

Women,
work
and the
recession
in Wales



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Executive Summary

- 1** The last four years have seen complex changes in women's employment in Wales, and it is simplistic to claim that the recession has had a greater or lesser impact on women than men.
- 2** Overall, women's employment has experienced fewer job losses during the recession than men's, but while there has been some recovery in men's employment in the last 12 months women are continuing to lose jobs.
- 3** Self-employment amongst women has increased markedly, whilst part-time employment is contracting. Both these trends are unexpected and it remains to be seen if they mark a change in employment patterns or are a short-term phenomenon.
- 4** Women in occupations at the bottom of the labour market have borne the brunt of job losses, with administrative and secretarial roles and process and plant operatives seeing significant decreases in numbers.
- 5** Women's employment has been substantially affected by the increase in the state pension age for women, which has retained thousands of women aged 50-64 in employment and masked job losses amongst younger age groups. In the last four years, women under the age of 50 have lost the same proportion of their employment as men of this age.
- 6** Changes to social security benefits have transferred about 37,000 women off benefit since 2008, with many moving into the labour market and contributing to the increase in women's unemployment seen in recent months. Further changes to benefits are likely to have a significant effect on women in the labour market in coming years.

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- 7** Women continue to earn less than men across the income distribution, although the gender pay gap is closing as women's earnings have risen faster than men's.
 - 8** The gender pay gap is smaller in the public sector than in the private sector. The difference between pay in the public and private sectors is largely attributable to differences in occupations, qualifications and organisational size. Women and men's earnings in both sectors are the lowest or second lowest in the UK.
 - 9** These findings suggest that the recession is far from over for women in Wales. Continuing economic pressure coupled with the impact of increases in state pension age and movements off social security benefit is likely to result in the number of women seeking work continuing to rise. There are particular challenges for young women and women moving off benefit (especially women with children). There may be a need for support for these women prior to participation in the Work Programme.

Introduction

The current recession has had a marked effect on the economy and labour market in Wales. As might be expected, headline unemployment has risen, redundancies and plant closures have been widely reported, and employment has also declined. Women as well as men have been affected by these changes, with recent increases in women's unemployment and job losses in the public sector receiving particular attention. At the same time, women's economic inactivity rates are relatively low and women's unemployment rates remain below those of men.

The Welsh Government has supported the Bevan Foundation to explore recent trends in women's position in the labour market in Wales, including changes in the nature of women's employment and unemployment, and issues associated with women's pay. This report sets out the findings.

As will be seen, the purpose was not to argue that women's experiences have been better or worse than men's, not least because it is very clear that both genders have been adversely affected by the recession. Rather, it is to identify where the recession has had a different effect on women, given that women occupy a different position in the labour market to men. In doing so, there are some important implications for policy that need to be considered.

The rest of this report looks at, first, changes in women's employment, unemployment and economic activity rates; second, the impact of changes to social security benefits on women in the labour market; and third, changes in women and men's pay especially in the public and private sectors.

Throughout the report the start of the recession is taken to be the second quarter of 2008, the nearest equivalent for which in labour market statistics are those for the year ending June 2008. The most recent statistics are those for June 2012. Where possible, statistics for the population aged 16-64 are used. If data for the population aged 16+ is used this is noted on the relevant table.

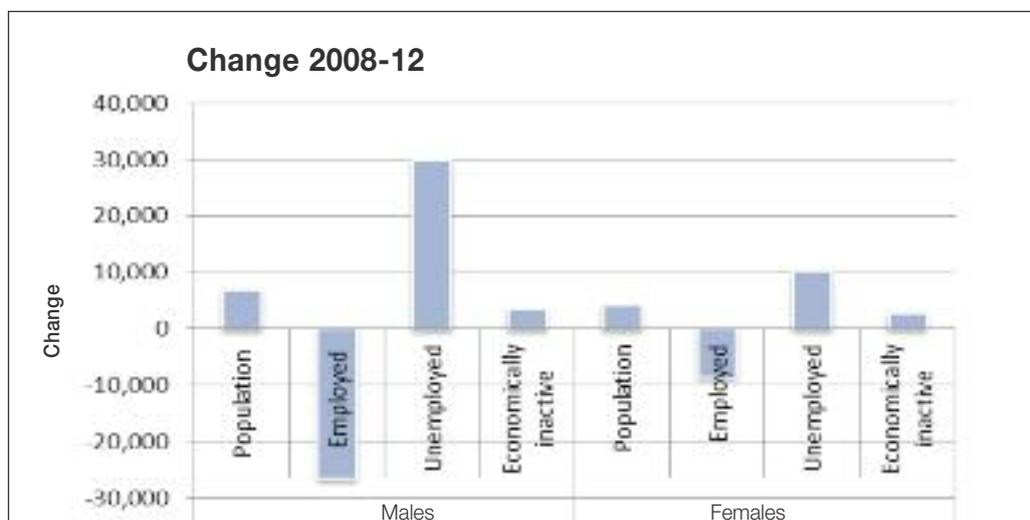
Employment, unemployment and inactivity

The headline changes in women's position in the labour market need to be considered in terms of the shifts taking place between employment, unemployment and economic inactivity alongside any overall changes in the number of people of working age. Focusing on just one element, such as unemployment, risks missing the bigger picture and is responsible for the sometimes confusing picture about the impact of the recession on women.

2.1 Overview

During the recession, i.e. from the year ending June 2008 to the year ending June 2012, the number of women of working age in Wales increased very slightly – up by 4,300, a rise of 0.5 per cent (see Figure 1). Over the same period, the number of women in employment fell by 8,500, a drop of 1.5 per cent. This means that by June 2012 the number of women of working age who were not in employment had increased by 12,900 – of these, the great majority (8 out of ten) became unemployed with the rest becoming economically inactive.

Figure 1: **Changes in Labour Market, Wales 2008-12**



Source:
Annual Population Survey, via NOMIS

As a result, women's unemployment has increased during the recession by 29 per cent and economic inactivity has increased very slightly, by 0.9 per cent.

For men, a similar increase in the population of working age (up 7,000 people or 0.8 per cent) was coupled with a much larger decrease in employment (down 26,600 – 3.8 per cent). About nine out of ten of those without employment became unemployed with one in ten becoming economically active. The outcome of these changes is that men's unemployment has increased by 70 per cent over the recession, and economic inactivity has increased very slightly, by 0.9 per cent.

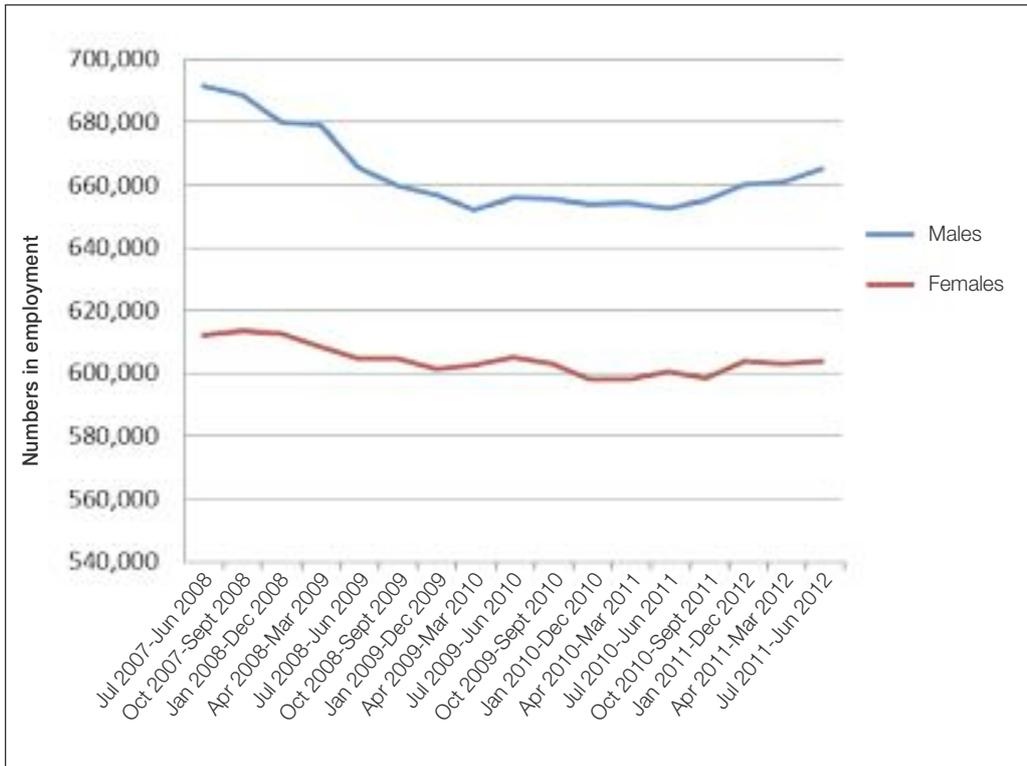
These headline figures therefore suggest that the recession has affected women less than men – they have lost a smaller proportion of their jobs and experienced a smaller increase in unemployment. The position is, however more complex than this with women's position in the labour market during the recession being shaped by three key factors – the course of the recession, differences between age groups of women, and changes in the nature of women's employment.

