

Spring Budget 2022 Pre-Budget Briefings

Women and employment

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A pre-budget briefing from the UK Women's Budget Group – Spring 2022

Key points:

- **Women, as the majority of employees in industries with some of the highest Covid-19 job losses and due to a lack of gender sensitivity in the furlough scheme, were hit hard by the pandemic.**
- **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.**
- **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.**
- **Over the past two quarters, the number of payrolled employees has returned to above pre-pandemic levels. However, it is important to focus on the quality of jobs as well as quantity. The recent surge in vacancies is driven largely by an increase in low-paid jobs, in which women are more likely to be working.**
- **As the majority of low-paid workers, women will also be disproportionately impacted by the cost of living crisis that is expected to see the sharpest annual decline in living standards since records began in the 1940s.**

Women and employment

The Covid-19 pandemic 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.

While employment levels have started to recover over the past two quarters, households in the UK are projected to experience their sharpest decline in living standards since records began in the 1940s as inflationary pressures erode earnings growth. Those on the lowest incomes – the majority of whom are women – will be hardest hit by this cost of living squeeze.

This briefing lays out what we know about the impact of the pandemic on women's employment and earnings, including emerging trends.

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. The female employment rate was 72.2% (in October-December 2021), down from a record high of 72.7% in December 2019-February 2020. The male employment rate was 78.8%.

The employment rate for mothers was 75.1% in April to June 2019, which is an increase from 66.2% in 2000.¹ 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

¹ House of Commons Library (Mar 2021) Research briefing: women and the economy (<https://bit.ly/3CnYgIE>)

is still a significant pay penalty for mothers.² 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.³

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-time⁴ (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).⁵

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

Since the pandemic began

The ONS released official data on employment, unemployment and economic inactivity 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,⁶ leading to several methodological adjustments to data collection and processing.

According to the Alliance for Full Employment, the ONS data 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 have been 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.⁷

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.⁸

While there were concerns that the end of the furlough scheme in September 2021 would precipitate a rise in job losses, there has been an employment recovery over the past several months. The number of payrolled employees is now 409,000 higher than prior to the start of the pandemic (February 2020). The employment rate is also showing growth, but remains 1.1 percentage points lower than pre-pandemic. From October to December 2021 (most recent data at the time of writing) the estimated employment rate for women was 72.2% (78.8% for men), the estimated unemployment rate for women was 4% (4.2% for men).⁹ Economic inactivity for women was 24.7% (17.7% for men).¹⁰

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. However, these statistics mask concerning trends in economic activity for some women. Older women (aged 50-64) have seen the largest increase in economic inactivity compared to pre-pandemic, with an estimated further 250,000 economically inactive.¹¹ This is driven by long-term sickness and early retirement.

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 2020.¹² Such employment

² TUC/IPPR (2016) The motherhood pay penalty (<https://bit.ly/3G6sAJo>)

³ IFS (2018) Wage progression and the gender wage gap: the causal impact of hours of work (<http://bit.ly/36fc7kb>)

⁴ 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'.

⁵ ONS (Oct 2019) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted) (<http://bit.ly/2pZwHnW>)

⁶ WBG (Jan 2021) ONS labour market statistics (<https://bit.ly/2P6QWwq>)

⁷ Alliance for Full Employment (Jan 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>)

⁸ ONS (2022) Labour market overview, UK: January 2022 (<https://bit.ly/3sJfeNe>)

⁹ ONS (Feb 2022) A05 SA: Employment, unemployment and economic inactivity by age group (seasonally adjusted) (<https://bit.ly/3BnCwwd>)

¹⁰ Ibid.

¹¹ Institute for Employment Studies (2022) Labour market statistics, January 2022 (<https://bit.ly/3oSaeil>)

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

gains have not offset redundancies in other sectors, like retail and hospitality sectors, reflected in an increased unemployment rate for women, now 4% (up 0.2 pp from 2019).¹³ The Coronavirus Job Retention Scheme (CJRS) is credited as having propped up millions of jobs for both women and men during the pandemic.¹⁴

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.¹⁵

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%¹⁶ and the highest rate of unemployment at 8.8% (compared with 4.5% for White people and 8.5% for BAME people overall).¹⁷ 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.¹⁸ 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 2020.¹⁹ This disproportional impact is likely to lead to a longer-term increase in race and gender inequalities.

