

Inquiry on Post-Pandemic Economic Growth: UK Labour Market

Business, Energy and Industrial Strategy Committee

Introduction

The UK Women's Budget Group (WBG) are an independent network of leading academic researchers and policy experts that analyse the gendered impact of economic policy on different groups of women and men and promotes alternative policies for a gender equal economy. We welcome the opportunity to contribute to this inquiry. We have only answered the questions within our scope of expertise.

Summary

- In the post pandemic economy, the Government must look to sure up workers' rights and protections. This includes restructuring publicly funded parental leave entitlements, raising the rate of, and extending eligibility for, Statutory Sick Pay (SSP) and ensuring that employers are taking a proactive approach to creating more secure, genuinely flexible job vacancies.
- As automation increasingly becomes an alternative source of labour, it is critical that the Government implement schemes to reskill and train those who have lost their jobs, of which women are more at risk, whilst also investing in new, high-quality alternatives.

Workers' rights and protections

Parental Leave

1. Use of parental leave in the UK, as in most other countries, is highly gendered. Time away from the labour market affects skills and experience which affect human capital, and when time away from the labour market is inequitably distributed, women bear the brunt of care penalties through discrimination, loss of human capital and the gender pay gap. Disparities in use of leave by women and men negatively impact on women's salaries and career progression across the board, not just mothers', because it leads to discrimination which affects all women.¹
2. There are indications that discrimination against pregnant women has been heightened in the context of Covid. In a survey of 20,000 women, 11% of pregnant women said they 'had been made redundant or expected to be made redundant'². Of these, 53% believed their pregnancy was a factor in their redundancy (a figure that rises to 67% of BAME pregnant women).
3. Parental leave policy design also interacts with the gender pay gap. Women in heterosexual partnerships often earn less than their male partners: for example, only one third of women in dual-earner households bring home at least half of the household income.³ Finances are a

¹ Castro-García, C. and Pazos-Moran, M. (2016) Parental leave policy and gender equality in Europe, *Feminist Economics*, 22(3), pp51–7

² Pregnant Then Screwed (2020) The true scale of the crisis facing working mums (<https://bit.ly/2M3qPW5>)

³ Burgess, A. and Davies, J. (2017). *Cash or Carry: Fathers combining work and care in the UK*. London: Fatherhood Institute. (<https://bit.ly/2QKAnSG>)

central factor in couples' decision-making when it comes to planning family leave to care for a new baby and, due to the gender pay gap, on average, women are paid less than their male partners.

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,⁴ 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.⁵
- WBG calculations find that 15.5% of women and 10.6% of men do not earn enough to qualify for SSP.⁶ 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.⁷

Pay

- Regular pay in April 2022 grew 4.1% (according to latest data available). When accounting for inflation, this represents an average *pay cut* for workers of 1.9%.⁸ This follows a decade where real wages (pay after accounting for prices) have been stagnant.
- The pay situation is markedly bleaker in the public sector, where we are seeing an increase of only 1.8%,⁹ and therefore a pay cut of 4.2% in real terms. Given the overrepresentation of women and people from ethnic-minority backgrounds in public sector employment,¹⁰ this risks further widening the gender and ethnicity pay gaps.
- There is an ongoing public sector pay increase negotiation where the government is determined to prevent pay increases in line with inflation.¹¹ It will have a knock-on effect on public services if it proves difficult to recruit and retain staff.¹²
- This is after a decade of pay cuts and freezes from austerity measures. Despite the vacancies and high demand for labour in the sector, this is not being reflected in higher wages.
- Education and public administration are two of the industries that have seen the highest falls in pay.¹³ These were two critical sectors during the pandemic and will be critical in the recovery but whose key workers, most of which women, are not being valued; in education alone, 70% of workers are women.¹⁴

⁴ 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>)

⁵ Resolution Foundation (April 2020) Risky business (<https://bit.ly/3krZucQ>)

⁶ Women's Budget Group (May 2020) WBG responds to the recovery roadmap (<https://bit.ly/3eObaCj>)

⁷ TUC (September 2020) Sick pay and debt (<https://bit.ly/3ssGVJp>)

⁸ ONS (2022) [Average weekly earnings time series](#) (Table EARN01)

⁹ Ibid.

¹⁰ H Wakefield (2019) [Triple Whammy: the impact of local government cuts on women](#). Women's Budget Group

¹¹ J Pickard and D Strauss (9 Jun 2022) [Unison warns of public-sector strikes unless pay deals match cost of living](#). Financial Times

¹² This will be the focus of an upcoming briefing on this series.