2.2 Timing

The recession has affected women in the labour market later than men, and, while for men the worst of the recession appears to be over, for women the impact is on-going.

In the first three years of the downturn, between June 2008 and June 2011, women's employment decreased at a much lower rate than men's (Figure 2). Both women's and men's employment reached a plateau in summer 2011 since when men's employment has recovered slightly, increasing by 1.9% in 12 months, whilst women's employment has been virtually static.

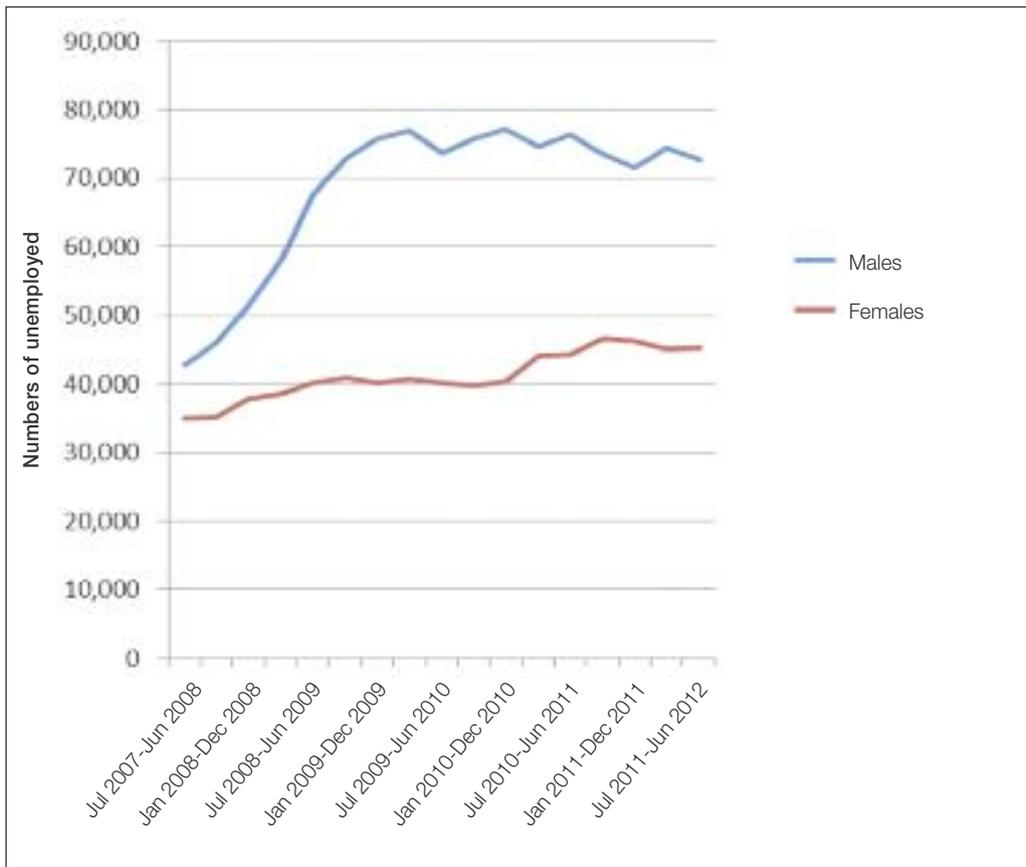
Figure 2: Changes in Employment, Wales Quarterly 2008-12



Source:
Annual Population
Survey, via NOMIS

A similar pattern is evident in unemployment (Figure 3). Men's unemployment climbed steeply to mid 2010, then continued at around that level for a year, then began a faltering and modest decline from the year to June 2011. Women's unemployment, in contrast, increased to a much lesser extent up to mid 2009, plateau-ed for a period, then began to increase again. As a result, whilst male unemployment has been static or declining for the last two years, women's unemployment has risen by 12 per cent.

Figure 3: Unemployment, Wales Quarterly 2008-12



2.3 Labour market change across age groups

The recession has had a very different effect on different age groups.

Aged 16-24 Years

The impact of the recession on young women and men is striking. Employment for both genders decreased by more than 20,000 between June 2008 and June 2012, a decrease of more than 20 per cent.

However, only about a quarter of the young women without employment became unemployed whereas more than half of young men without employment did so. Consequently the increase in young women's unemployment was less than young men's, although it nevertheless rose

by 33 per cent over the period. As with the population of working age as a whole, young men's unemployment levelled off in mid-2010 and has since begun to decline very slowly, whilst unemployment for young women has increased throughout the period. The unemployment rate for young women in June 2012 stood at 20.4 per cent compared with 26.3 per cent for young men.

Three-quarters of the increase in young women without employment became economically inactive, with the inactivity rate for 16-24 year old women increasing from 36.9 per cent in the year to June 2008 to 45.7 per cent in June 2012. Whilst male economic inactivity rates have also increased over the period, it has not done so to the same extent – young women's inactivity rates are now 8.5 percentage points higher than young men's.

Table 1: Changes in Employment, Unemployment and Inactivity of 16-24 year olds, 2008-12

	Population	Number in Employment	Number Unemployed	Number Economically Inactive
Females aged 16-24				
Jul 2007 - Jun 2008	177,900	97,600	14,700	65,600
Jul 2011 - Jun 2012	176,600	76,300	19,500	80,800
Change Jun 2008 - Jun 2012	-1,300	-21,300	+4,800	+15,200
% change	-0.7	-21.8	+32.7	+23.2
Males aged 16-24				
Jul 2007 - Jun 2008	186,500	106,900	20,000	59,600
Jul 2011 - Jun 2012	186,400	86,300	30,800	69,300
Change Jun 2008 - Jun 2012	-100	-20,600	+10,800	+9,700
% change	-0.1	-19.3	+54.0	+16.3

Source:
Annual Population Survey, via NOMIS

It is not clear what is driving the switch to economic inactivity for young women, as unfortunately data on the reasons for inactivity are not available for different age groups. Participation in full-time education is undoubtedly a factor, with 9,000 more 16-24 year olds participating in 2011 than in 2008¹. However, the increase in educational participation by women was slightly lower than the increase by men, and was also considerably smaller than the increase in the number of women who are economically inactive. Nor is there any evidence that young women are withdrawing from the labour market for early motherhood, as there has been no increase in the number of live births to women aged 24 and under for the period 2008-2011.²

Aged 25-49

The recent labour market experiences of women and men in the 25-49 year old age group are very different to those of younger people. The population in the age group was virtually static for both women and men (down 400 and up 3,800 respectively – a change of less than 1 per cent) – see Table 2.

