experts also estimate that up to 1.3 million people left the UK (700,000 in London) in the year since March 2020, which would go some way to explaining why job losses may not be fully captured by headline unemployment figures.<sup>9</sup>

From June-August 2021 (most recent data as of October 2021) the estimated employment rate for women was 72.1% (78.6% for men), the estimated unemployment rate for women was 4.4% (4.8% for men).<sup>10</sup> Economic inactivity for women was 24.8% (17.6% for men).<sup>11</sup>

ONS official data record working-age women's employment and economic activity having both increased by 0.3 pp on the same period in 2019. During the pandemic, there were continued increases in public sector employment, including health and social care, which employs more women than men, with a 2.4% increase in June 2021 compared with June 2020.<sup>12</sup> Such employment gains have not offset redundancies

<sup>1</sup> ONS (Oct 2019) A05 NSA: Employment, unemployment and economic inactivity by age group (not seasonally adjusted) (<http://bit.ly/2JqVurZ>)

<sup>2</sup> ONS Families and the labour market 2019 (<http://bit.ly/34ekWbU>)

<sup>3</sup> TUC/IPPR (2016) The motherhood pay penalty (<https://bit.ly/3G6sAJo>)

<sup>4</sup> IFS (2018) Wage progression and the gender wage gap: the causal impact of hours of work (<http://bit.ly/36fc7kb>)

<sup>5</sup> The ONS defines involuntary part-time employment as 'workers who fail to find full-time jobs. Involuntary part-time employment ensures that people remain attached to the labour market and do not become unemployed or economically inactive'.

<sup>6</sup> ONS (Oct 2019) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted) (<http://bit.ly/2pZwHnW>)

<sup>7</sup> WBG (January 2021) ONS labour market statistics

(<https://bit.ly/2P6QWwq>)

<sup>8</sup> Alliance for Full Employment (January 2021) The ongoing wave: the failure of the UK Government to measure unemployment, and the urgent need for new measures to create jobs (<https://bit.ly/3kptdmZ>)

<sup>9</sup> Economic Statistics Centre of Excellence (January 2021) Estimating the UK population during the pandemic (<https://bit.ly/2ZW6zJe>)

<sup>10</sup> ONS (October 2021) Labour market overview, UK: October 2021

(<https://bit.ly/3AF05vI>)

<sup>11</sup> Ibid.

<sup>12</sup> ONS (September 2021) Public sector employment, UK: June 2021 (<https://bit.ly/3j6ZnnP>)

in other sectors, reflected in an increased unemployment rate for women, now 4.4% (up 0.2 pp from 2019).<sup>13</sup> The Coronavirus Job Retention Scheme (CJRS) is credited as having propped up millions of jobs for both women and men during the pandemic.<sup>14</sup> The most recent data available does not yet capture the impact of the end of the CJRS.

The TUC finds that the largest falls in employment from February 2020 – May 2021, have been concentrated across a handful of industries; accommodation and food services, wholesale and retail, manufacturing, and arts and entertainment, where a total peak decline of 790,000 jobs has only seen 110,000 jobs recovered. Meanwhile, the main gains in employment have been concentrated in the recovery of a handful of different industries; public services, where 110,000 job losses have given way to an increase of 380,000 jobs, and professional (private) services, where nearly all the 220,000 jobs lost have been regained.<sup>15</sup>

The surge in public services employment, a traditionally big employer of women, explains the gains in overall employment for women in the pandemic. However, women also make up most of the employees in the hospitality (accommodation and food) and retail industries, meaning that women in these sectors have been disproportionately impacted and are facing job insecurity.

Employment for disabled people has fallen more rapidly during the crisis than for non-disabled people (1.9% compared with 1.1%) and at the end of 2020 disabled people were 2.5 times more likely to be out of work than non-disabled people.<sup>16</sup>

Gender inequalities intersect with race inequalities. Black, Asian and Minority Ethnic (BAME) women began the pandemic from a place of disadvantage with one of the lowest rates of employment. In 2020 this was still the case, with BAME women's employment at 62.5%<sup>17</sup> and the highest rate of unemployment at 8.8% (compared with 4.5% for White people and 8.5% for BAME people overall).<sup>18</sup> The TUC finds that between Q3 2019 and Q3 2020, the number of BAME women workers had fallen by 17%, compared to 1% for White women.<sup>19</sup> BAME women in certain industries have been particularly hit, for example, in the 'arts and entertainment' sector their employment fell by 44% in the year from autumn 2019 to 2020.<sup>20</sup> This disproportional impact is likely to lead to a longer-term increase in race and gender inequalities.