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

¹⁴ 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>)

¹⁵ Institute for Employment Studies (Nov 2020) Labour market statistics, November 2020 (<https://bit.ly/3fhYlCk>)

¹⁶ TUC (Jan 2021) Jobs and recovery monitor (<https://bit.ly/3dM7JPP>)

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

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.²⁰ The CJRS finished at the end of September 2021.

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 CJRS had gendered impacts. 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.²¹

There was also a clear link between a fall in mothers' employment and inadequate protections in the CJRS for those with caring responsibilities: 46% of mothers made redundant during the pandemic cited lack of adequate childcare provision as the cause.²² At the end of January 2021, there were 1.33 million workers on partial furlough, 28% of the total.²³ 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.²⁴ This has led to almost half (48%)

²⁰ Unison (2020) Furlough, Job Retention Scheme (JRS) and redundancy (<https://bit.ly/3kr2Ug5>)

²¹ House of Commons Women and Equalities Select Committee (Feb 2021) Unequal impacts: coronavirus and the gendered economic impact (<https://bit.ly/37Pnigb>)

²² Pregnant then Screwed (2020) The true scale of the crisis facing working mums (<https://bit.ly/37OBNX2>)

²³ HMRC (Feb 2021) Coronavirus Job Retention Scheme statistics: February 2021 (<https://bit.ly/2NLpK62>)

²⁴ TUC (Jan 2021) TUC poll: 7 in 10 requests for furlough turned down for working mums (<https://bit.ly/3uAfzrY>)

worried about negative treatment from an employer because of childcare responsibilities.²⁵

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.²⁶ In retail for example, the largest source of private sector employment in the UK (2.8 million workers in 2020)²⁷ 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 most of job losses over the past decade were occupied by women, with newer roles more likely to go to men.²⁸

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.²⁹ The IFS also concluded that job competition in June 2021 is higher for women than for men.³⁰

Self-employment

In 2019, there were almost 5 million people registered as self-employed,³¹ rising from close to 13% in 2008 to 15.1% in 2019.³² 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.³³

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 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.³⁴ 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.³⁵

As with the CJRS, the impacts of the SEISS were gendered. 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 £1.89 billion). 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, in addition, 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 4th and 5th 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.³⁶

A considerable problem with SEISS has been for women who have taken maternity leave within the

²⁵ Ibid.

²⁶ Work Foundation (2020) No returns: a new direction to tackle insecurity in retail following Covid-19 (<https://bit.ly/37TnwbE>)

²⁷ Ibid.

²⁸ Ibid.

²⁹ Institute for Fiscal Studies (Sep 2021) Job opportunities during the pandemic (<https://bit.ly/3BNQlxL>)

³⁰ Ibid.

³¹ ONS (2019) EMP14 Employees and self employed by industry (<http://bit.ly/2PvsCSE>)

³² 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)

³³ ONS (Oct 2019) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted) (<http://bit.ly/2pZwHnW>)

³⁴ House of Commons Library (Feb 2021) Coronavirus: Self-Employed Income Support Scheme (<https://bit.ly/3qXxm40>)

³⁵ Gov.uk (Sep 2021) Self-employment Income Support Scheme statistics: (<https://bit.ly/3FMIDMd>)

³⁶ Resolution Foundation (Feb 2021) 700,00 self-employed workers have stopped working entirely during the current lockdown (<https://bit.ly/2ZZT37z>)

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 75,000 women.³⁷ 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.³⁸

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.³⁹ We know that in 2020, women made up 83% of the 840,000 care workers and home carers,⁴⁰ 77% of nonmedical healthcare staff,⁴¹ 85% of NHS General Practice workers,⁴² 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).⁴³ 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.⁴⁴ This is concerning for patterns of employment for women in the economic recovery from coronavirus.