Employment amongst women and men aged 25-49 was also virtually static between the years ending June 2008 and June 2012, down by 2.1 per cent for men and 0.5 per cent for women. Women and men both experienced the sharpest decreases in employment from June 2008 to mid-2010, although employment has since increased for both genders to close to pre-recession levels.

Despite the very small changes in total population and employment for this age group between June 2008 and June 2012, women's unemployment increased markedly over the period – up by 3,900 (24 per cent). At the same time, economic inactivity for women decreased, by 2,500 (2.4 per cent). Numerically, two-thirds of the increase in female unemployment came from a reduction in economic inactivity rather than a reduction in employment. It is likely that changes to social security benefits are driving some of the shift from inactivity to unemployment and this is explored later.

Table 2: Employment, Unemployment and Inactivity of 25-49 year olds, 2008-12

	Population	Number in Employment	Number Unemployed	Number Economically Inactive
Females aged 25-49				
Jul 2007 - Jun 2008	482,600	361,100	16,600	104,900
Jul 2011 - Jun 2012	482,200	359,300	20,500	102,400
Change Jun 2008 - Jun 2012	-400	-1,800	+3,900	-2,500
% change	-0.1	-0.5	+23.5	-2.4
Males aged 25-49				
Jul 2007 - Jun 2008	462,100	398,100	17,600	46,500
Jul 2011 - Jun 2012	465,900	389,600	28,500	47,800
Change Jun 2008 - Jun 2012	+3,800	-8,500	+10,900	+1,300
% change	+0.8	-2.1	+61.9	+2.8

Source:
Annual Population Survey, via NOMIS

Aged 50-64

Labour market trends for women and men in the 50-64 year-old age group are different again (Table 3). Here one of the most striking features is the increase in the population of this age as the post-war baby-boom generation reaches late middle-age. The number of women aged 50-64 increased by 2 per cent in four years whilst the number of men increased by 1.2 per cent

Despite the recession, employment amongst women aged 50-64 increased by 9.4 per cent between June 2008 and June 2012, some 14,500 women. The increase in employment occurred throughout the period but was especially marked from mid 2010 onwards. Men's employment decreased in the first two years of the recession, but then recovered rapidly so that over the period as a whole there has been a net increase in employment of 1.4 per cent (2,600 men) from June 2008 - June 2012.

Yet despite this, unemployment amongst this age group also increased and by large percentages too – women’s unemployment was up more than 40 per cent and men’s unemployment was up by nearly 158 per cent.

Economic inactivity for both genders decreased over the recession, down by 10,000 (7.4 per cent) for women and 7,500 (8.3 per cent) for men. The reasons for the decrease are not clear, but the change is likely to be at least in part attributable to the impact of changes to social security benefits (see later), the effect of which is to move some people from economic inactivity into unemployment (and then into employment).

Table 3: Employment, Unemployment and Inactivity of 50-64 year olds, 2008-12

	Population	Number in Employment	Number Unemployed	Number Economically Inactive
Females aged 50-64				
Jul 2007 - Jun 2008	292,700	153,600	3,700	135,400
Jul 2011 - Jun 2012	298,800	168,100	5,200	125,400
Change Jun 2008 - Jun 2012	+6,100	+14,500	+1,500	-10,000
% change	+2.1	+9.4	+40.5	-7.4
Males aged 50-64				
Jul 2007 - Jun 2008	282,000	186,800	5,200	90,000
285,300	189,400	13,400	82,500	
Change Jun 2008 - Jun 2012	+3,300	+2,600	+8,200	-7,500
% change	+1.2	+1.4	+157.7	-8.3

Source:
Annual Population Survey, via NOMIS

The decrease in economic inactivity (and indeed some increase in employment) is also likely to be associated with the increase in retirement age for women. The age at which women are eligible to claim a state pension has been progressively increased from the age of 60 since April 2010 – every two months, another month is added to

the age at which a woman can retire. For example, a woman born on 6th March 1950 could retire at the age of 60 years, a woman born on 6th March 1951 has to work an additional year until she is 61 years old on 6th March 2012, whilst a woman born on 6th March 1952 has to work an additional two years until 6th March 2014. The main effect of this change is likely to be that women who are already in employment simply stay in work until their new state pension age, if not later.

2.4 The nature of employment

The third major factor affecting women's recent experiences in the labour market is their very different position in the labour market compared with men.

Full-Time and Part-Time Employment

Women are very much more likely to be employed part-time than men – 42 per cent of women's employment is part-time compared with just 12 per cent of men's employment in June 2012.

Full-time employment for both women and men has seen particularly marked decreases over the recession (Table 4). Women's full-time employment fell by 4.1 per cent (14,100) in the three years from June 2008 to June 2011 although it has since recovered somewhat increasing by 3.5 per cent (a rise of 11,600) to June 2012. Women's part-time employment has fared differently, being virtually static in the three years to June 2011 then decreasing by 9,300 (3.5 per cent) in the 12 months to June 2012.

Men's full-time employment followed a similar pattern to women's, with a sharp fall (of 7.2 per cent) in the early years of the recession followed by some recovery (up 1.2 per cent – 7,000 men). In contrast male part-time employment has increased throughout the recession, up by a total of nearly 12 per cent.

Table 4: Changes in Full-Time and Part-Time Employment, 2008-12

Date	Males Aged 16-64		Females Aged 16-64	
	Full-time	Part-time	Full-time	Part-time
Jul 2007 - Jun 2008	617,600	73,400	348,000	263,800
Apr 2010 - Jun 2011	573,200	77,700	333,900	265,900
Jul 2011 - Jun 2012	580,200	82,100	345,500	256,600
Change Jun 2008 - Jun 2012	-44,400	+4,300	-14,100	2,100
% change	-7.2	+5.9	-4.1	+0.8
Change Jun 2011 - Jun 2012	7,000	4,400	11,600	-9,300
% Change Jun 2011 - Jun 2012	+1.2	+5.7	+3.5	-3.5
Change Jun 2008 - Jun 2012	-37,400	+8,700	-2,500	-7,200
% Change Jun 2008 - Jun 2012	-6.1	+11.9	-0.7	-2.7

Source:
Annual Population
Survey, via NOMIS

The decline of full-time employment and the growth in part-time employment might be anticipated during difficult economic conditions. However that male part-time employment has increased so markedly compared with female part-time employment is striking in both numerical and percentage terms. Indeed, the combination of the increase in part-time employment and decrease in full-time employment means that nearly one in eight men in employment in Wales now works part-time, although this remains considerably lower than the proportion of women working part-time (more than four out of ten of women do so).

It seems that part of the reason for this trend is the lack of full-time jobs. In Wales the number of people working part-time because they could not find a full-time job has increased by 79 per cent to one in five of all part-timers, although a gender breakdown is not available. At UK level, the proportion of men who are working part-time because they cannot find a full-time job has almost doubled between June 2008 and July 2012 to 31.4 per cent (an increase of 369,000). The proportion of women 'reluctant' part-timers increased at about the

same rate to reach 13.2 per cent in July 2012. (It is worth noting that whilst only 13.2 per cent of women part-timers cannot find a full-time job compared with 31.4 per cent of men, the number of women part-timers wanting full-time work is greater (779,000 compared with 645,000).) However, the influx into part-time work of people who would prefer a full-time job does not explain why it appears that, in Wales unlike in the UK as a whole, men appear to have displaced women from part-time employment.

Self-Employment and Employees

More than nine out of ten women are employees compared with just over eight out of ten men. Such is the predominance of employee employment amongst women that there are now slightly more women employees in Wales than men.

Over the period June 2008 - June 2012, the number of women employees fell by a total of 15,000, a reduction of 2.7 per cent compared with a decrease of 4.0 per cent in the number of male employees (Figure 4). However while both women and men employees were affected by the early years of the recession, the number of male employees has increased slightly in the last 12 months whilst the number of female employees has continued a downward trend.