### **Furlough**

The Coronavirus Job Retention Scheme (CJRS) was put in place by the government on 20 March 2020. It enabled employers to 'furlough' staff at 80% of their usual wage (up to £2,500 per month) and saw several alterations and last-minute extensions to the scheme since its inception.<sup>21</sup> The CJRS came to an end at the end of September 2021, and there has been much uncertainty for people who have not yet fully returned to work. Many forecasters, including the Bank of England expect to see a rise in unemployment as a result.

The number of employees on furlough fluctuated during the pandemic, in response to changes in restrictions limiting or shutting down many sectors. The number reached its peak of 8.9 million in early May 2020 during the first national lockdown and peaked again in January 2021 because of the third national lockdown, reaching 5.1 million employees. The latest figures show

<sup>13</sup> ONS (Oct 2021) Table A05: labour market by age group: women by economic activity and age (seasonally adjusted) (<https://bit.ly/3AHoByT>)

<sup>14</sup> Institute for Government (2020) The Coronavirus Job Retention Scheme: how has it been used and what will happen when it ends? (<http://bit.ly/3q4D1UB>)

<sup>15</sup> TUC (June 2021) Jobs and recovery monitor (<https://bit.ly/3aDFtMD>)

<sup>16</sup> Institute for Employment Studies (November 2020) Labour market statistics, November 2020 (<https://bit.ly/3fhYlck>)

<sup>17</sup> TUC (January 2021) Jobs and recovery monitor (<https://bit.ly/3dM7JPP>)

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Unison (2020) Furlough, Job Retention Scheme (JRS) and redundancy (<https://bit.ly/3kr2Ug5>)

that there were still 1.6 million employees on furlough at the end of July 2020.<sup>22</sup>

The most recent figures show that through May-July 2021, there were more men than women furloughed across the UK. At the end of July 2021, it is estimated there were 734,000 women on furlough, and 817,000 men.<sup>23</sup> This reflects decreases in the number of jobs on furlough in sectors such as accommodation and food where most of the workforce is made up of women, as these industries reopened with the easing of coronavirus restrictions over the summer. However, before the easing of restrictions, more women than men were furloughed across the UK, and young women were particularly impacted.

In January 2021, women between 19-24 years old were the highest claiming band at an estimated 409,000 on furlough (333,000 men in this age group).<sup>24</sup> Young women under the age of 18 had the highest furlough rate at 33% (24% for young men).<sup>25</sup> The latest figures now show that the furlough rate for men and women across all age bands is broadly the same, with the rate for men being slightly higher at 6% than 5% for women, in July 2021. The most

Women were less likely than men to have their wages topped up by their employers beyond the 80% granted through the furlough scheme. As their salaries are on average lower than men's, this put them at an even greater economic disadvantage.<sup>26</sup>

The higher number of women furloughed during the lockdowns is not surprising as most of the shutdown and worst affected sectors have a concentrated number of women employees.

Women are the majority of employees in accommodation and food,<sup>27</sup> the industry with the highest furlough rate at an estimated 1.2 million by January 2021.<sup>28</sup> Women also make up 58% of retail employees<sup>29</sup> and by the end of January 2021, it is estimated that 996,000 employees in retail and wholesale had been furloughed.<sup>30</sup> Sectors such as these where women predominate have high numbers of part-time and zero-hours workers and are low paid. For example, the retail sector is characterised by low-pay and insecure work, with median hourly pay of £8.75, and 48% of workers on part-time contracts (compared with 27% on average).<sup>31</sup>

There is a clear link between a fall in mothers' employment and inadequate protections in the CJRS for those with caring responsibilities: 46% of mothers that have been made redundant during the pandemic cite lack of adequate childcare provision as the cause.<sup>32</sup> At the end of January 2021, there were 1.33 million workers on partial furlough, 28% of the total.<sup>33</sup> Through the scheme, employers were expected to grant part-time or flexible furlough for a range of reasons, including caring responsibilities. However, the TUC reported that in practice, 70% of furlough claims made by women with caring responsibilities who requested to furlough following school closures in January 2021, had their request denied.<sup>34</sup> This has led to almost half (48%) worried about negative treatment from an employer because of childcare responsibilities.<sup>35</sup> In February 2021, the Women & Equalities Committee published a report detailing concern regarding evidence of discriminatory practices towards women on maternity leave during the pandemic, urging the

