

**Women's pay and employment update:
a public/private sector comparison**

Report for Women's Conference 2012

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Women's employment has been the great success story of the last forty years. It has been the driving force behind improvements in living standards. Women's income accounted for more than a quarter of income growth in low to middle income households between 1968 and 2008/9.¹ A greater proportion of women than ever are in employment, over the last 30 years we have witnessed a significant increase in women's participation in the labour market. There are currently 13.6 million women in employment compared to 15.6 million men.

While it is a real achievement that women are more likely to be in paid work, they remain far more likely than men to be in low paid jobs. Around 17.2% of men in work are low paid, compared with 28% of women workers, with those women who work part-time the most likely to be in low paid employment.² Problems of both vertical and horizontal occupational gender segregation persist. Women are less likely than men to occupy higher-paid managerial and professional jobs; still only a third of managerial jobs are occupied by women. Women are also concentrated in a much narrower range of jobs than men, particularly the five 'Cs' – caring, catering, cashiering, cleaning and clerical work; for example, 19% of women in employment do administrative or secretarial work compared with 5% of men; 15% of women are employed in the personal services compared to 2% of men; and 10% of women work in sales compared to 5% of men.³

The latest Annual Survey of Hours and Earnings (ASHE 2011) revealed some improvement in women's pay relative to men's. Between 2010 and 2011, the full-time gender pay gap reduced from 10.1% to 9.1% based on median hourly earnings (excluding overtime) as a result of women's full-time median hourly earnings increasing at more than twice the rate of men's (1.9% compared to 0.8%). However, the overall gender pay gap for all employees based on median hourly earnings decreased only marginally from 19.8% to 19.5%.⁴ This is because women's part-time earnings did not improve as much as women's full-time earnings and it is still the case that a substantial part of the female workforce is employed on a part-time basis (43% of women compared to 13% of men).⁵

Women and work in the public and private sectors

Most striking of all when analysing the pay data for men and women is that the gender pay gap is significantly lower in the public sector. For full time employees, the gender pay gap is half that in the private sector. Part-time women suffer a significant pay penalty in both sectors but this is also lower in the public sector. The lowest paid part-time jobs for women are better paid in the public sector – the bottom 10% earn up to £9.98 an hour in the public sector compared to just £7.00 an hour in the private sector.

¹ Plunkett J, *The Missing Million*, The Resolution Foundation 2011

² Cooke and Lawton define low pay as 60% of full-time median hourly pay, excluding overtime (Cooke G and Lawton K (2008) *Working Out Of Poverty* London: IPPR). The TUC has updated their calculation using figures from ASHE 2011.

³ Chapter 11, Equality and Human Rights Commission, *How Fair is Britain?* (EHRC 2010)

⁴ ONS, ASHE 2011 <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-235202>

⁵ ONS Labour Market Statistics (February 2012) http://www.ons.gov.uk/ons/dcp171778_254579.pdf

Gender Pay Gap(median hourly earnings, excluding overtime, for public and private sectors -2011)

	Public Sector	Private Sector
All Employees	18%	26.8%
Full-Time Employees	9.2%	18.4%
Part-Time Employees ⁶	36.3%	42.8%

The expansion of public sector employment in recent decades transformed work opportunities for women. Women make up 65 per cent of the public sector workforce⁷ and in many sectors such as local government and education there is an even higher concentration of women. Many women working in the public sector work in associate professional or professional level jobs such as nursing or teaching so there is less vertical segregation than in the private sector. Charts 1 and 2 below highlight how women in full-time jobs are more evenly spread through different earnings levels in the public sector than in the private sector where they are more concentrated at the lower end of the income distribution.

There appears to be greater opportunity for women to work on a flexible basis at higher levels in the public sector too. For example, there is little difference between the top earnings of full-time women across the sectors – the top 10% earn £26.51 or more an hour in the public sector compared to £26.97 or more an hour in the private sector. However, a comparison of part-time women’s earnings shows that while in the public sector the top 10% of women working part-time earn £22.54 or more an hour (15% less than the highest earning full-time women), the top 10% of women working part-time in the private sector earn just £14 or more an hour – half the amount the highest paid full-time women earn in that sector.⁸

Women’s overall level of pension provision would be far worse too if it was not for public sector defined benefit pension schemes. Women enjoy two-thirds (64.5%) of public sector defined benefit provision (not all of which is final salary).⁹ Women’s pension income is significantly below men’s (one recent report estimates a 38% pension income gap).¹⁰ One in four single women pensioners lives in poverty and nearly two-thirds of women pensioners rely on Pensions Credits.¹¹ This reflects the fact that women tend to earn less and save less while in work and are more likely to have periods when they do not save at all for their retirement as a result of interrupted career patterns in order to care for children or family. Furthermore, only 20% of private sector employees earning between £100 and £200 a week are members of an employer-sponsored pension scheme whereas

⁶ When measuring the part-time women’s pay gap we have used the Equality and Human Rights Commission’s measure (a comparison of women’s hourly part-time earnings compared to men’s hourly full-time earnings) rather than the ONS measure (a comparison of women’s hourly part-time earnings compared to men’s hourly part-time earnings). Part-time work is gendered and this measure is preferred as it shows how far women are being penalised by their propensity to work part time.