The trend in self-employment has been very different (Figure 5). Women's self-employment has increased markedly throughout the last four years, up by a total of 15 per cent (6,300 self-employed women). Men's self-employment has, in contrast decreased during the first few years of the recession although there has been some recovery recently. Despite this, women are still only half as likely as men to be self-employed (8.0 per cent of women compared with 16.9 per cent of men).

The reasons for these trends are not clear.

Figure 4: **Employees 2008-12**

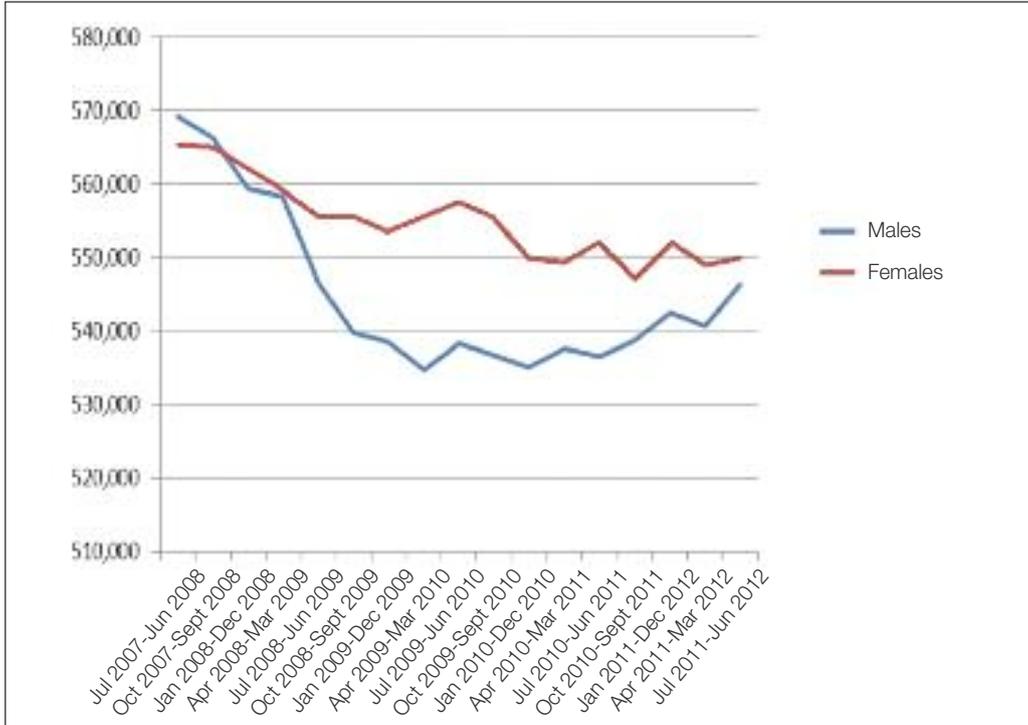
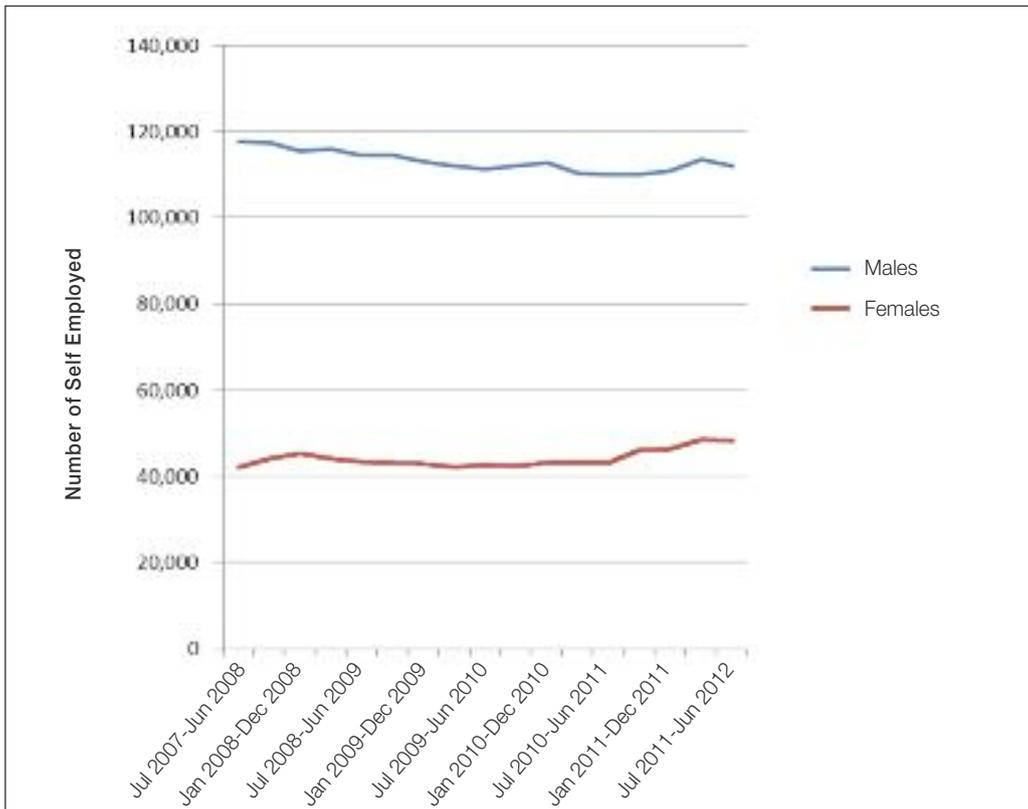


Figure 5: **Self Employment 2008-12**



Public and Private Sector

The public sector is critically important to women's employment in Wales. It accounts for 40 per cent of women's employment (compared to 20 per cent of men's) and nearly two-thirds (64 per cent) of public sector employees are women.³

The public sector has been relatively sheltered from the effects of the recession over the period as a whole, with total employment increasing very slightly between 2008 and 2011 (up by 1.8 per cent – 7,000 jobs). However the sector has begun to contract since June 2011, with a loss of 3,900 jobs in total (1.0 per cent) in the 12 months to June 2012 (Table 5).

Table 5: Employment in Private and Public Sectors, 2008-12

	Year ending 30 June 2008	Year ending 30 June 2012	Change 2008-11 (number)	Change 2011-12 (number)	Change 2008-11
Males					
Employed in the public sector	133,200	140,200	+8,800	-1,800	+7,000
Employed in the private sector	572,300	541,700	-43,100	+12,500	-30,600
Females					
Employed in the public sector	252,700	248,900	-1,800	-2,000	-3,800
Employed in the private sector	366,800	365,000	-5,300	+3,500	-1,800

Source:

Stats Wales Table 003338
Employment in public and
private sectors

Note: Employment of
people aged 16+

The number of women employed in the public sector has decreased between June 2008 and June 2011 albeit relatively modestly (down 1,800 or 0.7 per cent), while the number of men in the public sector increased by 6.6 per cent (8,800 jobs) over this period. Women continued to lose jobs between June 2011 to June 2012 and the contraction in public sector employment also began to affect men. Almost all the losses affecting women were in part-time employment,

whereas both full-time and part-time employment increased for men. Unfortunately the data on public sector employment available from the Annual Population Survey is thought to over-estimate the number of public sector employees as it is based on individuals' responses. The preferred sources, the Business Register Employment Survey and the Quarterly Public Sector Employment Survey, do not provide a breakdown by gender for nations and regions.

A more detailed picture emerges from the limited data available on specific parts of the public sector (see Table 6).

In local authorities, there has been a 3.3 per cent reduction in total employment in the period 2008-2012. Within this, both genders have seen the number of full-time jobs fall, with increases in part-time employment particularly for men.

In education, the only data available by gender is the number of full-time, qualified teachers in schools. This shows that between 2007/08 and 2011/12 the number of male full-time teachers fell by a slightly greater proportion than the number of women teachers. However the decrease in the number of women teachers is one and a half times greater because so many more women work in the profession. Data on staff employed in further and higher education by gender are not available.