<sup>22</sup> Gov.uk (September 2021) Coronavirus Job Retention Scheme statistics: (<https://bit.ly/2YPvQYz>)

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Parliament.uk (February 2021) House of Commons Women and Equalities Select Committee: Unequal impacts: coronavirus and the gendered economic impact (<https://bit.ly/37Pniqb>)

<sup>27</sup> ONS (February 2021) EMP13: Employment by industry (<https://bit.ly/3utwG8u>)

<sup>28</sup> Gov.uk (February 2021) Coronavirus Job Retention Scheme statistics: February 2021 (<https://bit.ly/2NLpK62>)

<sup>29</sup> Work Foundation (2020) No returns: a new direction to tackle insecurity in retail following Covid-19 (<https://bit.ly/37TnwbE>)

<sup>30</sup> HMRC (February 2021) Coronavirus Job Retention Scheme statistics: February 2021 (<https://bit.ly/2NLpK62>)

<sup>31</sup> Work Foundation (2020) No returns: a new direction to tackle insecurity in retail following Covid-19 (<https://bit.ly/37TnwbE>)

<sup>32</sup> Pregnant then Screwed (2020) The true scale of the crisis facing working mums (<https://bit.ly/37OBNX2>)

<sup>33</sup> HMRC (February 2021) Coronavirus Job Retention Scheme statistics: February 2021 (<https://bit.ly/2NLpK62>)

<sup>34</sup> TUC (January 2021) TUC poll: 7 in 10 requests for furlough turned down for working mums (<https://bit.ly/3uAfZrY>)

<sup>35</sup> Ibid.

government to extend redundancy protections to pregnant women and new mothers.<sup>36</sup>

Government support in the form of the CJRS and the SEISS came to an end at the end of September 2021. It is expected that the removal of these supports will lead to unemployment increasing by 900,000 in the year 2021-22.<sup>37</sup> With women predominating in some of the economically hardest hit sectors, and being furloughed at higher rates, they are particularly vulnerable to redundancy once employment protections are removed.

Furlough rates in sectors where men make up most of the workforce such as manufacturing, may not be entirely linked to public health restrictions. Evidence suggests that employees in these industries continue to be furloughed due to the impact of Brexit and international trade issues, rather than the impact of the pandemic.<sup>38</sup> If wider economic factors are inflating the furlough rate of men, this adds a further layer of complexity when it comes to looking at the impact of the pandemic on future employment gender inequality.

Due to the lag in labour market data, the impact of the end of the furlough scheme will not be visible in labour market data until December. For now, there is a high degree of uncertainty regarding the impact of the end of the furlough scheme on women.

### **Post-Covid employment trends**

The impact of Covid-19 has compounded previous shifting employment trends such as an increase in automation and changes in demand and consumption behaviours.<sup>39</sup> In retail for example, the largest source of private sector

employment in the UK (2.8 million workers in 2020)<sup>40</sup> the sector was already contracting prior to Covid-19, with 57,000 retail jobs disappearing in 2019 alone. Additionally, the changing shape of the retail industry which is moving towards fewer shop-front jobs, and more warehouse and distribution centre roles means the majority of job losses over the past decade were more likely to be occupied by women than men, with newer roles showing the reverse.<sup>41</sup>

Whilst decreasing unemployment rates are an important indicator of economic recovery, a focus on job quality as well as numbers is just as important, as women's employment is increasingly precarious and concentrated in low-paid work. IFS research found that the recent surge in job vacancies is entirely driven by low-paying occupations, where job openings are 20% higher than pre-pandemic levels.<sup>42</sup> The IFS also concluded that job competition in June 2021 is higher for women than for men.<sup>43</sup>

