Women and Equalities Committee

Oral evidence: Gender Pay Gap, HC 584
Tuesday 26 January 2016

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Written evidence from witnesses:

- Discrimination Law Association
- EEF, the manufacturers' association
- Timewise Foundation
- Universities and Colleges Employers' Association

Watch the meeting – Gender Pay Gap

Members present: Mrs Maria Miller (Chair); Ruth Cadbury; Maria Caulfield; Jo Churchill; Angela Crawley; Mims Davies; Mrs Flick Drummond; Ben Howlett; Mr Gavin Shuker

Questions 165–223

Witness[es]: **Michael Newman**, Vice-Chair, Discrimination Law Association, **Duncan Brown**, Institute for Employment Studies, and **Tim Thomas**, Head of Employment and Skills, EEF, the manufacturers' association, **Helen Fairfoul**, Chief Executive, Universities and Colleges Employers Association, **Emma Stewart**, Joint Chief Executive Officer, Timewise Foundation, and **Claire Turner**, Joseph Rowntree Foundation, gave evidence.

Q165 Chair: Good morning and can I thank you for coming along today to give evidence to the Select Committee on our gender pay gap report? You will know the pack drill; we have a series of questions that we would love to ask you to inform our report, and colleagues have already decided those questions. Before we kick off with them, it would be great if you could just give me your name and the organisation you represent, maybe starting with Mr Brown?

Duncan Brown: Good morning. I am Duncan Brown. I am Head of HR Consulting and Research at the Institute for Employment Studies. We are an independent research institute.

Michael Newman: Good morning. I am Michael Newman. I am a solicitor at Leigh Day and a Vice-Chair of the Discrimination Law Association.

Tim Thomas: Good morning. Tim Thomas; I am Head of Employment Policy at EEF, the manufacturers' association, an employer body representing engineering and manufacturing companies. I am also a solicitor.

Q166 Chair: Thank you so much for giving your time to come along this morning. We know you are incredibly busy people and we are really grateful to you for taking the time to talk to us. We are going to kick off with some questions from Maria. Before we do that, this section is very much focused on the gender pay gap reports that the Government is looking at putting in place. Before we go into the specific questions, could you start by outlining what impact you think this particular policy will have on the gender pay gap? It is just a brief summary from you on what you think the impact will be and whether you see it as a central tool in the Government's armoury of addressing this issue. Maybe I could start with Duncan on that.

Duncan Brown: It is a useful tool. It will be a useful stimulus to action but it is not a silver bullet. It highlights issues that other measures are needed to address.

Michael Newman: Yes, I would agree with that. It is a diagnostic tool. It is about being able to see the size of the problem, but in itself it is only a placeholder. We want to use it to try to reduce the gender pay gap rather than in itself being an end. Even if all employers everywhere had reported their gender pay gap, it would not necessarily be enough; we want to see it reduced ideally.

Tim Thomas: It needs to be a trigger. We have worked extensively with our members before today to model what the gender pay gap looks like and to model how they are going to calculate it. It has created a sharper debate. We have been talking about this issue for many years and, clearly, this will trigger some change among employers on how they address the gender pay gap.

Chair: That is really helpful context to start off our discussions today, and Maria Caulfield is going to start our questioning.

Q167 Maria Caulfield: The Government is committed to implementing Section 78 of the Equality Act, requiring employers with 250 or more employees to report on the gender pay gap. Could each of you give me your reasons why you think the threshold of 250 employees has been set and why you think that threshold is what we are measuring against?

Tim Thomas: It was set because traditionally 250 is quite an arbitrary borderline between an SME and a larger company. It is clearly quite a blunt tool. There is a lot that sits behind that. It is a slight digression, but we need to be clear on who the employer is and who the employees are. In complex businesses, whilst it might seem a surprising thing to say, it is quite difficult to determine who all of your employees are.

Coming back to the point you raised, that is why it was set at 250. Our view is that 250 sounds a reasonable starting point. It ignores things such as the size of the business: turnover etc. However, we have found in the work we have done that, broadly, companies with a headcount of 250 and above tend to have some greater diagnostic resources, to pinch Michael's word, to provide more meaningful figures. At smaller companies, the diagnostic ability tends to be more limited.

I finish by saying that a lot will depend on what it is we are asking these companies to report. If it is a metric based on basic pay, most companies can do that. If it is something more sophisticated, clearly there will be a different resource needed.

Michael Newman: The number of 250 is, like Tim says, a rather arbitrary measure of dividing big and small companies. I am not sure it should be limited to big companies. Any company that has electronic payroll software, which is the majority of modern employers, has the ability to have gender reporting, because it should be simply pressing a button on a computer that enables people to do this. I am not sure that it needs or requires a large HR department or those sorts of resources, which would be a justification for limiting it to bigger companies. If it was an exercise that took days or weeks of someone's time, of course there might be a reason to say, "It should only be the employers with those means to be able to do that". However, if the message is that the gender pay gap, which is gender and equality more broadly, is something that needs to be addressed, it should apply to employers across the board.

Duncan Brown: Clearly it is undesirable to exclude two-thirds of employers, which we are doing if we limit it to 250 and above. I have just been organising some consultation groups for the Equality and Human Rights Commission on different aspects of pay gaps. Interestingly, some of the bigger employers there felt that smaller businesses should go first because it is a lot easier; if you have only 100 employees, it is fairly easy to do the calculation on a spreadsheet. If you have big companies with different payrolls, there are lots of complexities in the calculations; they would argue that it would be harder. I do not agree with that.

Generally, in the implementation of employment legislation, for example auto- enrolment, there clearly are particular challenges for smaller businesses that do not have HR professionals and probably do not have the experience. Phasing in could be one way, where it comes in at a limit of 250 but then progressively extends to smaller employers in the way that auto-enrolment did.

Other European countries have lower limits. It is 150 in Austria and 100 in Italy. Interestingly, if it did go in at 250, it would create inconsistency in the public sector in Scotland and Wales, where the public sector equality duty already covers gender pay reporting. I believe the limit there is 150, so if gender pay reporting requirements are going to apply, there would be a slight inconsistency there.

Q168 Maria Caulfield: You touched on my next question, which is to talk about the advantages of lowering the threshold. In constituencies such as mine, which is very rural, it is quite unusual to find businesses that have more than 100 employees, so you are really just looking at the public sector in those areas. I am concerned about some SMEs, because they are already talking to me about the burden of regulations and how difficult it is for them to cope. What are the disadvantages that you can see to smaller businesses? The average in my constituency is maybe 10 or 12 employees. Are you talking about lowering the threshold to everyone and can you see the impact that that would have on smaller businesses?

Duncan Brown: There are challenges with doing it and, as Tim says, it partly depends on how detailed we require the information to be. On the other hand, I hear lots of smaller businesses as well complaining about shortages of skills and talent. Discriminating in pay, were they to do that, against half of the working population does not seem to me a very good way of recruiting talent. Indeed, some of the female owners of small businesses that I know would hate to think they were being excluded from consideration and that they, in any way, would discriminate against their female workforce. Clearly there are challenges

in them doing it but we would all, in theory, like to cover all employers so we are addressing the issue across the whole workforce.

The question is: how do we do that? To my mind, it is probably some sort of initial limit to come in for larger employers first. We would also then get case material that we could use to help smaller employers. That has worked well with some other aspects of employment legislation. Then if it was progressively extended to smaller employers with the appropriate support, it would hopefully go in well.

Michael Newman: Yes, a trial or a phased approach certainly has something to recommend it rather than excluding small employers permanently. You were saying that if it was limited to 250 employers, it would pretty much only impact the public sector in your constituency. The Committee has already heard evidence about how the gender pay gap is much wider in the private sector than the public sector, so it would seem perverse to then apply it only in the public sector.

You talked about the burden of regulation. We need to think about the benefits of having a workforce that is not being discriminated against and how that can result in employees who are happier and more productive. The Committee has heard evidence about the money that the economy is missing out on due to women being underpaid, so that is something that applies to small and large businesses.

Q169 Maria Caulfield: Do you have an idea of what resources could be given to smaller businesses to enable them to contribute to this?

Michael Newman: Like Tim says, it depends on what the published figure is. If it is a case of looking at the pay and gender, any HR person should be able to do that, like I said, with a click of a mouse.

Maria Caulfield: If they have an HR person.

Michael Newman: Yes, there is that, but there will be someone who is dealing with the payroll. They might have other responsibilities as well.

Tim Thomas: Can I also have a stab at answering that question? We are in danger of slipping into the area where we conflate discrimination with the gender pay gap. There may be a question on that later, but we must not do that. In terms of how easy or difficult this is, we have had a group of members who have extensively modelled it, some employing about 40 members of staff and some employing thousands. It depends what they are going to be asked to do. The idea that you click a mouse and it is done, quite frankly, does not bear any reality with our members who have been modelling this. You do not press a button and get the gender pay gap. Are you talking about the mean, the median or the mode? Are you talking about full-time or part-time staff? Are you going to have a demographic split? Are we including bonuses?

At the top end, one of our members has 750 pay metrics, which do not fit into the model ONS calculation that I have. At the bottom end, we have smaller businesses with 50 pay metrics. You cannot just press a button: what are the 50 pay metrics? Are they in the calculation or are they outside the calculation? If we include bonuses, are we including shift premia? Are we including overtime? Are we including holiday pay? You have two lines on the panel, I suspect, who would probably bitterly disagree on what holiday pay is

and how it is calculated. Therefore, we will need for smaller businesses an entire software solution that allows them to convert their current metrics and how they pay into whatever the Government metrics are for reporting the gender pay gap.