In the civil service in Wales, there has been an overall reduction in employment of 2,490 (7.2%), with women experiencing a smaller decline both in numerical and percentage terms.

Data on employment in the NHS in Wales and other parts of the public sector by gender are not available.

Table 6: Public Sector Employment – Local Government, Civil Service and Teachers

	Female		Male	
Local Government				
	Full-time	Part-time	Full-time	Part-time
Q2 2008	47,200	68,700	36,200	10,300
Q2 2012	41,900	72,000	31,700	11,400
Percentage Change	-11.2	+4.8	-12.4	+10.7
Qualified Teachers in all educational establishments				
2007/08	17,027	-	7,502	-
2011/12	15,960	-	6,870	-
Percentage Change	-6.3	-	-8.4	-
Civil Service				
March 2008		19,740		14,710
March 2012		18,750		13,220
Percentage Change		-5.0		-10.1

Source:

Sources: ONS Quarterly Public Sector Employment Survey, Local Authorities, published by the Local Government Association available at http://www.local.gov.uk/web/guest/local-government-intelligence/-/journal_content/56/10171/2991184/; ONS (2012) Civil Service Statistics 2012 available at <http://www.ons.gov.uk/ons/rel/pse/civil-service-statistics/2012/index.html>; Stats Wales Table 007552 Full-Time Qualified Teachers

Occupations

Women typically have different occupations to men. In Wales the largest occupational groups for women are professional occupations, which account for 20.4 per cent of women's employment, administrative and secretarial occupations (17.2 per cent) and caring, leisure and service roles (16.8 per cent). The largest occupational groups for men are skilled trades (24.4 per cent), professional occupations (15.2 per cent) and associate professional roles (13.8 per cent).

The impact of the recession on women has been almost exclusively on lower level jobs. More than a third of women's employment as plant and process operatives disappeared in four years, with nearly one in

ten of women's jobs in elementary occupations and in administrative and secretarial occupations disappearing. In contrast the number of women in professional and associate professional occupations increased considerably over the period.

Men's employment was affected very differently. The only occupations to see a net reduction in employment over the whole period of the recession are skilled trade occupations and plant and process occupations. The fall in employment in these jobs was so great that they account for more than all the net loss of male employment between 2008 and 2012.

In the period June 2011 to June 2012, women's employment has continued to decrease in almost all occupations except professional and associate professional roles, In contrast, there have been very modest increases in almost all men's occupations except for professional and associate professional roles.

2.5 Conclusions

Women's employment has followed a very different course to men's over the recession (see Table 7). Women have experienced much smaller losses than men across almost all types of employment in the early years of the recession. But whereas men's employment is showing tentative signs of recovery, there are few indications of improvement for women, with the downward trends of the early years of the recession mostly continuing.

Some of these trends, such as the increase in women's self-employment and the loss of women's part-time jobs whilst men's are increasing, are unexpected. It remains to be seen whether they are a short-term 'blip', possibly the result of relatively small samples used to generate employment data, or whether there are deeper shifts under way not just in the numbers in employment but in the distribution of that employment between genders.

Table 7: Summary of Changes in Employment, 2008-11 and 2011-12

	Percentage Change in Employment			
	June 2008 - June 2011		June 2011 – June 2012	
	Women	Men	Women	Men
Full-time employment	-4.1	-7.2	+3.5	+1.2
Part-time employment	+0.8	+5.9	-3.5	+5.7
Employees	-2.3	-5.7	-0.4	+1.8
Self-employed	+2.6	-6.4	+12.0	+1.7
Public sector	-0.7	+6.6	-0.8	-1.3
Private sector	-1.4	-7.5	+1.0	+2.4
ALL EMPLOYMENT	-1.9	-6.0	+0.5	+1.9

The second key finding is that the impact of the recession on women is complicated by the increase in state pension age, which appears to be increasing the number of older women in employment (Table 8). Indeed, when women aged 50-64 are excluded from the employment figures, it is clear that younger women have experienced almost exactly the same decline in employment between 2008 and 2012 as men of the same age – a total decrease of 5.0 per cent compared with 5.8 per cent. It is vital that these points are taken into account in developing and delivering economic and labour market policy in Wales.

Table 8: Employment Change, Age Group 2008-12

	Females		Males	
	Change June 2008 – June 2012	Percentage Change	Change June 2008 – June 2012	Percentage Change
16-24	-21,300	-21.8	-20,600	-19.3
25-49	-1,800	-0.5	-8,500	-2.1
50-64	+14,500	+9.4	+2,600	+1.4
TOTAL	-8,600		-26,500	

Source:
Annual Population Survey, via NOMIS

Impact of Welfare reform

The labour market in Wales is also being affected by changes to social security benefits. The current and previous UK governments have embarked on a programme of changes to social security benefits, and particularly benefits for people of working age who are out of work, with the explicit aim of transferring claimants off benefits and, where appropriate, into the workforce. The changes that have had the most significant impact on women to date are those that affect lone parent claimants of Income Support and those that affect claimants of Incapacity Benefit and Employment and Support Allowance, although further changes e.g. to housing benefit and the introduction of Universal Credit will undoubtedly bring further effects.

3.1 Lone Parents Claiming Income Support

Income Support (IS) provides a payment to people who are unable to work and are unable to claim another benefit. Claimants typically include lone parents, carers and unemployed people with insufficient income for their needs. Women are more than 95 per cent of lone parent claimants of IS.

Since 2009, lone parents whose youngest child has reached a specified age have been no longer able to claim IS. If eligible, claimants have been transferred to another benefit, typically Jobseeker's Allowance, and are expected to comply with the requirements of that benefit. The new rules began to take effect in November 2008 when lone parents with a youngest child aged 12 or over were no longer able to claim IS. From October 2009 lone parents whose youngest child was 10 or 11 years old were no longer able to claim, and from October 2010 those with a youngest child aged 7 and over were no longer able to claim. In May 2012 the age of the youngest child above which lone parents could not claim was reduced to 5 years.

Clearly not all lone parents who are moved off Income Support may move into the labour market. Some may be unable to work due to

illness or an impairment and if eligible may claim Employment and Support Allowance. However the majority of lone parents migrated off Income Support are moved to Jobseekers' Allowance, from which it is expected that they will find employment.

Department for Work and Pensions statistics indicate that in Wales a total of 14,875 lone parents have flowed onto JSA in the period July 2008 to June 2011 (although not all will be women it is likely that the vast majority will be).⁴ This is a significant influx – equivalent to more than 400 new claimants a month – which has undoubtedly contributed to the increase in female unemployment over this period.

Unfortunately there is no information available about the destination of lone parent claimants once they have transferred to Jobseekers' Allowance. However data on the duration of unemployment suggests that women with one or more dependent children (who may be lone parents or partnered) are nearly twice as likely to have been unemployed for a year or more than women without children (Table 9).

Table 9: Duration of Claims for Jobseekers' Allowance by women with and without children, Wales, February 2012

Duration of claim	All claimants	Claimants with no child dependants	Claimants with child dependants	Status unknown
All durations	24,230	17,100	6,300	830
up to 6 months	15,130	11,540	3,020	570
6 months up to 1 year	4,740	3,010	1,620	110
1 year and up to 2 years	3,490	2,040	1,350	100
2 years and up to 5 years	820	470	300	50
5 years and over	50	40	0	10
Percentage claiming 1 year and over	18.0	14.9	26.2	19.3

Source:

Department for Work and Pensions, via NOMIS

3.2 Changes to Incapacity Benefit and Employment and Support Allowance

Incapacity Benefit (IB) was closed to new claimants in October 2008 and replaced with Employment and Support Allowance (ESA). Both benefits provide an income to people who are unable to work because of illness or disability, whether short or long-term. IB claimants are being gradually moved onto ESA, with the eligibility of all claimants of IB/ESA being assessed through the Work Capability Assessment. Those who are found 'fit for work' by the assessment, or who withdraw their claim prior to the assessment, can no longer receive ESA and may, if eligible, claim another benefit such as Jobseeker's Allowance instead.