³⁷ Pregnant Then Screwed (Jan 2021) Judicial review against the government for indirect sex discrimination this Thursday (<https://bit.ly/3bK7S3x>)

³⁸ Pregnant Then Screwed (2021) Taking the government to court for indirect sex discrimination (<http://bit.ly/3dUNGP5>)

³⁹ TUC (Sep 2020) Key workers report (<https://bit.ly/3oJ4Xxf>)

⁴⁰ Skills For Care (2019) The state of the adult social care sector and workforce in England (<https://bit.ly/3oJXVbk>)

⁴¹ The King's Fund (2017) Overview of the health and social care workforce (<http://bit.ly/2zMw9V8>)

⁴² Calculated (not including staff where gender was unspecified) from NHS Digital, General Practice Workforce data interactive dashboard data (<https://bit.ly/34VT4Ny>)

⁴³ ONS (2021) People in employment on zero-hours contracts (<https://bit.ly/3mZPPfc>)

Statutory Sick Pay

During the pandemic there has been increased scrutiny of what happens when workers must take time off due to sickness. The current rate for Statutory Sick Pay (SSP) is £95.85 per week. Key workers,⁴⁵ including those within the NHS, have experienced high levels of exposure to Covid-19. Women in employment are twice as likely to be key workers than employed men.⁴⁶

WBG calculations find that 15.5% of women and 10.6% of men do not earn enough to qualify for SSP.⁴⁷ 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.⁴⁸

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 the uncertainty posed by Covid-19.⁴⁹ 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 (up to 21 April 2021) at which

⁴⁴ Ibid.

⁴⁵ 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>)

⁴⁶ Resolution Foundation (Apr 2020) Risky business (<https://bit.ly/3krZucQ>)

⁴⁷ Women's Budget Group (May 2020) WBG responds to the recovery roadmap (<https://bit.ly/3eObaCj>)

⁴⁸ TUC (Sep 2020) Sick pay and debt (<https://bit.ly/3ssGVJp>)

⁴⁹ Gov.uk (Mar 2020) Employers do not have to report gender pay gap (<https://bit.ly/3q4aw9j>)

time there were approximately 8.8 million furloughed employees across the UK. It found that the gender pay gap for full-time employees was 7.9%, down from 9.0% in 2019, and among all employees was at 15.4%, down from 17.4% in 2019.⁵⁰ 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.⁵¹

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).⁵²

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 services, which saw public sector employment fall from 21.8% to 16.5% since June 2010.⁵³

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 continued for 2.6 million workers.⁵⁴ In October 2021, the Chancellor announced that public sector workers would receive "fair and affordable" pay rises across 2022/23 and 2023/24.⁵⁵ However, pay settlements have not yet been announced and the Government must ensure increased funding for public services to meet higher pay costs. This includes not only workers employed in the public sector, but workers employed in the private sector who are delivering contracted out services who may be affected by the rise in the National Living Wage.

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 £9.12⁵⁶ meaning all workers earning just above, on or below National Living Wage (currently £8.91 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.⁵⁷

Low-paid workers have been particularly impacted during the pandemic and with the emerging cost of living crisis (see 'Pay Growth' below). This has affected women disproportionately as there are twice as many women as men in the bottom 10% of earners.⁵⁸ 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.⁵⁹ 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.⁶⁰

⁵⁰ ONS (Oct 2021) Gender pay gap in the UK: 2021 (<https://bit.ly/3rT4A7v>)

⁵¹ The Guardian (Feb 2020) Average UK wages top pre-financial crisis levels (<https://bit.ly/3BZihEF>)

⁵² Resolution Foundation (Dec 2020) Ethnic minorities in the hospitality sector (<https://bit.ly/2MtFREL>)

⁵³ ONS (2019) Labour Market Statistics - Oct 2019, Table 4 (<http://bit.ly/31UigGh>)

⁵⁴ Resolution Foundation (Dec 2020) The Resolution Foundation earnings outlook (<https://bit.ly/3uFqL07>)