I have worked for a small business. It is expensive. It takes a lot of time. One of our members estimates they have to employ a person to do it full-time all the time. For a smaller business, if we adopt the solution that Duncan is suggesting of rolling it out to all businesses, the plumber that is employing one person would presumably therefore have to report the gender pay gap on whatever the cycle is, or the small business taking on the extra apprentice would have to do that. We need to be cognisant of what we are asking people to do in reality.

Chair: Jo, did you want to come in on that?

Q170 Jo Churchill: No, Tim has just about summed up my view as a small-business owner. 95% of all firms are micro—that was your plumber that we are talking about. We have so many different models of business. We have some very large—in the public perception—businesses that employ very few people, and they need to be captured as well in this modelling. We have a situation in this country where just shy of 50% of people are employed in the public sector, are they not? Therefore, the majority of people are employed in the private sector, but in a plethora of ways. In fact, this is considerably more problematic than anyone is making out, with respect, but thank you, Tim.

Chair: Did Michael or Duncan want to respond to that?

Duncan Brown: I was not trying to dismiss or underestimate the issues, but if Italy can do it with 100, Finland can do it with 30 and the Netherlands can provide software to help small employers, and Germany and Austria similarly, I do not see why we cannot do that as well, with respect.

Jo Churchill: But none of them have got to the micro element of it, which is 95% of all organisations in this country. Partly this is as much about mind-set as about regulation.

Q171 Mrs Drummond: You have mentioned it as a diagnostic tool or a trigger, but what are the best ways of reporting the gender pay gap? Should it just be a tick-box exercise or should it include a narrative? Should it also include an action plan for the way forward?

Duncan Brown: The few examples we have under the voluntary reporting initiative illustrate the potential challenges here. It is a balance between not making the requirement so burdensome and detailed that it either becomes inflexible and difficult to produce, versus being so generic as to be meaningless. One of the accounting firms—you may have seen the example—has produced a very useful one-page breakdown, which defines what the measure is, and breaks it down by grade and level within the organisation, the gap at the different levels and shows the mean and the median. That to me is a very helpful and clear steer for comparison and action.

The large retailer that has done it simply has a sentence that says, "The national gap is 10%", and it is not defined at all in terms of what that is, and it says, "Our gap is 1%", with no further comment. Frankly, it is not useful at all for anybody, other than, I guess, internally.

There need to be two things: one is that there needs to be a mix of compulsion and choice. Compulsion needs to be on a single figure that is very clearly defined in terms of what that figure is so we have a clear, comparative measure. The choice then needs to be on a range of different metrics, which are well-defined, selecting from a basket of measures that are relevant in a particular setting. They may be to break down by job, occupation and level in the organisation. When we did consultation for this for the EHRC in 2010, that was the most popular among employers; it may be by age; it may be by part-time and full-time working; it may be between new recruit salaries and existing employee salaries. We need to give these choices and specify them—give them a number. Narrative needs to be in there. Narrative is definitely required to explain the context for the figures that are presented, possibly to include information on causation and also on action plans.

In terms of the third part of your question on action plans, my preference is probably that we have trend information rather than action plans. I would rather see what the trend over time is. The experience in Wales, where the public sector equality duty is already included in action plans, is either that they are not included or they are quite general. If we say, "We are talking with our staff about closing the gap", is that an action plan? Who is going to decide whether it is an action plan or not? I would like to see action plans in there but I am not sure we could specify or mandate that.

Michael Newman: There clearly needs to be some sort of flexibility in what is required from a narrative and action plan. We were talking about the example of the plumber employing one person; clearly there does not need to be a lengthy narrative explaining that. It would need to vary according to the size of the organisation, it seems to me. If it is to be a useful tool, there should be some explanation alongside it so that people can judge how effective it has been.

Thinking about what Duncan was saying about action plans, it needs to be something where you can tell whether it has been achieved or not. Vague generalisations such as "we are talking to employees" are just not going to be susceptible to measurement year-on-year to see what progress is being made. If the gender pay gap reporting requirement is there with the aim to reduce discrimination—and I take Tim's point about those things being different—there has to be some way of seeing whether any progress has been made year-on-year. The figures on their own will not necessarily do that. There will be no incentive or inclination on the part of any business, a micro-employer or the larger organisations, to do something if the requirement is just to publish a number.

Tim Thomas: The first point I would make is that the objective of this is to have comparable data. If we are going to have comparable data, we need to be clear who the obligation extends to and what the data is. There is a danger here of getting completely lost in the numbers. Of our members who have modelled this, one member has a mean number less than 4% and a median many times that number. The point there is to keep it simple to begin with, otherwise we will not have data that is comparable. If you do not have comparable data the narrative, to an extent, does not matter an awful lot. Most of our members would like to include a narrative, but on a voluntary basis. The narrative will be the story behind the numbers, how we get to the numbers and how we are making progress to improve our numbers. That is how we see the narrative working as colour to what might otherwise be a very bland set of numbers.

But we would not like to see that prescribed in law. It is quite difficult to see how you could prescribe a narrative for, potentially, the plumber employing one person as well as a multi-national employing tens of thousands. There is clearly a huge selection of companies there. From an employer's perspective, yes, we would like to see a narrative included. We would like to see employers encouraged to provide a narrative. We would like to see Government using guidance to indicate what the narrative could include, but we do not think it is something you could or should prescribe in regulation. The longer that companies report, the more you will see the trend that we have spoken about—and hopefully a reducing trend over time. The narrative, therefore, would change every year. The answer is that we are supportive of inclusion of a narrative.

Q172 Mrs Drummond: Duncan, you mentioned something about flexibility. Were you talking about flexibility in what you have to report?

Duncan Brown: Some choice.

Q173 Mrs Drummond: That differs from what Tim is saying—that you need comparative data between companies. Should there be some mandatory figures that need to be reported and then with some flexibility? Could you just clarify what you meant?

Duncan Brown: Yes, sure, I thought I had said that. It needs to be a mix of the two. Agreeing with Tim, the single figure needs to be mandatory and defined in terms of whether it is median, mean, all earnings or all cash earnings. Then there needs to be a choice, but not an unlimited choice in my view; there should be a menu. That will give greater clarity. On that menu, the measures, where they are quantitative measures, need to be well defined. I agree with Tim that, in terms of narrative, you cannot prescribe that. That needs to be a choice in terms of whether employers do that or not. The Government can give lots of guidance in terms of what should be included in the story, as Tim said.

Q174 Chair: Before we move on to the next set of questions, can I ask for a point of clarification around zero hours' contracts? How would they be accommodated within the reporting regime that you are talking about?

Michael Newman: Zero hours' employees are employees. Tim was talking earlier about the definition of employers and employees.

Q175 Chair: Are they full-time or part-time?

Michael Newman: Do you mean how, if the metric was broken up, they should be reported?

Q176 Chair: Would they be included in the data or is there a carve-out that you think might be sensible and what might that mean?

Michael Newman: It would defeat the object of reporting if they were carved out altogether. You could have a definition of part-time and full-time that hinged on the number of hours worked a week. For zero hours' people, you would have to look at the average over a certain period, whether that was four weeks, 12 weeks or a year. That would be the closest you would be able to get as to what category they fell into.

Q177 Chair: Has anybody else any comments on that? Is this something that you have looked at, Duncan, at all? Have you looked at that in your analysis?

Duncan Brown: Yes, I have seen it done both ways. I have seen it done that way, where in effect they have been included in part-time. They have been included in the analysis for staff below a certain limit of hours. I have also seen them analysed as a separate category, so part-time, full-time and zero hours'.

Tim Thomas: They are clearly in because they are employees. The calculation, given generally the nature of the work they do, is not that difficult. Essentially you have an hourly rate, paid hourly. It uncovers another thorny issue, which is: what is part-time work? Are we talking about anything less than 37 hours a week? In which case, if you do 35.5, do you fall into the part-time camp? It does not matter if the reporting is simply all employees and it is one large group. However, it shines a light on what, if you ask employers to report between full-time and part-time, your definition of part-time work is.

Chair: The devil is in the detail.

Q178 Ruth Cadbury: Would that also cover the gender differential between your full-time, your part-time and your zero hours' employees by pulling out those different categories, at whatever level you set part-time? Is there not a case that, by doing so, you are shining a light on the difference between full- and part-time work between men and women in an organisation?

Tim Thomas: This is a category which is just zero hours' contract work, so there will be various categories of worker that work variable hours. It could be a fixed number of hours or it could be workers who are part-time but work overtime, so it is a larger category than just zero hours' contract workers. Reporting all workers is comparatively straightforward. The more you subdivide it, the more difficult it gets. For all workers, you can subdivide for men and women; that is the objective of the exercise. However, I do not think it is just zero hours' contract workers, now that you have asked the question; there is a larger category of variable pay in that group of workers that is going to be far more difficult to subdivide, certainly between full-time and part-time.

Q179 Maria Caulfield: I wanted to build on that. In the public sector, there is obviously a lot of commissioning out and it is not necessarily the local authority who is the employer. Likewise, in the private sector, in the construction and services industries, there is the use of a lot of self-employed people. Who will ultimately be responsible for producing those figures? Is it the commissioning authority or someone who takes on a subcontractor? Because once you start delving into it, it might seem simple at first, but there needs to be clear accountability as to who is responsible for reporting those figures. Do you have any thoughts on those issues?

Tim Thomas: The easiest solution is: are they on your HMRC employer payroll number? That is the obvious solution you would use. It depends which companies we are talking about. If we go to smaller companies, they will be using a lot of consultants. They do not know what their earnings are. They could have mixed earnings from your and other businesses that you include in your gender pay reporting. Are we suggesting that, even though you are not responsible for their tax return, somehow you need to differentiate the

consultant's earnings from your company from other earnings and then equate it to an hourly rate? That is getting into quite a lot of detail.