In Wales, 134,300 Work Capability Assessments have been carried out to date.⁵ Of these, just over a third (37 per cent) were closed before the assessment had been completed. Data provided by the Department for Work and Pensions (Table 10) show that between October 2008 and February 2012, Work Capability Assessments had been undertaken for 37,940 women of which 58 per cent have been found fit for work (a lower percentage than men, 62 per cent of whom have been found fit for work). A proportion of those found for fit for work subsequently overturn the decision on appeal, but nevertheless a substantial proportion of the 22,000 found to be no longer eligible for IB or ESA are likely to be looking for employment.

Table 10: Work Capability Assessment Outcome, October 2008-February 2012, Wales

Outcome	Number of Women	Number of Men
Entitled to ESA:		
Support Group	4,700	5,870
Work-related activity Group	11,120	12,660
Fit for Work	22,120	30,410
All completed assessments	37,940	48,930
Percentage Fit for Work	58.3	62.2

Source:
Department for Work
and Pensions

3.3 Further changes

The changes to IS and the Work Capability Assessments to date are just the beginning of radical changes to the benefit system.

A further 44,230 women were claiming Incapacity Benefit in February 2012 and will have their fitness for work assessed over coming months, and a further 12,390 ESA claimants are in the process of assessment. If the same proportion are found fit for work as claimants assessed to date, a further 33,000 women could be moved from IB / ESA, with a considerable number likely to end up looking for work. It is important to note that substantial numbers of men are also affected by the changes to IB / ESA as well.

Changes to Working and Child Tax Credit have also been introduced from April 2012. Working and Child Tax Credits provide a 'top-up' to the wages of individuals and families in employment but with low incomes. The changes increase the number of hours that couples with children must work before they are eligible to claim, from 16 to 24 hours a week with one of the couple being required to work at least 16 hours a week. If a couple is unable to work the increased number of hours required they will no longer be eligible to claim – in these circumstances remaining in employment may not be financially viable.

In addition, Universal Credit will be rolled out from October 2013. This new benefit, which replaces Jobseekers' Allowance, Employment and Support Allowance, Working Tax Credit and Housing Benefit, could have a major impact on women in the labour market. Whilst details of benefit rates remain unknown, the benefit itself is structured to incentivise employment for a primary earner in a household, and disincentivises employment by a second earner.⁶ Universal Credit does not specify which gender in a couple household is the second earner, but the division of labour in the vast majority of households means it is very likely to be a woman.

The penalty on the second earner could be significant – it has been estimated that a second earner working 16 hours a week on the minimum wage in a household claiming Universal Credit would have a net income of £17.25 a week after childcare costs compared with £46 a week under the current system.⁷ It remains to be seen how individuals change their behaviour in response to the new benefit, but it could well result in substantial numbers of low-paid, part-time women workers withdrawing from employment all together.

3.4 Conclusions

It is clear that the process of reforming social security benefits is already having a significant impact on the Welsh labour market. The changes to Income Support for lone parents and the Work Capability Assessments undertaken to date for claimants of Incapacity Benefit and Jobseekers' Allowance have removed about 37,000 women from these two benefits. Whilst not all of these women will necessarily move into the labour market, without other sources of income a substantial proportion are likely to be seeking employment of some sort.

Further significant effects on the female labour market are likely as Work Capability Assessments continue, as changes to Working Tax Credit take effect and as Universal Credit is rolled out from October 2013. It remains to be seen how individuals and families respond to these changes, but it seems likely that at least some women will withdraw from the labour market altogether.

Impact on earnings

Changes in employment, unemployment and economic inactivity have been accompanied by changes in earnings. This section considers three key aspects of women's earnings: the gender pay gap, trends over the course of the recession, and differences in the public and private sectors.

4.1 Trends over the Recession

Between 2008 and 2011 (the latest date for which data are available), gross median hourly earnings (excluding overtime) of women full-time employees in Wales increased by more than 11 per cent to £10.95 an hour (Table 11). Women's pay increased nearly three times as fast as men's pay over the same period.

The median hourly pay of women part-time workers also increased but by a smaller percentage than those of women full-timers and also by a smaller sum. Nevertheless part-time women's earnings performed better than those of part-time men, who saw their median hourly pay **decrease** between 2008 and 2011. It is worth noting that it is men's part-time employment that has increased most rapidly during the recession.

Table 11: Gross Hourly Earnings (excluding overtime), Median, Wales (£)

Date	Female Full Time	Male Full Time	Female Part Time	Male Full Time
2008	9.83	11.44	7.13	7.33
2009	10.30	11.96	7.50	7.56
2010	10.80	11.85	7.60	7.17
2011	10.95	12.00	7.64	7.14
Change 2008-11	1.12	0.56	0.51	-0.19
Percentage Change	11.39	4.90	7.15	-2.59

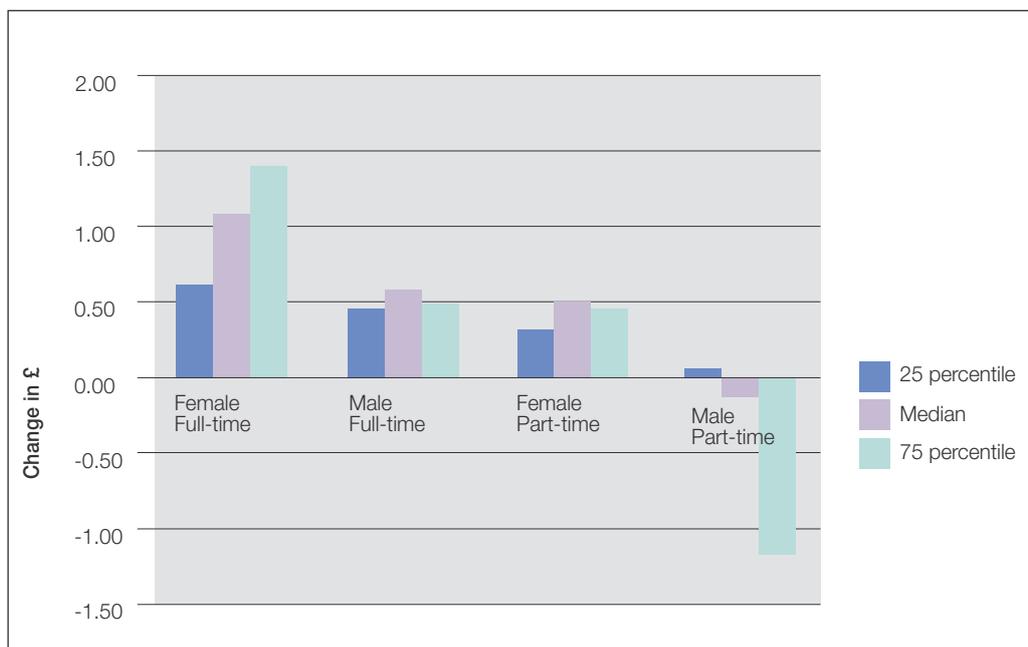
Source:
Annual Survey of Hours and Earnings, via NOMIS.
Resident base.

Women's gross hourly earnings (excluding overtime) have increased by a similar proportion for low, middle and high earners, all of whom saw increases of between 8 and 10 per cent, although the increase

enjoyed by high earners was more than twice that of low earners (£1.39 an hour for the highest earning 25% compared with £0.66 for the lowest earning 25%) (Figure 6). Amongst part-time women workers, gross hourly earnings (excluding overtime) experienced the greatest increases amongst middle and low earners with the effect that the cash increases were more consistent across the earnings distribution.