### **Self-employment**

In 2019, there were almost 5 million people registered as self-employed,<sup>44</sup> rising from close to 13% in 2008 to 15.1% in 2019.<sup>45</sup> Before the pandemic, women were the majority of the newly self-employed. The increase in the number of women in the UK becoming self-employed was unprecedented. Historically, women have made up just over a quarter of the self-employed, but since the 2008 downturn 61% of the newly self-employed have been women, raising the total of self-employed women to 33% of the total.<sup>46</sup>

In May 2020, following the start of the Covid-19 pandemic, HMRC opened applications to the Self-Employment Income Support Scheme (SEISS), which offered taxable grants worth 80% of

<sup>36</sup> WBG (February 2021) Redundancy protection: joint letter to Secretary of State for Business, Energy & Industrial Strategy (BEIS) (<https://bit.ly/3kpmQA2>)

<sup>37</sup> Resolution Foundation (January 2021) The living standards outlook (<https://bit.ly/3pYRAZy>)

<sup>38</sup> New Economics Foundation (August 2021) Not out of the woods yet (<https://bit.ly/3ve2H5p>)

<sup>39</sup> Work Foundation (2020) No returns: a new direction to tackle insecurity in retail following Covid-19 (<https://bit.ly/37TnwbE>)

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Institute for Fiscal Studies (September 2021) Job opportunities during the pandemic (<https://bit.ly/3BNQlxl>)

<sup>43</sup> Ibid.

<sup>44</sup> ONS (2019) EMP14 Employees and self employed by industry (<http://bit.ly/2PvsCSE>)

<sup>45</sup> WBG calculations using total number of people in employment (Labour Force Survey, Apr-Jun 2019) and ONS EMP14 Employees and self employed by industry (Apr-Jun 2019)

<sup>46</sup> ONS (Oct 2019) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted) (<http://bit.ly/2pZwHnW>)

average monthly trading profit for three months, worth up to £7,500 in total. It has had several rounds since it opened, dipping between 70-80% of average trading profit.<sup>47</sup> The SEISS was extended to the end of September 2021, and at 15 August 2021, £27.1bn had been paid in grants in total to 2.9 million individuals.<sup>48</sup>

By the end of 2020, 546,000 women had made SEISS claims (totalling £1.2 billion), compared with 1,376,000 men (totalling £4.2 billion). The data relating to the fifth and final SEISS grant shows that 304,000 women made claims (totalling £590 million), compared with 788,000 men (totalling 1.89billion). The higher number of male claims can be explained by the fact that men make up around two-thirds (65%) of those potentially eligible for the scheme. However, there has been a gender difference in take up rate, with only 51% of eligible women having taken up the first rounds of the scheme (compared to 60% men) and only 29% of eligible women claiming in the 4<sup>th</sup> and 5<sup>th</sup> rounds (to 35% of men).

Aside from the gendered take-up differences, there have also been recurring problems with the eligibility criteria itself. A Resolution Foundation survey finds that 29% of self-employed workers that had lost profits during the pandemic were not eligible for a grant under the scheme.<sup>49</sup>

A considerable problem with SEISS has been for women who have taken maternity leave within the past three years. SEISS payments are calculated based on average income over the past three-year period. Where women were taking maternity leave, this is counted, bringing down the average payment for mothers. It has

been estimated that this has affected an estimated 75,000 women.<sup>50</sup> The campaigning group Pregnant Then Screwed recently took the government to court under the Equality Act, to argue that the ways in which SEISS are calculated indirectly discriminates against women who have had a baby in the past three years.<sup>51</sup>

### **Job security**

During the pandemic, the number of people on zero-hours contracts has increased. Health and social care accounted for 35% of the increase in the number of workers on zero-hours contracts since the pandemic started.<sup>52</sup> We know that in 2020, women made up 83% of the 840,000 care workers and home carers,<sup>53</sup> 77% of nonmedical healthcare staff,<sup>54</sup> 85% of NHS General Practice workers,<sup>55</sup> and 77% of NHS Hospital and Community Service workers, so this likely means there will be a significant increase in the number of women on zero-hours contracts.

In June 2021, following the easing of lockdown restrictions, the number of people estimated to be working on a zero-hours contract increased to 917,000 (896,000 in 2019) representing 2.8% of those in employment (2.7% in 2019).<sup>56</sup> The majority (57%) of those on zero-hours contract continue to be women; 3.4% of women in employment in April-June 2021 were on zero-hours contracts, a 0.3% increase on pre-pandemic levels.<sup>57</sup> This is concerning for patterns of employment for women in the economic recovery from coronavirus.