Q180 Maria Caulfield: Likewise, with the gender pay gap, it could be that someone is using a male consultant and paying them at a slightly different rate from a female consultant. By the individual reporting those figures, you are not really getting to the crux of the problem, so I am just being a devil's advocate here.

Michael Newman: That is one of the issues with gender pay reporting as a whole; it does not address occupational segregation. All of the cleaning sector can report their figures; that is not going to help lift the industry as a whole. We hope it will help achieve parity in that sector, but the gender pay gap is not going to allow differences between sectors to improve. You may be able to see what the difference is.

Q181 Maria Caulfield: No. If it is down to each individual, if they are self-employed, to report their own pay, we are not really addressing the gender pay gap by those who are commissioning the work, for example, in the same sector.

Michael Newman: I agree.

Chair: Some of your opening comments were about it being a diagnostic placeholder, rather than that silver bullet, which was a good starting point. Angela, I know you have some questions about tribunals.

Q182 Angela Crawley: We have had a number of submissions that recommend scrapping employment tribunal fees for discrimination cases and bringing back the right to claim for joint discrimination. Perhaps, Michael and others, you have a view on what impact scrapping tribunal fees would have on reducing the gender pay gap?

Michael Newman: Tribunal fees are the single largest barrier that definitely members of the Discrimination Law Association see as affecting access to justice. The fees just place a barrier for people to access their rights. That does not just affect the legal sphere but also the culture. If employers feel that their employees are less likely to enforce their rights, they become less powerful. It is not just about people who bring claims to tribunal; it is about how employers act knowing that the laws are there and will be enforced. Fees definitely feed into that. The evidence so far has been very clear that it is impacting not only the number of claims that are being brought to tribunals, but also the number of meritorious claims—the number of claims that would be successful if we look at the previous figures year-on-year in the tribunal.

You also asked about Section 14 and intersectionality.

Q183 Angela Crawley: Yes, the question was: would reinstating the ability to bring joint discrimination claims have a significant impact on perhaps the position of older women in the labour market? Do you have a view on that?

Michael Newman: It would definitely have an impact in that it would enable some claims to be brought that otherwise would not be. Would it be significant? I am not so sure. There are other barriers, rather than bringing a tribunal claim, in terms of promotion and accessing opportunities that may be as, if not more, significant.

If we look at high profile cases, such as Miriam O'Reilly and her case against the BBC, which was brought on age and sex grounds, that was in an environment where there was not the ability to bring dual protected characteristics. She was successful but only on one aspect. I am not sure it would have made a difference in her case.

Tim Thomas: We have never had any feedback from our members or wider stakeholders that the deal discrimination issue is one that would greatly affect the ability of people to bring claims either way. That is all I can say about that.

In terms of fees, we did a lot of work with our members on fees and we are extremely active throughout Europe. We looked at the European models of fee structures. The starting point was that we believed fees had a place, and I choose my words carefully; proportionate fees have a place, because the system before fees was that you fill out an electronic form and bring a claim. Our claims statistics in the UK were not great, with well over half of claims failing to get to a hearing of any sort because they were struck out or withdrawn. Fees have a place in making sure people understand it is litigation they are entering into, but we always thought fees need to be proportionate.

If we look at other types of claim, in the family court, for example, there are substantial fees payable there—well over £1,000. Let's just have some regard to what other claimants are facing, not just ET claimants, and what they paying to exercise their rights. We looked at a German model, which we thought had some attraction to it for a number of reasons. The German model is, yes, you pay a fee, but the fee depends on the claimant indicating up front how much they are claiming. They are bands, and they are quite wide bands, so €0 to €5,000, and the fee is quite small. It was €40, or it was when we looked at it. As you go up the bands, you pay a larger fee and that had a number of attractions; first of all, it is a proportionate fee and, secondly, it gave employers, at the outset, an indication of what they were facing, as opposed to the situation at the moment where you have no idea what you are facing. It allowed employers to make some accommodation for the size of claim they were facing, and clearly claimants claiming larger amounts were paying larger fees.

Q184 Angela Crawley: How would you then respond to the point that Michael made about the fact that it has proven to be a barrier to meritorious claims, and therefore women who may want to challenge behaviour in the workplace will not challenge that behaviour and it would allow employers to perhaps exploit that?

Tim Thomas: I would strongly disagree with the last part of it because I do not get any indication from the members I speak to that their behaviour has changed one jot since the extraction of fees. They still take all these issues exceptionally seriously. The only point of substance I think I could make is that the impact assessment work for the Ministry of Justice was quite shallow, shall I say, in terms of the impact that fees would have on claim volumes. Clearly, after the introduction of fees, claim volumes have reduced by 70% or so. To any impartial observer, they would conclude there is probably a connection between the level of fees that we have and the volume of claims.

Duncan Brown: I agree with Tim. It is a balance, isn't it, between employer and employee in the different stages in this process? I do not think there is any doubt that a virtually immediate 70% fall in claims that we saw meant that the balance had swung from one extreme to the other extreme and somehow we need to shift that back. Relating it in

some way to the value of the claim, as Tim said, seems to make sense to me. You also need to balance the employee responsibility with the employer and therefore the issue of enforcement of this legislation. I understand compliance with public sector equality duty in Wales and Scotland is high. It is over 90%. It would be good if we were to see that in the private sector when this comes in, but we need to make sure there are appropriate resources to check on that and take action if required.

Q185 Chair: Given the Equality and Human Rights Commission's report on maternity discrimination that came out in July, and that dataset was relating back to a time when the previous regime was in place, with regard to tribunal access, have you done any analysis on that? That would suggest that, even before there was a change in fees, there was some employer behaviour that was not necessarily reflecting that open access.

Duncan Brown: Do you mean in terms of its effect on the volume of claims?

Chair: Yes.

Duncan Brown: The data that I have seen does suggest that the fall was pretty precipitous, as a result of the introduction of the fees.

Michael Newman: Yes, it seemed to be quite stark, and there was a small blip because people, when they knew that fees were coming in, brought claims. Therefore, there was a tail, if you like. Otherwise it was a very clear correlation.

Q186 Chair: I am talking more about the behaviour of employers, so if employees were feeling that there were levels of discrimination going on in the maternity space, and employers were acting in such a way; is there anybody that has done any work on that? It is just an area that we have an interest in, but, by the look on your faces, maybe not.

Tim Thomas: No.

Duncan Brown: No.

Chair: Can we go on to the next area of questioning from Mims in terms of the equal pay audits and questionnaires?

Q187 Mims Davies: The Equality Act 2010 brought in the ability to bring in a form or questionnaire to ascertain whether there had been any unlawful discrimination, leading to good responses but businesses were not really supporting this. They were taken away by the Government in 2012 after a consultation exercise. Should they be reinstated and did they have an effective role in working with businesses and employers to try to ferret out unlawful discrimination that perhaps was being hidden away?

Michael Newman: My experience was that they had a very real impact in terms of both enabling an employer to put their case forward at an early stage and stop some claims being brought. A lot of discrimination claims might depend on statistics: the number of people you employ in the various protected characteristics, whether that is men and women or age groups. Therefore, information from an employer could stop a claim being brought that was not going to succeed. It also enabled a claimant to rely on information that was wholly in the employer's knowledge. There is this asymmetry between the individual and the organisation, whether they are small or large, where the organisation

knows the breakdown of its workforce. Allowing that information to be put out at an early stage was instrumental and very important in terms of helping claimants.

Tim Thomas: We did not find the questionnaire so helpful, accepting what you say, Michael—clearly that information provided in advance has the ability to obviate needless litigation, which is a point well made. The experience of several of our members was that they were, quite frankly, fishing exercises. All that has happened since is, to an extent, just another fishing exercise. As a micro-example of one of our members, there was a fishing exercise under the guise of a subject access request in the Data Protection Act. It took their in-house legal counsel one week to deal with it solidly. There is a balance between providing the information that Michael's talking about, which there is no objection to at all, and these requests not being so wide-reaching that it is not people simply looking for something they can potentially use in litigation.

Q188 Mims Davies: Do you not feel that they should be reinstated in any way?

Tim Thomas: No, we would not.

Duncan Brown: I am much more in agreement with Michael. Yes and yes, in answer to your questions. To me, we need a range of initiatives. Compulsory equal pay audits, say, would be a very big hammer to crack a difficult issue, involving a lot of work. Equal pay questionnaires were there. It was a relatively simple process. Now if I look at my friends who are not in trade unions, the complexity of the whole equal pay claim process would mean they would not have a hope of making any sort of claim.

My view is that the questionnaire was a nice nudge. If it was a fishing expedition, it could be politely pretty much ignored. In my personal experience of helping two people fill it in, it took us an hour. In one case, it stimulated an equal pay audit and in the other one it led to the female member of staff getting a significant increase. To me, it is relatively light touch. If people do not want to use it, it is there, but they will not use it; if they do, they do. I could not see the logic for taking it away, so I very much support its replacement.

Q189 Mims Davies: There is a good array of disagreement there. In terms of the audits and the role they could play in reducing the gender pay gap for women, should they be mandated? I have a feeling that Tim may feel not so. I can see that from your face.

Tim Thomas: Not from a point of view of in-principle objection. The first question I would ask anyone saying, "Let's bring in equal pay audit", is: can you define what an equal pay audit is, please? Within the EEF, we have to struggle to find an equal pay claim among our members; they are very rare. A lot of our members do a lot of equal pay work internally, and the overwhelming feedback is that there is no common definition of what an equal pay audit is. Some of the feedback from our members who have used experts in this area is that one thing you can guarantee of the experts in equal pay audits is that they will bitterly disagree between themselves on what an equal pay audit consists of. An initial problem is the lack of understanding of what an equal pay audit is.