Men's gross hourly earnings (excluding overtime) increased by a smaller percentage than women's for full-time and part-time employment and across the income distribution. For men full-time workers, earnings of lower-paid employees increased slightly more than higher-paid employees, although the cash value of the increases was modest for all quartiles (£0.46 for the 25 per cent quartile and £0.56 for median earnings). Strikingly, gross hourly earnings excluding overtime of men working part-time have **decreased** for all but the lowest-paid quartile – and even this increase was very modest indeed at just £0.11 an hour in three years.

Figure 6: Change in Gross Hourly Earnings 2008-11, Quartile



4.2 The Gender Pay Gap

The effect of differential trends in women's and men's earnings has been to narrow the gender pay gap.⁸ In 2008, the gap stood at 14.0 – by 2011 it had reduced to 8.75 for median earnings. The pay gap has narrowed across the income distribution, with all but the very lowest and very highest 10 per cent seeing the gender pay gap decrease by between one third and half its 2008 level (Table 12).

Table 12: Gender Pay Gap 2008 and 2011, Wales

	Female Full-time Hourly Earnings (£)	Gender Pay Gap	
		2008	2011
10 percentile	6.60	5.9	5.3
20 percentile	7.75	6.6	3.6
30 percentile	8.74	9.0	4.9
40 percentile	9.67	11.1	7.6
Median	10.95	14.1	8.8
60 percentile	12.48	15.1	8.3
70 percentile	14.55	13.0	7.4
80 percentile	17.45	11.9	4.3
90 percentile	21.74	11.4	8.4

Source:
Annual Survey of
Hours and Earnings,
via NOMIS

4.3 Public and Private Sector Pay

There are marked differences in pay between the public and private sectors. These have provided the basis for several claims that public sector workers are paid a 'premium' and resulted in proposals to determine public sector pay rates on a regional or local basis so that pay more closely reflects local labour market conditions.

Comparing pay in the public and private sectors is fraught with difficulty.⁹ The occupational structure of the two sectors is very different, with the public sector having a higher proportion of professional and managerial occupations such as teachers, doctors

and nurses, than the private sector. The workforce of the two sectors is also different, with the public sector workforce being better qualified and having more women workers than the private sector, as is typical organisational size, with larger organisations typically paying higher wages than smaller ones. There are also issues about the source of data used (some have small sample sizes), whether bonus payments are effectively included, and the point of the economic cycle at which differentials are measured.¹⁰

Simple comparisons of differences in earnings do not, therefore, necessarily mean that specific occupations, or individual employees, are paid a premium in the public sector compared with those in the private sector. Indeed the Welsh Government estimates that when differences in the occupational and qualification structure of the workforce are taken into account the difference between pay rates in the two sectors are very substantially reduced.¹¹ The latest ONS estimates of pay differences between the sectors suggest that, taking into account occupation and organisational size but not qualifications, public sector workers in Wales on median earnings earn 5.4 per cent an hour more than those in the private sector.¹²

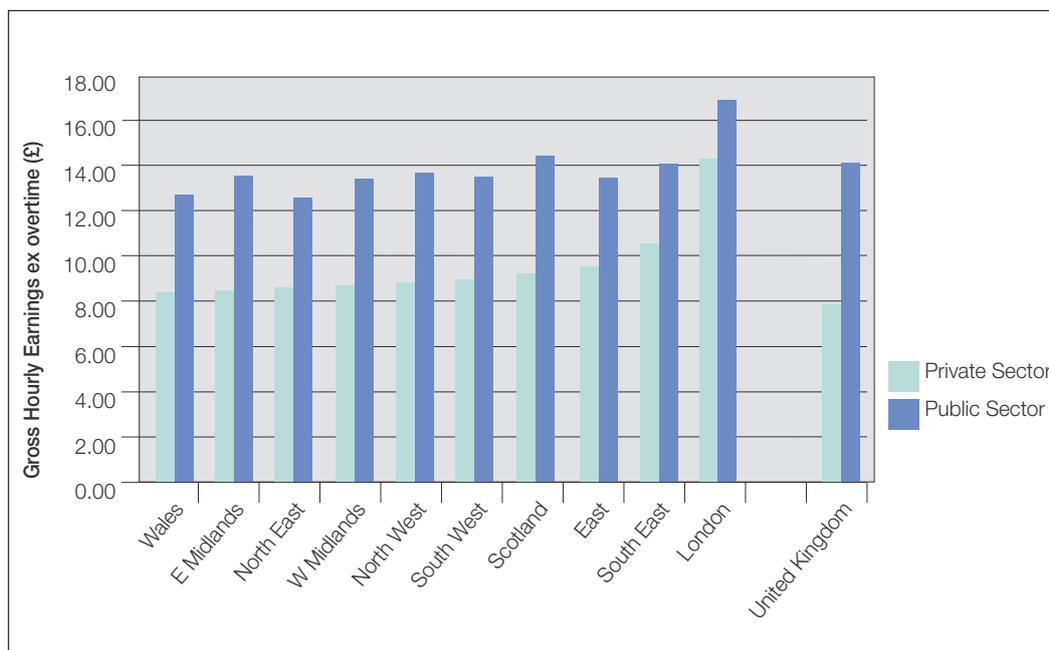
Despite this, it is important to understand pay in the two sectors given the importance of the public sector to women's employment.¹³ First of all, the difference between public and private sector pay is greater for women than for men – median unadjusted hourly earnings for women in the public sector are 55 per cent more than the private sector, compared with a differential of 36 per cent for men.

Second, wage rates for women in Wales in both public and private sectors are depressed compared with other regions and nations (Figure 7). In 2011, median gross hourly earnings of women full-time employees in Wales's public sector, at £12.77, were the second lowest in the UK while those in the private sector were the lowest of all, at £8.50 an hour. A woman working full-time on the median hourly private sector pay earns just £17,680 a year for a 40 hour week. Even a woman working full-time in the 75th percentile of private sector

earnings earns just £23,379 a year for a 40 hour week. The hourly pay of female part-time employees in Wales is also the lowest or second lowest in the UK in both sectors, as is that of male full-time employees.¹⁴

So, while women in the public sector in Wales may, on average and without taking account of occupational and other differences, have higher median earnings than women in the private sector, this is not because public sector pay is above the norm for the UK. The issue is, rather, the low pay of the private sector and in particular for women.

Figure 7: Women’s Median Gross Hourly Earnings, Public and Private Sectors, Nations and Regions, 2011

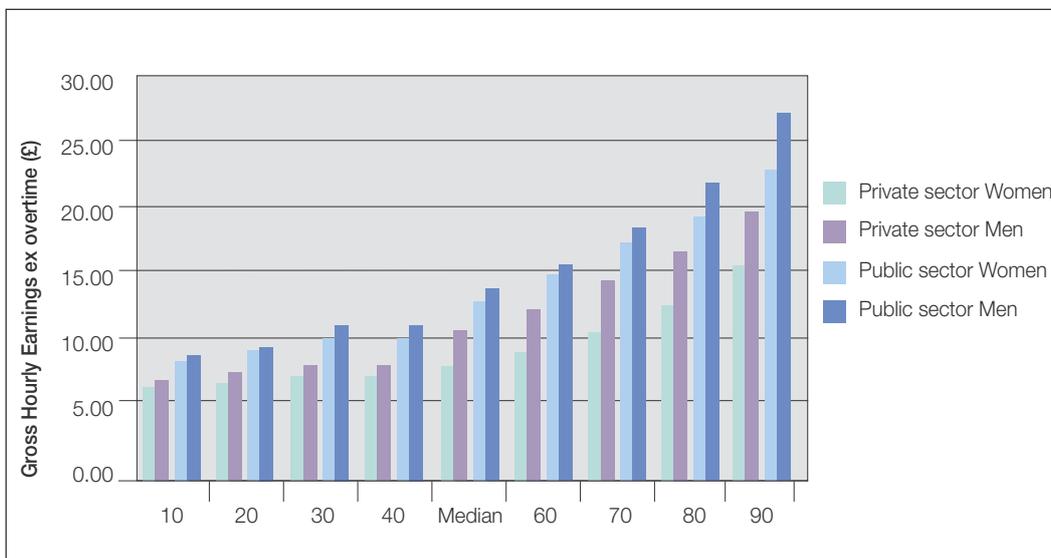


Third, the gender pay gap is substantially smaller in the public sector compared with the private sectors. In the public sector, women’s full-time median gross hourly earnings are 91 per cent of men’s compared with 79 per cent in the private sector. Significantly, while the gender pay gap remains virtually constant across the pay distribution in the

public sector, the gender pay gap increases sharply as earnings rise in the private sector (Figure 8). The effect of this is that women in the private sector are significantly disadvantaged at the top of the pay distribution.