### **Statutory Sick Pay**

During the pandemic there has been increased scrutiny on what happens in practice when workers must take time off due to sickness. The

<sup>47</sup> House of Commons Library (February 2021) Coronavirus: Self-Employed Income Support Scheme (<https://bit.ly/3qXxm40>)

<sup>48</sup> Gov.uk (September 2021) Self-employment Income Support Scheme statistics: (<https://bit.ly/3FMIDMd>)

<sup>49</sup> Resolution Foundation (February 2021) 700,00 self-employed workers have stopped working entirely during the current lockdown (<https://bit.ly/2ZZT37z>)

<sup>50</sup> Pregnant Then Screwed (January 2021) Judicial review against the government for indirect sex discrimination this Thursday (<https://bit.ly/3bK7S3x>)

<sup>51</sup> Pregnant Then Screwed (2021) Taking the government to court for indirect sex discrimination (<http://bit.ly/3dUNGP5>)

<sup>52</sup> TUC (September 2020) Key workers report (<https://bit.ly/3oJ4Xxf>)

<sup>53</sup> Skills For Care (2019) The state of the adult social care sector and workforce in England (<https://bit.ly/3oJXVbK>)

<sup>54</sup> The King's Fund (2017) Overview of the health and social care workforce (<http://bit.ly/2zMw9V8>)

<sup>55</sup> Calculated (not including staff where gender was unspecified) from NHS Digital, General Practice Workforce data interactive dashboard data (<https://bit.ly/34VT4Ny>)

<sup>56</sup> ONS (2021) People in employment on zero-hours contracts (<https://bit.ly/3mZPPfc>)

<sup>57</sup> Ibid.

current rate for Statutory Sick Pay (SSP) is £95.85 per week. Key workers,<sup>58</sup> including those within the NHS, have experienced high levels of exposure Covid-19. Women in employment are twice as likely to be key workers than employed men.<sup>59</sup>

WBG calculations find that 15.5% of women and 10.6% of men do not earn enough to qualify for SSP.<sup>60</sup> For those that do qualify, over 4 in 10 workers told the TUC that they would be pushed into debt or not be able to pay bills if their income dropped down to £96 per week for just two weeks.<sup>61</sup> It is concerning that during a pandemic, many of those in sectors with high exposure to Covid-19 could not afford to self-isolate were they to contract the virus or show symptoms. For example, adult social care workers only entitled to SSP could see their weekly income reduced by two-thirds if they have to self-isolate.<sup>62</sup>

## Earnings: what is happening to pay?

### Gender pay gap

In April 2017 new gender pay gap reporting regulations came into force, placing a duty on all companies with 250 or more employees to report on their mean and median gender pay gaps. The regulations require employers to report on an annual basis and to publish data on their own company website as well as a government website.

At the start of the pandemic in March 2020, it was announced that companies would not be required to report gender pay gap data for 2020, justified by response to the uncertainty posed by

Covid-19.<sup>63</sup> Gender pay gap reporting for 2021 was delayed to October 2021.

The most recent official ONS estimates on the gender pay gap covered the first month of the Covid-19 pandemic (to 22 April 2020) at which time there were approximately 8.8 million furloughed employees across the UK. They found that the gender pay gap for full-time employees was 7.4%, down from 9.0% in 2019, and among all employees was at 15.5%, down from 17.4% in 2019.<sup>64</sup> However, the significant employment changes and increased volatility suggest this figure may be inaccurate. Given women's greater concentration in shutdown sectors, and low-paid work, which have seen higher redundancy rates, it is likely that the contracting of the gender pay gap could be attributed to fewer low-paid women employees driving up the earnings average. Following the 2008 financial crisis, high employment rates masked a rise in low-paid work, slow wage growth and an increasingly precarious labour market.<sup>65</sup>

As well as a distinct gender pay gap, there is also a gap between Black, Asian and minority ethnic (BAME) and White British workers. Across all industries, BAME workers are paid an average of 5.7% less than White British workers (£0.90 less per hour).<sup>66</sup>

### Public sector pay

Women are more likely than men to be working in the public sector. Prior to the pandemic, women made up just over two-thirds of all public sector employees and 9 out of 10 part-time public sector employees. This made them particularly vulnerable to public sector pay freezes, as well as spending cuts on public