If we are asking companies to do some work to look at what they pay men and women—to do some diagnostic work on what they pay women and men doing broadly equal pay jobs—that is something that businesses do all the time. If we are talking about an equal

pay audit based on a job evaluation survey, the feedback from our members who have done it is that piece of work takes about five years, start to finish. It starts with job evaluation, job categories, interviewing people, giving them an appeals process, having someone independent in to define jobs, and then you move on to the equal pay element of it, normally with an external consultant, because there is no common standard such that you can say, "That, in law, is what an equal pay audit is". In principle, yes, work in that area is work that all businesses should be doing. I am not sure we know enough to say there should be a mandated equal pay audit because that means someone will have to define it in law.

Michael Newman: We can look at the history of how voluntary action has worked in equality law and equal pay. If we were in 1970 there might be a case for saying, "Let's see how people get on and if they take steps themselves to address it". In fact, the Equal Pay Act was unenforceable up until 1975 because it had this five-year period for allowing people to get up to speed. If we look at the Think, Act, Report initiative of the Government—and again this only applied to larger employers of over 250 employees, of whom there were about 7,000, it was thought—somewhere in the region of 270 or 280 signed up, but only five of them published their figures. That is what happens when you make it voluntary, so there is a strong case, if we want to see action taking place in gender and equality, for making it mandatory.

As for the comment that no one knows what an equal pay audit looks like, it is true that there is a range of things that would fall under that category, but it is also set out in law. The Equal Pay Act has provisions for what a tribunal would have to do if it was to deal with a claim of work being rated as equivalent—if it had to do its own job evaluation study, essentially. There are already provisions. There are quite detailed rules for the tribunal about how to decide whether work is of equal value. Surely that could be a starting point or at least some guidance about what an equal pay audit would be.

Duncan Brown: I completely disagree with Tim. It is obvious what an equal pay audit is, isn't it? If you went out and asked the man on the street, it would be to check what men and women are paid in your organisation for work of equivalent value. Then if you find unexplained gaps, you address them. It is pretty straightforward. I do a lot of equal pay audits and none of them take five years, thankfully.

I would not support it being compulsory at the moment. We are on a journey here. We have looked at voluntary reporting and everyone acknowledges that that is a failure, so now we need to move to compulsion on reporting. Interestingly, the more detail in the reporting, in effect, what we are starting to do is to force employers to do a mini equal pay audit, because that is what I do on an equal pay audit. I look at the overall gaps. I look at causation, and the causation means that I look at breakdowns between part-time and full-time staff, if it is about distribution of the workforce or a bigger gap at senior levels or for older people. This piece of reporting legislation will encourage more employers to carry it out with, again, some online software tools, like in the Netherlands, where they have an equal pay quick scan bit of software. The EHRC already has excellent guidelines, which a lot of the smaller employers use to carry out an equal pay audit. They are updating that anyway in anticipation of the new legislation. We should be encouraging and supporting companies to carry out equal pay audits, but not requiring them at this stage.

Q190 Mims Davies: Tim, do you want to come back on that? You have been outgunned.

Tim Thomas: I would say this: if it were so easy to conduct an equal pay audit, why does ACAS have a panel of experts? It would not need the experts. If it were so easy, why do tribunals use experts? If it were so easy, why are these claims not—when they get before tribunal—taking weeks just to whizz through quickly? Why do they take years?

Q191 Jo Churchill: Largely, this is to see where we can get to in terms of summing up the whole thing. As we have so clearly heard, it is not a silver bullet and it is barely, at times, a diagnostic tool, from that last little bit. What are the key concerns about the draft regulations, because we will be going out to consultation this week, so what are the key concerns that all of you would highlight about those draft regulations? If we could roll the two questions: what recommendation then would each of you put forward to ensure that the regulations are as effective as they possibly could be in reducing the gender pay gap, particularly for that area that we know is problematic—women post-40? I would be—and this is not to single anyone out—particularly interested in Tim's response, because you have gone out quite broadly to your membership and engaged in a pre-consultation, if my homework serves me correctly. I would be very interested on that on-the-ground perspective.

Tim Thomas: The headline here is to keep it simple, otherwise we will all get lost. The more information that is mandated to report, the less light will be shined on the subject. For the members who have modelled this, the difference between mean and median is the difference between 25% and 4.8%. I suspect if we went out on the street and asked most people the difference of the mean, median and mode, other than those doing GCSE maths this year they might struggle. I only know the difference because someone has done it for me and I do have a son doing GCSE maths. If we keep it simple and have a set of metrics that everyone can agree on, we have clarity, transparency and comparability.

We need to be clear on what pay is in terms of the regulations, and we have modelled various ONS calculations. In terms of what basic pay is, it is fairly straightforward, but as soon as we enlarge the envelope, it becomes much more complicated, such as sick pay, maternity pay, holiday pay, area allowances, shift premia pay, bonus, incentive pay and commission, which in most organisations you do not fit neatly into any of those categories, which is the difficulty. With bonuses and commission, the Government has said they are going to include bonuses. We have a number of methodologies of trying to work out what a bonus is. None of it is easy. One of the big issues is whether you include in the bonus calculation all employees or just employees who get a bonus, and how you convert a bonus to an hourly rate, because all the calculations are based on the fact that you are reporting an hourly rate. Bonuses are outcome focused; they are for success for a piece of work, which may not be equatable to a period of time in which you did the work, let alone an hourly rate. Bonuses can be paid several years after the success. That is a specific issue, which we believe underlines the message of, "Please keep it simple".

Where to report is a big issue, and we believe there are some learning points from modern slavery corporate reporting, where the legislation was drafted in a way that subsequently has created problems. That says you report it on the home page of your website. We have many members who have websites in German. If that is what the regulations say, they will report it in German, because that is the only thing that will make sense on the home page. Some companies have home pages; some companies have landing pages. Some of our members, large companies, do not have a UK website at all because the UK operation is either industrially focused or customer focused. In terms of where to report, we would

suggest you make it outcome focused. It has to publish the information to those who are going to need it most. The more prescriptive we get, the more we will end up with some rather bizarre consequences.

Reporting periods is something we have struggled with, such as over what period we are reporting the hourly rate, assuming it is an hourly rate, and over what period we are calculating the gender pay gap. There is a vast difference between pay being finalised and pay being paid. There is a pay settlement, there is when that takes place, there is the year-end and there is, at some point, a bonus calculation period, which is different. Again, the feedback we have from our members is to please keep it simple, otherwise we will end up with odd reporting periods.

The last thing I would say is that we have engaged heavily with the Government Equalities office, which we are highly supportive of. They have done an extremely good job at engaging with all stakeholders, including employer organisations. They have done generally a good job up until now in making sure we have a workable system.

Chair: I am conscious we have two minutes left and I am very keen to have responses from the others in this really important area.

Michael Newman: I will try to keep it brief. If the requirement is going to be effective, it needs to have detail in terms of the categories that are being recorded. We know that there is a difference in terms of the gender pay gap between part-time and full-time workers. We know that there is a difference in terms of age categories. The only way that that can be measured is by feeding that into the pay reporting requirements.

On the definition of pay, it has to be as expansive as possible, not simply because I am taking the contrary position to Tim, but so many equal pay cases are about bonuses, and men getting bonuses where women do not or men getting larger bonuses. To exclude those would defeat the point of the reporting requirements.

Finally, if the message that a government wants to send is about the importance of gender equality, there needs to be as much of a mandatory element to this as possible to ensure that action is taken and it is not just about putting a number up on a website but reducing the gender pay gap.

Duncan Brown: It should be as simple as possible, but not simplistic. To my mind, it is getting a balance between over-prescription and restrictiveness that does not suit the big range of employers we have out there, and being too simple and tick-box meaningless, as we have seen in other reporting areas. It is getting an appropriate balance. My own fear is that we miss an opportunity. It is a significant opportunity to encourage employers to act. In the IFF survey, which the GEO published along with their consultation last year, the majority of employers had not done an analysis of their gender pay gaps; the majority did not have plans to do so. The main reason given for that was not, "We do not have the skills; we do not have the information" or whatever. It was, "We do not see it as a priority and it is not an issue for us, even though we have not analysed it". There is a responsibility on us to strongly encourage employers to act in this area. It will be a mixture of compulsion and choice that is required and a mixture of compulsion and support. The supporting software, guidance, case studies and information etc. from bodies

like the Equality and Human Rights Commission is going to be critical to making this successful.

Chair: I really cannot thank you enough for what has been an absolutely fascinating evidence session in an incredibly technical and complex area. You have given us a wide range of views. I really thank you for that and, again, thank you for your time and candid responses to our questions. Thank you.

Examination of Witnesses

Witnesses: **Helen Fairfoul**, Chief Executive, Universities and Colleges Employers Association, **Emma Stewart**, Joint Chief Executive Officer, Timewise Foundation, and **Claire Turner**, Joseph Rowntree Foundation, gave evidence.

Q192 Chair: Good morning—yes, still good morning, just about. Can I thank you very much indeed for coming in to be our second set of witnesses in this evidence session today? Colleagues have just gone out for a quick natural break, but they will join us in a second. I am keen to use every moment we have. I know you are all very busy people. Thank you very much for taking time out to come and be with us today. It is a very generous use of your time. It is an important evidence session for us and we are really keen to get further insight into the work you have done in these areas. Before we start off with our questioning, can I just ask you to briefly give your name and the organisation that you represent, starting with Claire?

Claire Turner: My name is Claire Turner, and I work for the Joseph Rowntree Foundation.

Helen Fairfoul: My name is Helen Fairfoul. I am the Chief Executive of the Universities and Colleges Employers Association.

Emma Stewart: I am Emma Stewart and I am Joint Chief Executive of The Timewise Foundation.

Chair: Our first set of questioning is from Ben.

