Making equality a reality ... Income and Wealth


Gender Audit Findings

Earnings:

- In 2005, women’s average hourly pay for full time work was 88% of male workers’ average hourly pay for full time work.

- Women’s earnings are significantly affected by their concentration in part-time work. Comparison of female part-time hourly pay (almost half of all women workers work part-time – 41%) with male full-time hourly pay (full time work is the male norm) in 2005 revealed a pay gap of 37%.

- The gender pay gap varies by occupation: in professional occupations the pay gap is 14%, while figures relating to pay for women in process, plant and machine operative roles (jobs more often performed by men) revealed that in 2005 women earned 70% of male earnings.

- The gender pay gap also varies by industry. In 2005 the pay gap was 9% in education, while in manufacturing (where there are far more men employed) the pay gap was 32%.

- Female and male earnings are more equal in public sector employment than in the private sector. In 2005, women’s hourly pay was 97% of men’s in the public sector, while in the private sector it was 80%.

Income:

- When looking at all sources of income (earnings, income from financial assets, benefit transfers), women’s individual income was 60% that of men’s (as an average in years 2002/03-2004/05). However, it is not possible to say from these statistics how income is distributed within couple households.

- In 2005, 51% of male headed households had an income of over £20,000, compared with only 22% of female headed households.
In 2003/04, there were equal proportions of men and women of working age in Households Below Average Income (HBAI); 18% for each gender. This ratio was the same for pensioners.

Benefits and Pensions:

- In 2006, women made up 53% of those claiming state benefits. Within this total, women made up the majority of those claiming State Pensions and Pension Credits; around 64% of claimants of both of these benefits in 2005.
- Of all females in employment (both full-time and part-time employment) 44% were without pension provision in 2004/05, while this figure was 37% for full-time male employees.
- In 2004/05, women full-time workers were the most likely to be in occupational pension schemes; 59% of women full-time workers compared to 53% of male full-time workers. Women part-time workers were the least likely to have access to occupational pension schemes; 32% being members of such schemes.

Financial Assets and Management:

- Data from the Scottish Household Survey 1999/2000 highlighted that households where men were the highest income earner were more likely to have access to savings and investments (58%) than households where women were the highest earner (46%).
- Lone parents were the least likely to have savings, with 66% of lone parent families having no savings compared to an average of 39% for all family types in 2004/05. The most disadvantaged groups in terms of access to no or only low savings were lone parent families (88%) followed by single men without children (74%) and single women without children (73%), though age is likely to be an important factor for the latter groups, since they are often likely to be relatively young.
- In 2005 a higher proportion of men (59%) than women (43%) used credit cards. Use of credit may be indicative of levels of access to financial resources, or may be indicative of attitudes to debt and financial risk.

Discussion

At present, legislative change is taking place which will lead to the development of a Single Equality body to streamline discrimination law into a more effective, modernised approach to discrimination protection which would harmonise the different equality strands: gender, age, race and ethnicity, disability, religion and belief and sexual orientation. Responsibility for issuing advice and guidance on equalities issues will rest with the Commission for Equality and Human Rights which comes into being in October 2007. Equal
pay provision would be brought under the Single Equality Act but the
government’s current approach of encouraging businesses to undertake
voluntary Equal Pay Reviews (EPR) will be unchanged. Recent research
carried out for the Equal Opportunities Commission\(^1\) however suggests that
progress on developing voluntary EPRs has stalled within both the public and
private sectors.

The Gender Equality Duty (GED) introduced in 2007 requires public sector
employers in Scotland to take positive action on reducing the pay gap
between men and women in their workforce. Although public authorities do
not set their own pay systems, the GED requires them to gather information
with regard to male and female pay and to act on the underlying causes of
pay disparities where they are found to exist. The equal pay element of the
GED only applies to Scotland and not to the rest of GB.

Alongside the equal pay requirements of the GED, the UK Women and Work
Commission Report, ‘Shaping a Fairer Future’, intended to address the
underlying causes of the pay gap, which were identified as relating to:
occupational segregation; a skills gap; and a need to continue to encourage
voluntary EPRs.

Under the previous political administration, the Close the Gap initiative was
developed as a partnership project involving the Scottish Trades Unions
Congress (STUC), the Enterprise networks and the Equal Opportunities
Commission (EOC). The aim was to raise awareness of the gender pay gap,
support individuals and businesses to take action to address unequal pay and
to publish guidance and research on this topic.

Both the UK and Scotland’s approach to gender pay has been influenced by
the European Employment Strategy (the Lisbon Strategy) which set priorities
for reductions in gender gaps in pay and employment rates, promoting
‘flexicurity’ whereby flexible labour markets are supported by comprehensive
social insurance policies and reform of tax and benefit systems to limit
disincentives to work.

With three decades having passed since the UK’s Equal Pay Act came into
force, the gender pay gap has reduced significantly. In 2001, the EOC’s Equal
Pay Task Force identified 3 main causes of the continuing gender pay gap:
occupational segregation; difficulty combining work and caring responsibilities;
and employment discrimination.

The issue of unequal pay between men and women has been approached in
two ways: within the Scottish legislative framework and through direct and
indirect policy interventions. Equal pay legislation, which remains the
responsibility for Westminster government, is being reviewed as part of the
‘Discrimination Law Review’ which is aiming to harmonise equality strands
and streamline legislation. The GED also places a statutory duty on public

Opportunities Commission.
sector employers to investigate and address any gender pay gaps in their individual workforces.

Recognised within the report of the UK Women and Work Commission, the gender pay gap is not only an issue for individual employees, but one that affects business productivity and competitiveness in the modern economy. As at the UK level, Scotland’s approach to pay equality has been to highlight the ‘business case’ for employers to take voluntary action.

Discrimination embedded in pay systems is only part of the problem. More is needed to address the factors that contribute to the pay gap such as occupational segregation, difficulties with combining work and family responsibilities, the undervaluing of ‘women’s work’ and skills gaps within the workforce.

Pension and benefit reform should also recognise women’s differential attachment to the labour market as contrasted with men’s, and the impact this has on access to benefits and pensions. This is associated with, and needs to be recognised as linked to, the unequal burden of domestic responsibilities held by men and women within the domestic sphere.

A positive step has been taken with the UK and previous Scottish political administration having begun to engage with a gender agenda in relation to pension reform, through the 2006 Pensions Bill and the Department for Work and Pensions (DWP) gender impact assessment of these proposals. These are developments that should be encouraged and built on in other areas that impact on women and men’s earnings and income potential.