<sup>58</sup> In mid-March, the Department for Education published a list of occupations that were deemed 'critical workers'; those in health and social care, education and childcare, key public services, local and national government, food and essential goods production and distribution, public safety and security, transport, utilities, postal and bank services. See: Gov.uk (2020) Critical workers who can access schools or educational settings (<https://bit.ly/2BnTK1m>)

<sup>59</sup> Resolution Foundation (April 2020) Risky business (<https://bit.ly/3krZucQ>)

<sup>60</sup> Women's Budget Group (May 2020) WBG responds to the recovery roadmap (<https://bit.ly/3eObaCJ>)

<sup>61</sup> TUC (September 2020) Sick pay and debt (<https://bit.ly/3ssGVJp>)

<sup>62</sup> Institute for Employment Studies (September 2020) Potential impact of Covid-19 government policy on the adult social care workforce (<https://bit.ly/2XER7QK>)

<sup>63</sup> Gov.uk (March 2020) Employers do not have to report gender pay gap (<https://bit.ly/3q4aw9j>)

<sup>64</sup> ONS (November 2020) Gender pay gap in the UK: 2020 (<https://bit.ly/2ZWS0oQ>)

<sup>65</sup> The Guardian (February 2020) Average UK wages top pre-financial crisis levels (<https://bit.ly/3BZihEF>)

<sup>66</sup> Resolution Foundation (December 2020) Ethnic minorities in the hospitality sector (<https://bit.ly/2MtFREl>)



services, which saw public sector employment fall from 21.8% to 16.5% since June 2010.<sup>67</sup>

In the November 2020 Spending Review, chancellor Rishi Sunak announced that there would be a public sector pay rise for some key workers, such as NHS workers, and those earning less than £24,000 per year. However, aside from these limited groups, the public sector pay freeze continues for 2.6 million workers.<sup>68</sup> The Resolution Foundation finds that those subject to the pay freeze in sectors such as local government and education, which include a disproportionate number of women employees, already face a 7.9% pay penalty compared to equivalent private-sector workers.<sup>69</sup>

### Low pay

Low pay is defined by the ONS to be below two-thirds (66%) of hourly median wages. For 2020, the median hourly earnings rate is £13.68, two-thirds of which is £9.12<sup>70</sup> meaning all workers earning just above, on or below National Living Wage (currently £8.72 for over 25s) are low-pay employees. Prior to the pandemic, in 2019, an estimated 272,000 women and 158,000 men were in jobs paying less than the National Living Wage.<sup>71</sup>

Low-paid workers have been particularly impacted by the pandemic, hitting women disproportionately as there are twice as many women as men in the bottom 10% of earners.<sup>72</sup> In January 2021, an Institute for Employment Studies report found that during the first national lockdown, those in low-paid work were twice as likely to be on furlough, or have their hours reduced than those in higher income jobs, with nearly 4 million people being impacted in one of these ways.<sup>73</sup> They concluded that this will have

led to greater disadvantage during the pandemic for those over-represented in low-income work, including women, disabled and BAME workers.<sup>74</sup>

By November 2020, those with household incomes under £10,000 were approximately 60% more likely to be furloughed than the general population.<sup>75</sup> CJRS allowed employers to 'top-up' the earnings of furloughed employees. However, data from the Annual Survey of Hours and Earnings (ASHE) in the first month of the crisis finds that over half of employees earning less than £8.72 per hour were furloughed with reduced pay, compared with less than 10% of other hourly pay deciles.<sup>76</sup>

Hourly pay in the bottom 5<sup>th</sup> and 10<sup>th</sup> percentile of part-time jobs fell by 16.1% and 8.1% respectively compared with 2019. No other percentiles experienced a decline in pay rates.<sup>77</sup> Low-paid jobs are concentrated in specific sectors which have also been the worst impacted by the pandemic, which also disproportionately employ women, particularly young and BAME women. For example, 42% of workers in the accommodation and food industries and 25% of workers in elementary occupations (waiting and bar staff, labourers) are in the bottom 10% of earners.<sup>78</sup> The drop in hourly earnings for low-paid workers was largely attributed to being furloughed at 80% of normal pay.