¹³ G Tily (Feb 2022) [Jobs and recovery monitor - wage squeeze continues](#). TUC

¹⁴ B Francis-Devine et al (2022) [Women and the economy](#). House of Commons Library

- Bonuses are pushing total pay up, but they are very unevenly spread across industries. They signal an attempt by employers to reward workers without consolidating pay rises.¹⁵ Bonuses are also gendered; women are much less likely to receive them. The current gender bonus gap is 41%.¹⁶ This is both because women are less likely to work in industries that award the largest bonuses (e.g. finance or construction) and to work in senior positions (bonuses are often a proportion of a worker's salary).¹⁷
- Evidence from the TUC shows workers getting pay rises above inflation in workplaces with a strong union presence,¹⁸ signalling the importance of union strength for decent salaries.

Flexible working

- The COVID-19 pandemic has shown that flexibility can be unlocked in many more jobs than previously thought. In 2020 the Resolution Foundation found that 63% of all workers are working from home¹⁹.
- However, the opportunity to work from home has been unevenly distributed, with higher paid workers being the most likely to benefit. The Resolution Foundation found that during the lockdown, 44% of the lowest paid workers were working from home, compared to 83% of the highest paid²⁰.
- There were large class differences in who works from home, including during lockdown: only 10% of working-class women were always working from home in both April 2020 and January 2021 in contrast to 48% of managerial/professional women workers in April 2020 and 49% in January 2021²¹.
- Better job design could also unlock more secure, reduced hours jobs that can be worked flexibly – highly valued by many parents because they afford them more scope to spend time with their children, and to manage work if their childcare arrangements break down.

Artificial Intelligence (AI) and technology in the workplace

- New technologies present opportunities for innovation and efficiency but as AI and automation increasingly become an alternative source of labour, the Government must be prepared for such large scale rapid technological change and put in place measures to cope with its impact.
- In 2019 the ONS found that an estimated 70% of roles at high risk of automation are held by women.²² McKinsey forecasts that 22% of women employed in the UK could find their jobs

¹⁵ TUC (2022) [Jobs and recovery monitor - bonuses](#)

¹⁶ ONS (2021) [Earnings and hours worked, all employees: ASHE](#) Table 1.8a Annual Pay – Incentive 2021

¹⁷ B Francis-Devine et al (2022) [Women and the economy](#). House of Commons Library

¹⁸ G Tily (Feb 2022) [Jobs and recovery monitor - wage squeeze continues](#). TUC

¹⁹ Laura Gardiner and Hannah Slaughter, 'The effects of the coronavirus crisis on workers', The Resolution Foundation, 16 May 2020: <https://www.resolutionfoundation.org/publications/the-effects-of-the-coronavirus-crisis-on-workers/>. Data refers to the period 6-11 May 2020.

²⁰ Ibid

²¹ Tracey Warren, Clare Lyonette & UK WBG (2021) Carrying the work burden of the Covid-19 pandemic: working class women in the UK [final-report-working-class-women-and-covid.pdf \(nottingham.ac.uk\)](#)

²²

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/theprobabilityofautomati>

displaced by automation by 2030. This is because women predominate in sectors such as retail and wholesale trade, healthcare, administration, and government.²³

- Unemployment because of technological advances, whilst inevitable, does not have to be a bad thing; automation will replace lots of jobs characterised by low pay and poor working conditions.
- Where technological advancements will create jobs related to programming, robotics, engineering, the Government must take measures to ensure better representation of women in these fields. Recent research by the Alan Turing Institute has found that whilst there is an explosive growth in data science and machine learning roles, women occupy only a minority of these new positions. In the UK, [women represent 47% of the work force, yet they hold less than 17% of all available tech jobs](#)²⁴.

Recommendations

- **Restructure publicly funded parental leave entitlements**, to include enhanced pay, equalisation of eligibility for leave, equal and reserved periods of leave in the first year of parental leave, specific parenting support for fathers/partners, and integration with childcare provision. This includes paid caring and parental leave for later stages of a child's life, such as when parents separate, or when care is required to look after a sick child
- **Ensure employers are taking a proactive approach to creating more secure, genuinely flexible job vacancies** will support women into better work. Support fathers to continue to contribute higher levels of childcare post-lockdown will also bolster women's labour market participation.
- Legislate stronger **protections of employment rights** for self-employed workers, informal workers and temporary workers like **extending SSP eligibility and raising the amount payable** as a buffer against income loss when unable to work.
- **Support workers' access to unions** and establish collective bargaining across different sectors for decent pay increases and working conditions.
- **Increase public sector salaries in line with inflation.**
- **The Government needs to look at why so few women enter data science and AI professions and put in place interventions which work to increase the number of women in these fields.**
- It is also critical that the Government implement schemes to reskill and train those who have lost their jobs whilst also investing in new, high-quality alternatives.
- The Government must also ensure that there is a robust safety net in place while workers transition into new jobs. This means having access to adequate social security so that there is no significant fall in household incomes.

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²³ <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-women-at-work-in-the-united-kingdom>

²⁴ The Alan Turing Institute (2021) Women in data science and AI [Women in data science and AI | The Alan Turing Institute](#)