⁷ ONS, Economic and Social Data Service, Quarterly Labour Force Survey Household Dataset, (April - June 2010)

⁸ ONS, ASHE 2011, <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcmm%3A77-235202>

⁹ <http://www.tuc.org.uk/extras/womenandrecessiononeyearon>

¹⁰ Prudential, *Pension Gap Between Men and Women Continues to Grow* (February 2010)

http://www.pru.co.uk/pdf/presscenter/pension_gap_grows.pdf

¹¹ TUC Women and Pension’s briefing (November 2011) <http://www.tuc.org.uk/equality/tuc-20347-f0.cfm>

70% of public sector employees in the same pay range are pension scheme members.¹² This is significant because of the much higher proportion of women than men earning at these levels (see table 1 below); low paid women in the public sector are therefore likely to be less reliant on welfare benefits in their retirement than those who worked in the private sector.

Analysis carried out by the TUC using data from ASHE 2011 further explores pay for women in the public and private sector. This analysis finds that:

- Almost a third of women (28 per cent) working full-time earn less than £300 in the private sector compared to 8 per cent in the public sector.
- Over half of all women (56 per cent) earn less than £300 in private sector compared to just over a third (35 per cent) in the public sector.
- Over three quarters of women working part-time in the private sector (77 per cent) earn less than £200 compared to less than half (47 per cent) in the public sector.
- Low paid jobs are far more prevalent in the private than public sectors, with 17 per cent of full-time workers earning less than £300 in the private sector, compared to only 6 per cent of public sector workers

	ALL- FT & PT		FT		PT		
	Less than £200	Less than £300	Less than £250	Less than £300	Less than £200	Less than £150	Less than £100
Public Sector ALL	15.3%	27%	1.7%	6.0%	47.3%	31.4%	19%
Private Sector ALL	20.2%	35.8%	7.6%	17.3%	76.6%	58.3%	32.5%
Public Sector MALE	6.8%	12.7%	0.7%	3.5%	46.8%	34.6%	21.6%
Public Sector FEMALE	19.9%	34.6%	2.4%	7.9%	47.4%	30.8%	18.6%
Private Sector MALE	10.2%	22.3%	5.2%	12.7%	75.6%	58.3%	33.1%
Private Sector FEMALE	34.9%	55.5%	13.2%	27.9%	76.9%	58.2%	32.1%

¹² <http://www.tuc.org.uk/extras/publicsectorpensions.pdf>

The following charts, using data from ASHE 2011, show the proportion of full-time women and men at different earnings intervals. It is evident that a higher proportion of women in the private sector are at the lower end of the income scale, whereas in the public sector there are more women higher up the income scale and, apart from at the very top and bottom, the women's earnings distribution in the public sector more closely resembles that of their male colleagues.

Chart 1: Private sector distribution of gross weekly earnings for full-time employees 2011