Polling from Women's Budget group and partners (Fawcett Society, Northern Ireland Women's Budget Group, Women's Equality Network Wales, Close the Gap and Engender) released in February 2021 finds that 31% of low income families with children (annual household income of under £20,000) were affected by loss of paid working hours compared with 23% of those with

<sup>67</sup> ONS (2019) Labour Market Statistics - Oct 2019, Table 4 (<https://bit.ly/31UigGh>)

<sup>68</sup> Resolution Foundation (December 2020) The Resolution Foundation earnings outlook (<https://bit.ly/3uFqL07>)

<sup>69</sup> Ibid.

<sup>70</sup> ONS (November 2020) Low and high pay in the UK: 2020 (<https://bit.ly/3uKZh9J>)

<sup>71</sup> ONS (2019) Jobs paid below minimum wage by category (<http://bit.ly/2PE3wBR>)

<sup>72</sup> ONS (November 2020) Low and high pay in the UK: 2020 (<https://bit.ly/3uKZh9J>)

<sup>73</sup> Institute for Employment Studies (January 2021) Laid low: the impacts of the Covid-19 crisis on low-paid and insecure workers

(<https://bit.ly/3q8kiaR>)

<sup>74</sup> Ibid.

<sup>75</sup> ONS (January 2021) Personal and economic well-being in Great Britain: January 2021 (<https://bit.ly/3q3MgUW>)

<sup>76</sup> ONS (November 2020) Low and high pay in the UK: 2020 (<https://bit.ly/3uKZh9J>)

<sup>77</sup> Ibid.

<sup>78</sup> Ibid.

a household income above £40,000.<sup>79</sup> For those with incomes at the 10<sup>th</sup> percentile (the lowest income quintile), the Resolution Foundation reports that incomes will fall by around 10% by next year.<sup>80</sup>

### Pay growth

The latest figures show that in May-July 2021, the rate of annual pay growth for regular pay was 6.8%.<sup>81</sup> However, it is important to note that the pandemic has made it more difficult to interpret this data.<sup>82</sup>

Annual growth in average employee pay is being affected by temporary factors that have inflated the increase in the headline growth rate, and the most recent months of data are being compared with the same period last year when negative pay growth rates were seen because of the coronavirus pandemic. There has also been a decrease in the number and proportion of lower-paid employee jobs, which pushes up the levels of average earnings, without it reflecting real increases in pay for most employees.

### Conclusion

The Covid-19 pandemic has created unprecedented volatility in the labour market, which has impacted women in very particular ways. Self-employed women have received less support than their male counterparts. The dual pressures of caring responsibilities, particularly home-schooling, and working have taken a toll on mothers' paid work.

Women, BAME workers, disabled workers and young people are concentrated in low-paid roles in the sectors that have been some of the worst impacted (food services, retail, arts and recreation).

We are yet to see the impact of the end of the CJRS and SEISS support schemes on things like redundancy and unemployment levels.

### Recommendations

- The majority of public sector workers are women. **The public sector pay freeze announced in the one-year 2020 Spending Review and expected to continue should be lifted to support public sector workers through the Covid-19 recovery** and to appropriately value their contribution during the pandemic.
- **The government should require companies to produce plans to tackle their reported gender pay gaps** to ensure meaningful progress in narrowing the pay.
- The government must ensure that employment support programmes such as the **Kickstart Scheme avoid segregating women into lower-paid professions** and are sensitive to diverse caring responsibilities.
- **Use the upcoming Employment Bill to reduce insecurity for low-paid workers** by extending employment rights and investing in strong and effective enforcement.
- **Larger companies should be mandated to report the number of people they make redundant by protected characteristics** including sex and race, to ensure accountability against bias or discrimination while gender pay gap reporting is suspended.

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<sup>79</sup> WBG (February 2021) 3 in 10 low-income families have lost hours at work because of the pandemic (<https://bit.ly/3sKuKXN>)

<sup>80</sup> Resolution Foundation (January 2021) The living standards outlook 2021 (<https://bit.ly/3syqJFz>)

<sup>81</sup> ONS (September 2021) Average weekly earnings in Great Britain (<https://bit.ly/3FZICVs>)

<sup>82</sup> ONS (July 2021) Far from average: how covid-19 has impacted the average weekly earnings data (<https://bit.ly/2YSUJCI>)

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