There is very little variation in the gender pay gap between nations and regions. This suggests that at least some of the difference in women's public sector and private sector pay is because women in the public sector, in general, are more likely to enjoy equal pay than those in the private sector.

Figure 8: Earnings of Men and Women in Private and Public Sectors by percentile, Wales, 2011



Conclusions

The picture that emerges of recent changes in women's position in the labour market in Wales is complex and cannot be characterised in terms of women doing better or worse than men. The relative impact of the recession partly depends on which aspect of the labour market is considered (e.g. unemployment, full-time employment or employees) as well as the time period selected.

What is clear is that men and women under the age of 50 have experienced almost equal job losses over the period 2008-12, and that whilst men were hit hard in the early years of the recession the impact on women has been more gradual and is on-going. It is also clear that women (and men) at the bottom of the labour market have almost exclusively borne the brunt of the economic downturn.

Within the general trend, there are some unexpected shifts emerging with men appearing to be taking up part-time employment and women becoming self-employed – it is too early to say if these are long-term changes or short-term blips.

There are two additional factors which are shaping the female labour market which need to be taken into account. The first is the increase in state pension age for women, which is retaining thousands of women in employment who might otherwise have retired. The second is welfare reform - changes to Income Support and the introduction of Work Capability Assessments for Incapacity Benefit and Employment and Support Allowance claimants have already moved about 37,000 women off benefit and into the labour market. Further changes to social security benefits and the gradual increase of women's state pension age over the next five years will continue to shape women's labour market position significantly.

Accompanying the changes in the labour market are changes in earnings. Overall, women's earnings have risen more than men's with the result that the gender pay gap in Wales is now smaller than ever before. However, both women's and men's earnings in Wales are amongst the lowest in the UK, with women's earnings in the private

sector suffering from being both low relative to those in other nations and regions of the UK and low relative to men's earnings.

There are a number of implications that arise from this.

First, it is vitally important that policy and actions to ameliorate the impact of the recession and to create employment in Wales are not based on assumptions that one gender has been affected more than the other. It is simply not the case and any actions that prioritised men over women, or vice versa, would be misplaced. Similarly, any conclusions about whether economic downturn is drawing to a close must take account of the different trends for women and men. This is not to say that policy and action should be gender-neutral – in fact the differences in women's and men's employment need to be recognised and addressed.

Second, the increase in women's state pension is likely to have a significant impact on women's employment until 2018 (when it is equal to men's) and then to 2020 (when women and men's retirement age increases to 66). There will be a significant shift in the age structure of the female labour force towards older age groups, which is likely to be particularly visible in the sectors which are female-dominated, such as in nursing, teaching and caring roles. Employers will need to be aware of the requirement to avoid age-discrimination and how to manage reasonable adjustments at work for employees with impairments.

Third, it is clear that welfare reform has already increased the number of women looking for work and will almost certainly do so as further reforms take place. On the other hand, some women may face disincentives to work and could well withdraw from the labour market. It remains to be seen what the net effect will be.

In the short-term, the influx of women into the labour market from benefits for the economically inactive may require additional support to help them into employment. The Department for Work and Pensions'



Work Programme provides compulsory help for JSA claimants after 9-12 months' unemployment and voluntary help for others, with a strong focus on entry into employment. However there may be scope for other types of support to be provided for people looking for work, either before participation in the Work Programme becomes compulsory or as an alternative to voluntary participation. Support which addresses the specific needs of women entering the labour market, including those of lone parents, is particularly important here as is help with challenges gender stereotypes and offers progression in the workplace.

In the medium-term, the combination of the increase in women's state pension age and the influx of former IS and IB / ESA benefit claimants could substantially reduce the employment opportunities for younger people (not because younger people would necessarily be direct replacements for a retiree but because the number of vacant posts is reduced). This is likely to increase the difficulties facing young people looking for work in an already-tough climate, and indicates that further action to increase their participation in education and training, create sustainable jobs for young people and provide on-going advice and support for their progression is crucial. The difficulty that women with children face in finding employment is also cause for concern.

These are areas for priority action that could be included in the next EU structural funds programme for West Wales and the Valleys.

Fourth, it is clear that women in Wales suffer a double pay penalty. Not only do they continue to have lower earnings than men, but they also have amongst the lowest pay (as measured by gross hourly earnings) in the UK. The gender pay gap and the regional pay gap are particularly large in the private sector, although they are also evident in the public sector. Moves to replace national pay bargaining in the public sector with regional or local arrangements, or as a result of outsourcing public sector functions, could have an especially adverse effect on women as a much higher proportion of women work in the public sector, with pay rates for women in the private sector being exceptionally low.

The outlook for employment in Wales is probably more uncertain than at any time in recent years. The forecasts for global, European and UK economic growth are very mixed indeed. Within the UK, it is not clear whether growth if and when it does occur will be jobless, as existing 'slack' in productivity is taken up. To this must be added the combined effects of cuts to public spending, welfare reform and changes in retirement age. Despite this, some increases in employment are forecast, along with vacancies arising from employee turnover.

The challenge for public and private sectors alike is to ensure that women as well as men play a full and equal part in the future labour market.

FOOTNOTES

- 1 Stats Wales Table 000770 Participation of 16-30 Year Olds in Education by Age Group and Gender
- 2 Stats Wales Table 031595 Live births by mother's age (mother's age, Local Authority area, LHB, Year) HSA1
- 3 This is the most up-to-date information available but is for people in employment aged 16+ not 16-64
- 4 DWP Ad Hoc Analysis
- 5 DWP Work Capability Assessment statistics, July 2012
- 6 Department for Work and Pensions (2011) Welfare Reform Bill, Universal Credit Equality Impact Assessment. Available at: <http://www.dwp.gov.uk/docs/eia-universal-credit-wr2011.pdf>
- 7 Donald Hirsch (2011) Childcare support and the hours trap: the Universal Credit. *Resolution Foundation*
- 8 For full-time, hourly earnings excluding over-time, of workers resident in Wales. Source: Annual Survey of Hours and Earnings 2011
- 9 See for example Office for National Statistics (2012) Estimating Differences in Public and Private Sector Pay at the national and regional level, 22nd November 2012. Available at: http://www.ons.gov.uk/ons/dcp171776_288081.pdf
- 10 Welsh Government (2012) Regional and Local Market Pay in Wales: Evidence Summary Submitted for Consideration by the Pay Review Bodies
- 11 Ibid.
- 12 Office for National Statistics (2012) Estimating Differences in Public and Private Sector Pay at the national and regional level, 22nd November 2012. Available at: http://www.ons.gov.uk/ons/dcp171776_288081.pdf
- 13 The data in the rest of this section is from the Annual Survey of Hours and Earnings, Table 25.6a, for 2008-2011. Earnings are gross, and exclude overtime. Available at: <http://www.ons.gov.uk/ons/taxonomy/search/index.html?nscl=Earnings&nscl-orig=Earnings&content-type=Dataset&content-type=Reference+table&sortDirection=DESCENDING&sortBy=pubdate>
- 14 Data on male part-time employees is not reliable

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