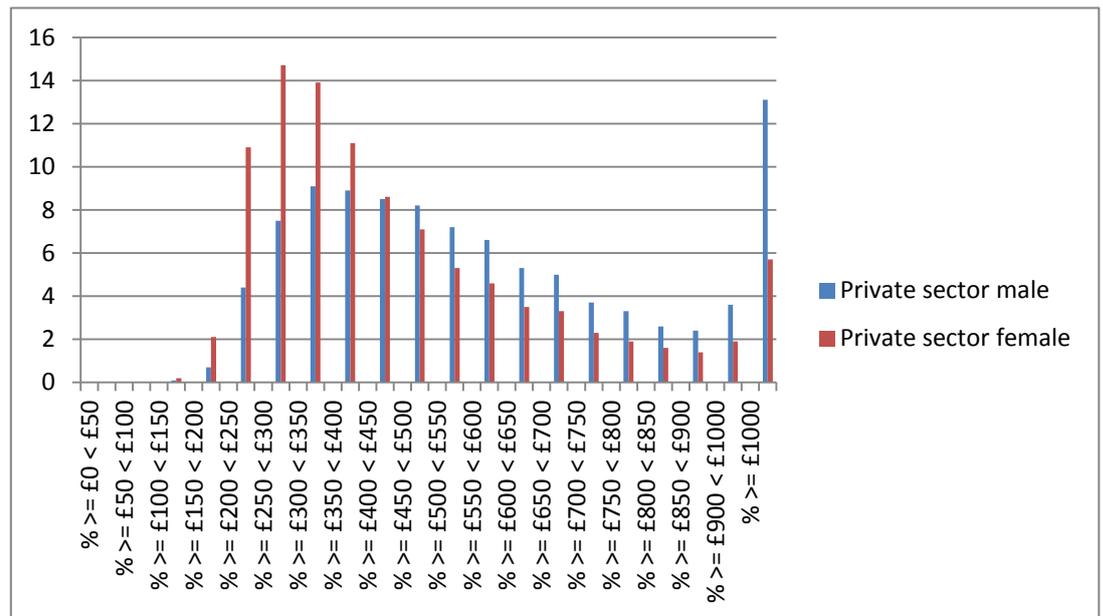
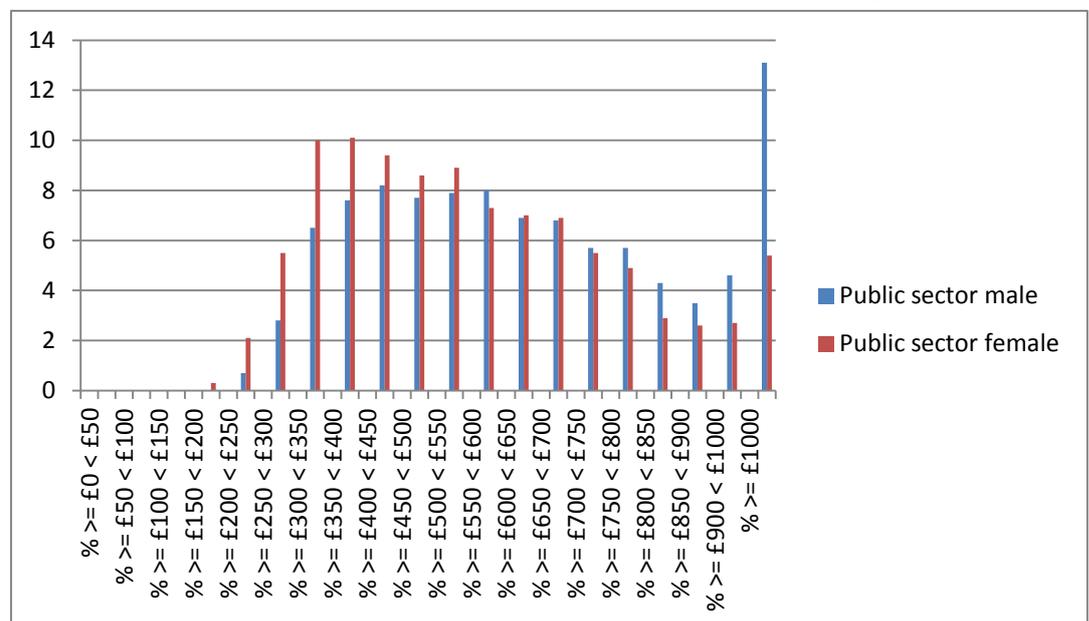


Chart 2: Public sector distribution of gross weekly earning for full-time employees 2011



Conclusion

The coalition government is committed to a programme of deep and immediate cuts in public spending in an attempt to reduce the UK's budget deficit. The impact of the cuts on public sector jobs will be severe. The OBR now estimate 710,000 public sector jobs will be lost by 2017.¹³ It has been well documented by the TUC, the Fawcett Society, the Women's Budget Group and others that public sector job losses will have a disproportionate effect on women who make up the majority of public sector workers.

This is borne out by the latest labour market statistics. Women's unemployment has been over the one million mark for the past 18 months and the unemployment rate stands at 7.7% – the highest proportion of women out of work since 1994. This is largely down to rapid and significant job losses in the public sector. A recent GMB report shows that the drop in the number of women employed in local government and schools in England and Wales accounted for more than two-thirds of the drop in numbers employed by councils since the General Election. The GMB also reported that in 19 English Local Authorities women's job losses accounted for 100% of the total job losses.¹⁴

The coalition government has repeatedly provided assurances that private sector growth will provide new job opportunities for those becoming unemployed as a result of the public sector job cuts. But the latest data shows that while public sector employment fell by 67,000 in the third quarter of 2011, private sector jobs grew by only 5,000.¹⁵

Even if women are able to find employment in the private sector will it match the pay, pension and employment prospects of the jobs they have lost in the public sector? The above analysis suggests that it will not. Many women could find themselves having to take lower skilled work and a significant pay cut. This would result in a widening of the overall gender pay gap and worsening levels of female poverty. And, given the significant contribution women's earnings have made to low and middle income households over the past four decades, it could lead to poorer life chances for the hardest hit families too.

¹³ http://cdn.budgetresponsibility.independent.gov.uk/Autumn2011EFO_web_version138469072346.pdf

¹⁴ http://www.gmb.org.uk/newsroom/other_news/women_council_job_losses.aspx

¹⁵ ONS, Public Sector Employment Q3 (December 2011) http://www.ons.gov.uk/ons/dcp171778_247739.pdf