⁵⁵ House of Commons Library (Dec 2021) Public sector pay (<https://bit.ly/3Bxq8JZ>)

⁵⁶ ONS (Nov 2020) Low and high pay in the UK: 2020 (<https://bit.ly/3uKZh9J>)

⁵⁷ ONS (2019) Jobs paid below minimum wage by category (<http://bit.ly/2PE3wBR>)

⁵⁸ ONS (Nov 2020) Low and high pay in the UK: 2020 (<https://bit.ly/3uKZh9J>)

⁵⁹ Institute for Employment Studies (Jan 2021) Laid low: the impacts of the Covid-19 crisis on low-paid and insecure workers (<https://bit.ly/3q8kiaR>)

⁶⁰ Ibid.

By November 2020, those with household incomes under £10,000 were approximately 60% more likely to be furloughed than the general population.⁶¹ 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.⁶²

Hourly pay in the bottom 5th and 10th 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.⁶³ 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.⁶⁴ 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 a household income above £40,000.⁶⁵

Against this backdrop, the rise in the National Living Wage (NLW) announced in the 2021 Autumn Budget is welcome and will particularly benefit women as they are more likely to be low paid. The NLW will rise to £9.50 from 1 April 2022, an increase of 59 pence or 6.6%. The Low Pay

Commission’s recommendations set the minimum wage back on track to reach the Government’s target of two-thirds of median earnings by 2024.⁶⁶ The increase boosts earnings for full-time minimum wage workers by over £1,000 per year.⁶⁷

Pay growth

The latest figures show that in September to November 2021, the rate of annual pay growth for regular pay was 3.8%.⁶⁸

However, this pay growth occurs against significant inflationary pressures, with inflation reaching its highest level in 30 years. In January 2022, the CPI reached 5.5%.⁶⁹ This means that living standards will see a significant decline. The Bank of England itself has forecast that real household disposable incomes (RHDI) will fall by 2% in 2022, which would represent the sharpest annual fall since records began in the late 1940s.⁷⁰ Those on low incomes will be hardest hit.

Conclusion

The Covid-19 pandemic created unprecedented volatility in the labour market and impacted women in very particular ways. The dual pressures of caring responsibilities, particularly home-schooling, and working took a toll on mothers’ paid work, and the main policy interventions (CJRS and SEISS) did not adequately take account of gendered differences in economic participation.

While there are signs of an emerging employment recovery, wages are failing to keep pace with inflation and this is likely to have significant impacts on the lowest paid, the majority of whom are women. There are also indications that the headline employment figures mask groups that have been lost to the labour market over the course of the pandemic, with older women particularly impacted.

⁶¹ ONS (Jan 2021) Personal and economic well-being in Great Britain: January 2021 (<https://bit.ly/3q3MgUW>)

⁶² ONS (Nov 2020) Low and high pay in the UK: 2020 (<https://bit.ly/3uKZh9J>)

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ WBG (Feb 2021) 3 in 10 low-income families have lost hours at work because of the pandemic (<https://bit.ly/3sKukXN>)

⁶⁶ Low Pay Commission (2021) Large minimum wage increase to boost low-paid workers’ incomes (<https://bit.ly/36X0Cmp>)

⁶⁷ IFS (2021) Autumn Budget and Spending review 2021 (<https://bit.ly/3vvqMa4>)

⁶⁸ ONS (Jan 2022) Average weekly earnings in Great Britain (<https://bit.ly/3gRVJww>)

⁶⁹ ONS (Feb 2022) CPI Annual Rate 00 (<https://bit.ly/3GV5V1Z>)

⁷⁰ Bank of England (2022) Monetary Policy Report – February 2022 (<https://bit.ly/3sHpGoB>)

Recommendations

- **Public sector pay should keep pace with inflation** to appropriately value key workers' 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. Reporting on pay gaps by other protected characteristics like race and disability should be introduced.
- **Use the Employment Bill, currently before the House of Commons, to reduce insecurity for low-paid workers** by extending employment rights and investing in strong and effective enforcement.

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