Q193 Ben Howlett: It is lovely to put names to faces, by the way, because I have read some of your work in relation to a debate I hosted last week on increasing diversity in STEM careers as well. Thank you very much; it did help a lot. The first set of questions relate to Higher Education and we have seen an awful lot of work from Athena SWAN and the benefits of what Athena SWAN has been doing in closing the pay gap within STEM subjects. The UCU have shown that female professors earn about 6.3%, or roughly £5,000, less than their male counterparts, which are pretty shocking figures. Having said that, that is still slightly less than in other careers and the work going on in higher education is changing the tide on this. The question I have for you is: why is the gender pay gap falling more rapidly in higher education than in other sectors?

Helen Fairfoul: Why is it falling rapidly? I would point to perhaps a few things. Equal pay auditing has been embedded as habitual practice in the HE sector for many years now. Attention has been paid to the issues around equal pay. The big push for that, for our

sector, was the introduction of new pay and grading arrangements through the framework agreement, which was way back in 2004-05. Its implementation led to across-the-board evaluation of roles and the commitment to deliver equal pay for work of equal value.

I would emphasise that equal pay is not the same as the gender pay gap. I know you have, of course, explored that already in your evidence sessions. It is a starting point for an employer to have an interest and to be prepared to do the analysis, to look at where there are discrepancies, and to ask questions. Having done the equal pay work, I would say that our employers have by and large taken an interest, and that is because they have, perhaps, a particular commitment around social justice to take these issues seriously in universities. There is a huge interest from their own workforce and students in what they are doing to deliver on the social justice agenda. They have then said, "Women are not progressing necessarily; we still have gender pay gap issues", and they have moved into a mode where they are action planning and taking steps—where it is within their capability as employers to take steps to make a difference. That has been happening over many years. It is not a job done—it is slow work—but it is good to see progress.

Q194 Ben Howlett: Claire or Emma, do you see a difference?

Emma Stewart: It is not a sector that we are expert in, but generally we see gender pay gaps reducing in sectors where there are more opportunities for women to work part-time and more flexibly. As you will know from the evidence that has been given, the gender pay gap is greatest when there is a distinction between full-time and part-time. Our view is it is more about an issue relating to the nature of part-time work than gender, although obviously more women choose and elect to work part-time and, as a result, often compromise on pay, because part-time is generally clustered in lower paid roles. At the core of this is a conversation about job design. Certainly we have seen in the educational sector, FE/HE, the way jobs are done often facilitates more flexibility, which creates more opportunities for women, which we would assume may contribute to why there is less of a gender pay gap.

Claire Turner: As an organisation we are very focused on the bottom end of the labour market, so all of our research that is relevant to this debate is very much focused on low-income sectors. Helen and Emma are probably much better placed to answer that question than I am.

Q195 Ben Howlett: I will come on to you a bit later on then, Claire, thank you. Do you see a difference—this is particularly to Helen—between the arts and the STEM sectors within HE? I will give you an example. I went to a university, and I will save them their blushes, and it was a shock to me to find that the English department did not have a single senior female academic in post. Whilst that is rare in terms of arts versus STEM, do you see there is a big difference there?

Helen Fairfoul: There clearly are differences endemic throughout the economy that are reflected in the choices that women make around their careers and subjects. It is, sadly, the fact that many fewer girls and women are choosing careers in STEM subjects—or have been historically. It is taking time to make a difference. You are now seeing more women studying for medicine. It will take a bit of time for those women to outnumber the men as consultants in the profession, sadly, but that is a feature. Certainly the work that

we were committed to doing in looking in more detail at the sector's gender pay gap is to look at issues around discipline and occupation, because we want to understand that better.

Q196 Ben Howlett: Opening up the question more to Claire and Emma, what other sectors could learn from what is going on in higher education at the moment? I know it is quite difficult, given the fact that you might not necessarily know much about the higher education sector, but, before you answer that question, have you seen what is going on in Athena SWAN and higher education?

Emma Stewart: I know a little bit about it, but where we see greatest traction with employers is on a B2B, sector-to-sector-led conversation. We do less to influence employers across sectors. That often plays to employers' need for competitive advantage. This is about a conversation about access to talent and retention and progression of talent. Certainly, in terms of engaging business in thinking about gender pay gap issues and how to create a diverse workforce, if you bring employers together who are from the same sector with some who are making an impact, that often, from our experience, can create traction.

There is an opportunity to look sector to sector, but you need to be really clear about what fundamental structural issues within the sector can be compared. There is often an assumption—and we certainly do this with public and private sector organisations—that it is okay for them over there because they are in the public sector and therefore they have X, Y or Z, or it is okay for them in the private sector because they have lots of money. You have to be really clear on what the core comparators are in order to do that sort of work.

Q197 Ben Howlett: Helen, the last question is directed to you: what would you say are the pros and cons of widening out the Athena SWAN-type programme or research funding dependent on diversity credentials to other sectors within HE other than just the STEM area?

Helen Fairfoul: Interestingly, Athena SWAN already has widened out beyond STEM. The sector took the steps to do that. Interestingly, we find institutions are saying that, if they are tackling Athena SWAN because of their desire to address this for Department of Health research funding, which was the one lever for pushing Athena SWAN, it is affecting practice across the whole institution. If you are trying to achieve Athena SWAN for the whole university, you will look at practice across the whole institution, so it is having that effect anyway, and it is widening. One or two institutions have voluntarily extended it and developed the model so that it can be applied to the arts and the humanities. That is kind of happening.

You asked whether it is the right approach; it is an approach. Kitemarking approaches have positive and negative elements to them. A negative side is that organisations can become very focused on trying to achieve the Kitemark and put huge resources into that, instead of the resources that they could be putting into fantastic mentoring schemes or return-from-caring-responsibility grants and things like that, which would make much more difference on the ground. We have also seen that really effective practice can be delivered in institutions without Athena SWAN. It is about leadership and it is about the culture from the top of the organisation.

Q198 Ben Howlett: Do you think that is something missing from Athena SWAN and potentially could be the next steps of Athena SWAN?

Helen Fairfoul: What in particular?

Q199 Ben Howlett: In terms of avoiding the Kitemark-type certificate in the window, but saying there need to be more mentoring programmes and encouraging more people who have ended up taking caring responsibilities to get back into the workplace. Athena SWAN sort of goes into Athena SWAN part two, rather than just focusing on part one.

Helen Fairfoul: Yes. I do not know. I come back to organisations having to feel the motivation to want to make a difference. I am not altogether convinced that the nature of whatever badging mechanism may apply in a sector is the answer. When we did our case study work, we were very interested to look beyond the sector. We looked at a financial services company, who were doing fantastic stuff. They were doing stuff that the HE sector could learn from. Athena SWAN has not delivered all the answers.

Emma Stewart: In terms of accreditation or Kitemarks we, as an organisation, run an accreditation programme for local authorities to help them get better at flexibility in order to retain and attract women and men. We have found the way to entice them is, first and foremost, the business case. They need to understand why it is good for them to do it. It is good for them from a brand perspective; they have to compete with private sector businesses. It is good for them because their attrition levels will go down. It is good for them because they need to close buildings sometimes and people need to work in different places. I absolutely agree that it is about the leadership case and the business case, and understanding the culture change you need to make to get to a Kitemark or some form of accreditation, but starting with a Kitemark or accreditation without doing that work does not necessarily sustain change.

Ben Howlett: Claire, I see you nodding.

Claire Turner: Yes. Our work in this area is looking at how organisations can become anti-poverty employers, and that is certainly about establishing the business case and thinking about champions in the organisation, but also this managerial and leadership support. Again, these are the three common themes that have come up for us in terms of trying to engage businesses in thinking about particular agendas.

Q200 Jo Churchill: Within this data, what worries me is that it has come to my notice that for most senior jobs you have to have a certain level of qualification. For example, to start on the lectureship circuit, they usually want your PhD, but that usually coincides with when you are going to start your family. I have knowledge of a lot of people who find parts of the profession excluded or it becomes a lot more longwinded, because they look at flexible working or whatever, to get into those higher echelons or those areas that are better paid. Fine, we are looking at the gender pay gap, but there is a discrete discrimination going on against women that this masks. I would just be interested, Helen, in whether that structural issue is there and how we overcome it. If we do not, you do not get women up the ladder.

Helen Fairfoul: Interestingly, there are models of leadership that question whether women are getting to senior appointments across all kinds of sectors, including higher education, that are more fundamental than whether they have a PhD, to be honest. There

are definitely issues around women taking options around flexibility and careers, and I would strike a note of caution. I recognise that jobs that facilitate flexibility are absolutely crucial, but you can also look at that as a double-edged sword.

Again, it is interesting how the financial services company that we looked at had taken such positive steps to really work at valuing people who worked flexibility, because it can carry a whole load of baggage with it. Also, if women are getting into academic careers, they are well represented in the junior echelons of the academic career, so I do not think the doctorate is an entry bar; it is whether or not they are progressing, and that is why so much work is being done in institutions to look at what we have done to support those careers.

Q201 Mr Shuker: Obviously, the purpose of these evidence sessions is to provide evidence about the scale of the problem but also recommendations about the solutions. I am going to ask a couple of basic questions, just to get it on the record. Many of the witnesses that we have had have talked about solutions to the gender pay gap in well paid or more flexible occupations but low pay is an area that we really need to drill into. First of all, what do you think are the problem-child, low-paid sectors—highly gendered but low pay with a significant gender pay gap, perhaps alongside other sectors? Claire, I think you looked at one in quite a lot of detail.

Claire Turner: Yes. The key low-paid sectors we focus on are care, retail and hospitality. For us, when thinking about sectors that are highly feminised, care is the number one from our perspective, but we are aware that retail and hospitality also employ plenty of women.

Q202 Mr Shuker: You are recognising there that there is effectively a gender pay gap with other professions that involve equal skill levels, rather than a big gender pay gap within care, for example?

Claire Turner: Yes.

Q203 Mr Shuker: Thanks. That is really helpful. What projects have been shown to improve the outcomes for closing that gender pay gap in low pay?

Claire Turner: Some of the evidence is really interesting. We have been doing a lot thinking about issues like career development and looking at the evidence base around that, but particularly around low-paid sectors. The evidence is quite weak from the demand side of things. There is some evidence from some initiatives that have happened in the US that are about trying to think about how we can encourage people in low-paid jobs and create career pathways and progression pathways. They have tended to try to focus on the business case—why a business would do this—and incidentally are very much focused on things like skills shortages and retaining staff as the key driver. They have also used a lot of intermediaries who are trying to support these individuals to think about career progression but also to try to look at the pathways for business. We do have some examples from the US, which is probably the best evidence that we have, but certainly there is more that we could do in the UK in thinking about developing and supporting some of these schemes.

Q204 Mr Shuker: Claire, with your work particularly on the care profession, what led you to make the recommendations that you did about how to improve low pay within the sector?

Claire Turner: The challenge with the care sector is that the opportunities for progression currently are very limited and not always particularly attractive to care workers. We know that if you are a care assistant maybe working towards a senior care assistant, the next step on the promotion ladder, if there even is one, is something that is not going to give you much more money and might bring a lot more stress and less flexibility. We feel that trying to create these career-development ladders under the current system is not necessarily something that would be achievable.

We need to think about supporting career progression on frontline roles, rather than thinking that progression is all about becoming a manager of others delivering frontline. It is: how can we create better jobs that are working on the frontline? We know from the care sector, which is very different from hospitality and retail, people's motivations for entering the profession. It is wanting to do that direct work with older people or adults with needs. There are huge challenges with something like career-progression ladders, but certainly it is an area we need to look at, if we are going to think about that.

The other area is thinking a lot more about the quality of jobs. We have done research that is looking at the links between pay and quality of care, for example. We know that pay is really important and that increasing people's pay is something that we need to do. There are also other areas about improvements to job quality that are also highly valued by staff working in that sector. There is certainly the idea of increasing pay to the living wage but, alongside that, thinking a lot about the terms and conditions and the job quality of people in those roles is equally as important.

Q205 Mr Shuker: We do very poorly at the moment—this country—around productivity. A lot of that is driven by what is going on in the low-pay sector. Do you think there are practical recommendations we might make that might help productivity as well as helping with the gender pay gap?

Claire Turner: One of our ideas is very much trying to think about industrial strategies for low-paid sectors. We know that we can create industrial strategies for high tech, advanced engineering, but we do not do the same for low pay. If you took care as a sector, we would feel that would be a priority area for an industrial strategy. The things that are linked to productivity in those service sectors are things around workforce development. For us, thinking at scale about this in terms of an industrial strategy for these sectors would be a way of linking workforce development and pressure with productivity.

Emma Stewart: We have run a number of projects to look at how we can progress low-paid workers in our organisation. There is not a lot of evidence because there has not been a lot of investment in this area of work; people do not invest in low-paid workers.

For us, there are a number of points. On the productivity point, we recently published some research that showed there are about 1.9 million people in the UK at the moment who are underemployed or overqualified for jobs because they are trapped in low-paid, part-time work. They have skills that are underutilised. In our view, they are trapped for a number of reasons. Some people are trapped because of a lack of skills. However, these 1.9 million people have the skills to earn a quality job; what they need is flexibility.

The solution is to look at how we can unlock more better paid jobs to suit how they need to work. The challenge is that, if you look at how people work and how people work on a

job-design perspective, you often have two ways that people move into part-time or flexible jobs. One is because you are in a sector where that is how work is done—retail, hospitality or care—and the second is because an individual has asked for or negotiated it, which is often in an office in an admin job or something like that. The job started full-time; often a woman would come back from maternity leave and say, "Can I work three days a week?" If you look at how many job vacancies are currently advertised in the job market open to flexibility at a quality level, which we would set at about £19,500, there is only 6.2%. We have 96% of businesses saying they offer some sort of flexible working, but only 6.2% of jobs are, from day one, advertised with a reference to, "This job can be done on a part-time and flexible basis". For those 1.9 million people, the problem is they cannot move up in their organisations, particularly if you look at retail. We have done some work in retail, because the next level up is managerial and that means it is full-time and there is no paid overtime. If you look out, there is nothing else to apply for because you are only fishing in a pool of 6.2% of job vacancies. You get trapped by your need, as a woman, to work in a part-time or flexible way.

For us, the solution is to look at job design. We have done a piece of work with Pets at Home and we are in it at the moment, through UKCES, to effectively take women off the shop floor. What Pets at Home have done is redesigned managerial and assistant manager jobs to be done on a job share, part-time or flexible basis. They have a great training programme. They have great women, but the women's attrition rates are poor. They are losing women. The business case is that they need to keep good skills, and the way to do that is not to invest in training—they do not need to—but to take the next-level-up job and make that flexible.

The evidence from the States shows that most people, at the moment, progress in businesses by leaving them and going to another job somewhere else. There are a number of issues and a number of ways to address this. One is to look at how we can persuade employers who are currently advertising a full-time, decent quality job, to consider it on a flexible basis from day one. How can we work with low-pay sectors to help them think about career progression routes that are based on a job-design intervention, not just a skills intervention, because they will have skilled people in their organisations?

Q206 Mr Shuker: Briefly, Emma, on that, is the current 26 weeks' provision around requesting flexible working a barrier practically, in your opinion, to employers considering making it flexible from day one?

Emma Stewart: It does not have to be a barrier. We work with lots of businesses who have understood the business case for what we would term flexible hiring. They can see, again, if you are only 6% of vacancies out there, if they voluntarily say, "We are open to a conversation about flexibility for the right candidate", they will attract far more people. It is not a barrier, but you have to incentivise and encourage them, and present the business case. The business case is that 1.9 million people with skills are currently trapped in low pay, but there are 14 million people who we have estimated want flexibility in their next job. That is not just women; that is men as well. There is an issue here about taking this away from a conversation about gender and taking it into a conversation about how work is done.

Q207 Chair: To what extent are you seeing any changes here as we get higher levels of employment, so with a shortage of labour?

Emma Stewart: The other pilot that we have just recently completed is on universal credit for DWP. That was very much a different model. That was not an employer "Damn, let's look at career progression"; that was, "Let's take a pool of candidates who are potentially going to fall under conditionality and help them get a better job". Candidates have more leverage when you have a jobs market like we have at the moment. Employers are certainly more open to the conversation because they need to compete harder for talent, even at the lower levels.

One of the best things you can do and what worked in the pilots that we ran, which was taking a group of women in low pay and getting them better jobs, was to broker on behalf of the candidate to the employer to say, not dissimilar to a Jobcentre Plus model, "I have great candidates. I can give you them for free, but would you consider flexing the way the job is done". That is not to say, "You are advertising a job five days a week—go part-time". That is just to say the start time, end time and a bit from home. In most instances, having seen the candidate's CV, the employer said yes.

The challenge is that it is hard to have that conversation when an employer is not faced with a good candidate, so you have to make it very real. But the problem we have is the way the current employment skills system, and certainly JCP, works is that it does not do that kind of brokerage. That requires a career advancement service. That requires a different kind of level of skill and conversation with employers on behalf of candidates.

Q208 Mr Shuker: Emma, you said something very important before, which is that we are trying to make an assessment, particularly in the three low-paid sectors we were just talking about there, as to what we can do to improve outcomes. You seem to suggest that, if you worked a bit, you could provide, even in those sectors, more flexible working than most employers think about right now. Is that your assessment?

Emma Stewart: Not quite; I am saying there are lots of other sectors where there are latent opportunities for intermediary level jobs to be done on a flexible basis, so for people to move out of those sectors and to move into, say, an admin or an office job. When you look at those sectors specifically, if you break it down, we have an issue with social care, which is that there is little we can do without further investment because—and I would agree with what Claire said—the sector itself is really struggling. It has nothing to invest.

We can think about how we can make jobs better for the people in those sectors, but there are very flat progression structures. In domiciliary care, you have 16 people managed by one person, so there is very little place to go. We have to be a bit open to saying, "Look at the sector. Is there an opportunity for progression? If not, how can we help people to move somewhere else?" That is about thinking about the recruitment market more broadly.

In retail there are opportunities and we are testing that, and similarly with hospitality. There are some really interesting, informal progression routes that happen in hospitality between hotels. You start your career in a Travelodge and potentially move into a Hilton, but we do not talk to businesses enough about how those work.

Q209 Mr Shuker: Helen, in your evidence just now you were talking about an entry level to academia, for example. There is not that big a gap in terms of representation, but as you get higher up within management it dissipates. What strategies do you think could be effectively

employed to make sure we have more women coming through into higher paid managerial careers?

Helen Fairfoul: The strategies that we have highlighted as positive practices that employers can address are around encouraging women to think about where they are taking their careers, to positively mentor their career advancement, role models of flexible working at senior levels and showing that people who are working flexibly can really deliver the goods whereas managers might see them as problematic. Those are the kinds of initiatives that we have described going on in institutions and they are starting to make a difference. It is always very hard to evaluate one initiative as being the one that made a difference. There is a range of them and other things are going on at the same time. Not everything is in the gift of employers.

I would also say, and it is really interesting listening to my colleagues in this evidence session, because of the focus on women getting into professorial roles, for example, our sector has not been that good at looking at the lower graded roles. One of the reasons we still have a big number as a gender pay gap is because of the predominance of women in lower graded roles in our institutions, and there is not that much being done in thinking about helping women advance from those positions.

Claire Turner: It is a really interesting point. In some ways, some of this is getting to the basics. We are talking about these career progression schemes, and that, for me, feels like an ideal. However, we did some research recently with low-paid workers asking them what would improve their working lives, and their expectations of their employers were pretty low. They were saying first and foremost it was pay and thinking about things like the living wage. Secondly, it was recognising their time more fairly, so saying, "Pay sick pay beyond the statutory", and, in care, particularly travel costs, paid breaks, and support with additional costs like transport and child care. Some of this feels, to me, like there are some basics to get right to start with.

On a secondary level, they were talking very much about the stuff that is about HR management. They were talking about communication and being involved in making decisions, and initiatives that could improve their lives outside of work, so certainly flexibility and security were the two big issues from low-paid workers' perspectives. It is really important. I am sure everybody has been saying the same thing throughout this evidence process, but just to keep going back to some of this stuff, particularly for low-paid sectors, it is about the basics.

Q210 Mr Shuker: Is there any evidence that membership of a trade union, or any development by trade unions at the moment, helps or assists women in terms of pay through collective pay bargaining or through working with their rights to make sure they get progression? Has someone looked at that?

Claire Turner: We have not looked at that so I cannot comment.

Q211 Mr Shuker: Do you think the general approach in these highly gendered, low-pay sectors, with relatively flat structures, should be for us to try to change the shape of them so there is more of a mix of managerial and shop floor etc., or do you think it is about valuing those professions much more and trying to lift the entire sector up so that it has more parity, perhaps, with other professions that are highly gendered by men?

Claire Turner: There is something fundamental about the value we place on care. That is very well debated in the care sector and beyond. There is something absolutely fundamental about the value that we place on our care services. We have done plenty of work looking at things like what it would cost and what the benefits are of paying all care workers a living wage and we have tried to look at ways to fund that. It just comes back to the same issue of the underfunding of care. I feel there is something very fundamental about the value that we place particularly on care.

Q212 Chair: I am very keen on your question around productivity; to what extent have you looked at the role of technology in trying to assist productivity in low-paid and low-skilled areas?

Emma Stewart: We have done a little bit of work to understand it, not to influence it. In low-paid sectors you have standardised shift practices, and there are a lot of tools on the market to help businesses to structure shift patterns and do scheduling effectively. We have seen they can do a lot, but they are only as good as the people who programme them. That takes you back into a conversation about how managers manage work and how they structure work. At the moment, the challenge is that there is a bit of a disconnect between the value of technology and how it can be utilised to effect more productive job design.

Q213 Chair: Are there any other comments on the use of technology or access to technology, not only in the low-paid sector but also, Helen maybe, in the academic sector? Is that an issue or not?

Helen Fairfoul: I do not have much I can give you on that. It has not really been identified as an issue. Skills, in terms of the ability of people to interact with technology, have been addressed by some employers. It is basic skills development, along with language development sometimes at the lower levels of the workforce.

Claire Turner: I would probably echo what Emma said, in that I do not think we are far enough ahead in trying to understand the role of technology in some of these sectors, certainly in our experience of care. There is a lack of investment in thinking about technology in those sectors.

Chair: That goes back to your industrial strategy.

Q214 Ruth Cadbury: Sticking with care, which is one of the most people-based professions, everyone I know who has ever worked in care says that the people they care for and the jobs they do and the places they go to is not the problem; the problem is their supervisor. Is the flat structure of something like 16 people to one supervisor in itself leading to the productivity and inequality issues that we often find in care? Maybe looking at that might be a solution and create a bit more career progression than there is at present. There is a strong case—and I do not know how far it has been developed since I last looked—for small groups of carers working on an almost co-operative basis and sharing the work out among themselves. Are those some of the issues we could explore in terms of productivity and career progression?

Emma Stewart: We are doing a bit of work on that at the moment in East London. There is a really interesting model in Europe called the Buurtzorg model, which is exactly that. One of the challenges of being in a low-paid job, as you say, is that you do not have

autonomy. You are responsible to your manager and you do not have control over your hours and how you work. You often have very good ideas about how you can make it better, but you do not have a voice. The idea of, particularly as more local authorities look at different models for care, building a co-operative whereby you have a pool of care workers who are effectively managing between them the way that they deliver work we think has real potential. It is not necessarily to enhance progression opportunities but just to make the jobs better, because the unpredictability of shifts is a huge issue. We think there is something around compatible flexibility, because the challenge with "flexible" is, as Helen says, it has lots of negative connotations, which is that it is all on the individual and not for the employer.

We need to reframe what we mean, which is where this works well with other organisations. In fact, if you can be flexible to the employer but also maintain the flexibility that you need so you have control over it, ultimately it would suggest that we could have more efficient and productive teams. We are trialling some work, but there is an opportunity there because it takes us into the debate around zero hours'. It means you have more control and then you can plan. The business case for that is you are more likely to stay in the job, because a lot of women want to work in care; they value the profession. They just need the terms and the working practices to be better.

Claire Turner: It is a really interesting area and I have heard people put forward this co-operative kind of idea as almost one that might be the only way that you could sustain domiciliary care in the future, in terms of trying to make it sustainable and make it work. It is new and we do not have much evidence around that in terms of how it might work if you scaled it. When it comes to care managers, all our research on carers' work has come down to the manager's role being absolutely pivotal in people's satisfaction at work and all the issues that we know about. It really feels like the role of a care manager in a care home is absolutely pivotal.

While the co-operative idea is really interesting, it feels quite niche and quite small scale, and something that we could test and pilot, but also there is a route to thinking about professionalising care and the role of care managers much more. There is not a professional body. There are not standards. There is perhaps a lot to learn from health in that respect. For more of a mainstream, short-term option, there is something about the professionalising of care managers as well.

Mims Davies: I am not sure there is much left on that in terms of questioning, unless I have missed anything.

Chair: Generally, is there anything else you wanted to add in terms of flexible working? We are going to have a series of questions on flexible working, and Mims is right that we have covered a lot of it.

Q215 Mims Davies: Picking up on something with Claire, do you think the care sphere would benefit if people were able to negotiate better with their employers as family members to support the care industry better so, for example, people are able to stay in their jobs longer and support family members alongside the carers? It is certainly something that I found quite frustrating when looking after family members. Because of a lack of technology, for example, regarding what medicines were being taken etc., quite often a lot of time was spent just communicating things. It seemed mad to me that Ocado could send me an email saying I

needed washing machine powder, but if I need a certain medicine for family members there could not be a list of when that was last given and whether it was suitable with something else that a specialist was giving. Sometimes not having the flexibility for people who are doing jobs but want to be there to support the care around their family is a frustration. Perhaps that would mean that care overall was valued better by people doing that role and also who are assisting families by doing that role.

Claire Turner: Absolutely, it is a big issue. I am certainly thinking about how we underestimate the role of family carers in providing care. It is not always about mum living in the family home. We are just thinking about the different ways that people support their family members now. It is certainly an area where technology could help. We may be able to find examples of where that is already happening perhaps in care services across the country, and it is trying to share some of the practice about what is possible.

We are uncovering some really great practice out there. There is a movement called My Home Life, which is a really positive movement around promoting social care. There are really good examples out there and we could do more to promote what is possible within the current system to try to show people that there are other organisations doing this, so certainly I would echo that balancing of care and work is a massive issue for people we talk to.

Emma Stewart: It is back to basics; we have seen with some care providers often the challenge is, if you want to move into care as an employee, when you get employed by an organisation all the best shifts that fit around family life are taken by the people who have been there for a while. As new employees, moving into an organisation, you have the nights and the really early mornings. It is very practically prohibitive. People often leave very quickly, so the churn is massive. You effectively have to take away from someone to give to others. Again, that comes back to managerial skill and expertise in managing how work is done.

The challenge we have is that we do not invest in supporting managers to think about job design and that kind of work. I would argue that there is a role here regionally for LEPs to play, because they are supposed to have a demand-side employer-driven function of thinking about low-paid sectors and investing in how to support low-paid sectors where there is not enough inward investment, to help their managers to think more creatively and differently, and to align with the use of technology and things that we have talked about. The sector itself has no capacity to invest in it and to invest in its own managers. That is an opportunity that is not being addressed at a regional level.

Q216 Mims Davies: Do you think, just to follow up on that, that the LEPs should be looking at flexibility and lower paid jobs, rather than just this higher level of business that they perhaps feel more comfortable in?

Emma Stewart: There is a huge conversation with LEPs about inclusive growth. That is linked to the conversation we just had about productivity. That it is about looking at how they can influence employers to think about different strategies and to support a range of different people who are either locked out or locked down in work because they need to work in a different way. That is not just women. That is older people and people with health issues or disabilities. The challenge at the moment is that the LEP model is very

much, certainly in some areas, focused on careers and young people. Life-stage careers are critical for women. If you have dropped out of work because you have had children or are older and looking to stay in work because you may have a pensions issue later on, having support regionally and locally from a careers service is critical. At the moment, LEPs just focus on apprenticeships. We would certainly argue that talking to employers about flexible hiring and job design is just as important for a different demographic of people, but those conversations are not being had.

Q217 Mims Davies: Is there a PR war that the Government needs to have with employers in terms of flexible working, i.e. that it is not seen as some kind of cop out? Is that the crux of this problem?

Emma Stewart: There is a very positive story to tell. We have talked about stories and case studies. We have very positive examples of people who are able to work at the top of their game in a different way. We produce the Power Part Time List every year, which has the top 50 people in the country who work in executive roles. The Chief Economist at Lloyds Bank does a four-day week because he does Ironman training on his fifth day. It does not have to be necessarily because of caring responsibilities. We have to de-feminise the conversation about flexibility and get it out there—destigmatise it so it becomes more of a positive thing to do. We have to persuade businesses that if they want to be forward thinking they can get access to a far wider pool of talent.

Unfortunately, the narrative at the moment is very much about underemployment and part-time being a bad thing, whereas three-quarters of the people working part-time choose to. The problem is they are compromising on pay.

Q218 Mr Shuker: As you can tell, I do Ironman training on my fifth day as well. The Committee will debate what recommendations we should make to the Government. Just regards to the conversation we have had around low pay, what do you think is the Government's responsibility? What should the Government do? There is a role for the individual and there is a role for the employer, but what should be mandated by Government that would make a difference to this?

Emma Stewart: We have some very specific thoughts. From the DWP's perspective we need to think about how JCP talks to employers and what the NEST team does, and there needs to be some education about advising employers on different kinds of jobs and how people need to be recruited.

From a BIS perspective, if universal credit is going to work, we need a narrative that is not about saying, "You just have to work more hours to get out of low pay". It is about getting a higher hourly rate of pay, but we need investment in the careers advancement service in order for that to happen, which has some ability to talk to employers in a different way. We would say more broadly—certainly at the regional level—there needs to be a LEP focus on the wider understanding of the structural nature of the jobs market to facilitate people in low pay and, more broadly, a different narrative about the benefits of a different kind of job market to influence employers. There are some very nuts and bolts, tangible things linked to universal credit that are quite fundamentally critical right now and we need to look at.

Mr Shuker: Helen, would you like to comment?

Helen Fairfoul: I have just a quick comment. There is something that the Government is doing, and that is introducing a national living wage. I know there is also a voluntary living wage that is higher, but a lot of employers are looking long and hard at the implications of that.

In our sector, they are looking longer term at national living wage, but looking at living wage, and that is forcing employers into rethinking productivity, job design and tiers of jobs in the lower sections of the workforce. In some ways that intervention will prompt some much more imaginative thinking because it will have to, because otherwise there will be a bigger productivity problem because we will just be paying more money and not getting anything more in terms of productivity. Because of the looseness at the bottom end of the labour market, we have downplayed those skills we need in those roles and not recognised the abilities and potential of people in our workforces. We will start to look at that more. It is certainly going to happen in higher education. Roles will be reviewed. Do we need these tiers of supervisors telling people what to do when they are probably quite capable of organising themselves?

Claire Turner: Just to reiterate, our idea of an industrial strategy for low-paid sectors is Government working in partnership with those sectors. Certainly thinking about the career development framework, there is a role for Government there. We think that with a lot of these things, when you look at things like the labour market, local economies and local populations, they differ very dramatically. Whilst there is a role for national government to be the lead and to drive some of this, a lot of what needs to happen needs to happen locally and be relevant to those local job markets and populations. There is certainly a role for LEPs in some of that career development. In terms of the living wage, there is still an opportunity to promote the voluntary living wage and a key role for the public sector to take a lead in that. We can see good examples in terms of the Scottish Government or the Mayor of London's office, which have already taken the lead in terms of being voluntary living wage and accredited employers, and not only paying their staff directly the living wage but thinking about the living wage in their contracting and procurement. There is a leadership role on pay that the public sector needs to take.

Q219 Mr Shuker: On care, you called for regulation rather than just inspection in your report. Could you just reiterate what you thought that regulation should be?

Claire Turner: We have talked a lot about the CQC. I will call them the regulator, but we think in a lot of ways they inspect rather than regulate. Certainly some of the issues that we think are really important around pay, progression, funding for care, in terms of transparency of what people pay for care, are the things we think could helpfully be part of a regulatory system. We think that this happens in other sectors and we really need to bring some other things in there, but also to think about how, at the moment, the system places that responsibility entirely on the care home, for example, and the role for commissioners and regulators when we are thinking about fee levels, for example. It is trying to involve the whole system in regulation and not placing everything on the care home providers themselves.

Emma Stewart: There is a role for Government in leading by example in terms of how it employs, recruits and progresses people and also thinking about supply chains. We have not talked about procurement but there is a really big opportunity here to explore how you can persuade an employer to change its recruitment practices, for example.

Q220 Chair: We are going to move on to procurement fairly shortly. Before we do that, can I just ask one further thing about flexibility? This came up in our earlier session. What is part-time working? Is part-time working five hours a week, 25 hours a week or 30 hours a week? To what extent do we need to change the way we talk about jobs to assist? I was thinking particularly about some earlier evidence we had heard about the prevalence of agile working among men, which seemed to be higher, particularly among older men, in comparison with women. To be slightly simplistic: is agile working what men talk about when women take on part-time working?

Emma Stewart: Terminology is a huge barrier. You have agile, fluid, part-time, flexible. There is a whole range of terms to make it land better. We would say that the best way to approach this is to look at it on a spectrum; you can have flexibility on task, place and time, and how much. Our part-time is probably the equivalent to Finland's full-time because of the hours. Full-time working in Scandinavian countries is much more prevalent because there are boundaries and we are not working ridiculously long hours. Most women returners still prefer the option of part-time, as in less work, than flexible, but we have to explain the spectrum of this. For businesses to engage there need to be opportunities to consider home working, part-time working and full-time but with different start and end times, because it has to work for business as well as for individuals. In a way we have to just accept that there is a lot of different terminology, but often the best person to tell you how work can be done on a flexible basis is a flexible worker, because they have already done it.

Q221 Ruth Cadbury: On procurement, particularly in the public sector, do you have examples of strategies that have worked and where the next pressure should be to get further changes?

Emma Stewart: The programme that we work with local authorities, Timewise Councils, which is an accreditation programme, requires them to take a leadership role explicitly on flexibility, but part of that is to require them to take action with their suppliers and through procurement. We have 15 councils across the UK that have been through the programme. Some are now starting to have a direct influence. Procurement is hard in terms of EU regulations, but they are doing very practical things like providing workforce guidance to their suppliers to encourage them to understand the business case for designing jobs differently. It is a bit of a win-win for local authorities, because if you can be more efficient in the way that you design your jobs, you can deliver more efficient services. That is starting to filter through to suppliers, changing their behaviour. From a hard procurement perspective, we have done some work with local authorities to influence PQQs to encourage them to submit what they plan to do in relation to low pay and job design. It is in the early stages but we are hoping that will have some traction.

Ruth Cadbury: There is an overuse of PQQs anyway; they do not need to be used nearly as much as they are.

Emma Stewart: Exactly.

Claire Turner: I do not have a lot of detail on this but we are aware that the Scottish, Welsh and Northern Irish governments have frameworks in place about how best to use procurement for social impact. I should think there is something that England could learn from the work that is already going on in some of the other devolved countries. I am not

sure how much evidence we have of what works yet, but we are working with the key anchor institutions in the Leeds City Region to really think about their procurement practices and how, again, they could have a social impact. I am not sure we have strong evidence coming through from that just yet.

Q222 Ruth Cadbury: It is not a complete overlap but there must be some analysis of the true national living wage accredited employers. There must be some work there about the impact they have had. Certainly my local authority, as a living wage employer, is also a living wage contractor, because the two go hand-in-hand.

Emma Stewart: They are probably in the minority. Our sense is that it is work in progress. Some are doing really good work but there is still quite a lot of work to be done to ensure that the procured services and employers pay the living wage as well. It is a challenge.

On the Social Value Act, it is challenging because it does not have a huge amount of teeth. We need some really good examples, again, of the business case, but also it is about the scoring mechanisms within procurement. If you are going to have a Social Value Act, you have to weight judgments based on proper social value. There are some great examples but, again, I am not sure quite how much traction it is getting with larger facilities companies, for example.

Q223 Chair: We have been grappling with zero hours' contracts and the need to feel that they are protecting people in the way they should and giving them what they want. We are finding it difficult to find any ways of improving zero hours' contracts or concrete examples of how they could be improved. Would you like to offer any evidence to the Committee on that today? It is slightly separate to what we have been discussing, but I could not resist taking this opportunity to press you for your expertise on that.

Emma Stewart: We have seen them work where there is transparency and good planning in relation to being clear when work is booked in and when work can be done, and that it is agreeable on both sides, with the individual and the employer. It does not work—and there are examples in hospitality, and all sectors—where work is taken away or given at very short notice. There are some examples and, again, with a local authority we have worked with within children's services we have seen some good progression opportunities out of zero hours' and into permanent work, but it has been managed really effectively by the employer. There is an anxiety that all zero hours' contracts are bad, and we would not necessarily say that was the case.

Chair: Transparency and notice on hours.

Emma Stewart: Yes.

Chair: That is really helpful. Is there anything else?

Claire Turner: There should be much more autonomy. In terms of some of the problems with zero hours' contracts, there are things around maybe banning exclusivity clauses, thinking about ensuring all staff on zero hours' contracts have written terms and conditions and a contract that clearly states what kind of contract they are on, and compensation where work is cancelled at no notice. They were the things that we had

identified. Again, we want to think about a wider strategy for the bottom end of the labour market, not always focusing on a particular type of contract.

Chair: Understood. We just felt we needed to get our mind around that.

Helen Fairfoul: From higher education, we have been looking at zero hours' contracts because there has been some challenge to suggest that there is a lot of it in higher education. We have found that where they are being used tends to be around student employment, where students want the flexibility. It reinforces that, if it is clear and everybody knows what it says on the tin, it can be a very desirable way in which to deal with genuinely casual, fluctuating demand from people who can work in that way. That is the university student cohort. The other area is professionals who want to make some input but need that flexibility. They can have their place; they can be good. I completely agree: it is complete clarity, transparency, the avoidance of abuse by adequate notice of the arrangements, and those sorts of things.

Chair: That is very helpful. Thank you very much for your thoughts on that. On behalf of the Committee, can I thank you for your time today and for some really excellent ideas on how we can try to shape the inquiry that we are leading here? Thank you very much.