

Working Families response to Building our Industrial Strategy Green Paper

Question 2 Are the ten pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which ones are missing?

It is disappointing that the strategy does not include childcare in the ten pillars, given that other factors which enable employment such as skills development are included. The Department's own figures estimate that working parents make up around 36% of the UK workforce: the ambitions of the strategy cannot be met without supporting this part of the labour market.

For many working parents, lack of affordable childcare is either a barrier to entering paid employment altogether, or limits the hours and type of employment they can undertake. There has been a marked increase in the cost of childcare in recent years, with parents in the UK spending a far greater proportion of their wages on childcare costs than parents in other OECD countries¹. One in five parents would like to use more childcare but cannot due to the cost and one in ten cannot find provision for the hours that they need². Overall, affordability and availability of childcare are an issue for four in ten working parents³.

We are concerned that childcare is also having an impact on career progression – our research suggests that seven out of ten working fathers and eight out of ten working mothers would consider their childcare needs before taking a new job or a promotion⁴. There is a risk that both genders now feel they have to downgrade their careers if they have children, reducing the UK's capacity for productivity and growth. The estimated annual costs of under-utilising women's skills alone is estimated to be between 15 and 23 billion pounds⁵.

This 'childcare crunch' is experienced even more acutely by parents with disabled children. Specialist childcare to meet the sometimes complex needs of disabled children is in short supply and is considerably more expensive than care for children who are not disabled. Our evidence suggests that one in three in-work parents of disabled children is paying more than £10 per hour for childcare, more than twice the national average cost⁶. Two-thirds of parents in work who have disabled children and who took part in our research have avoided promotion, declined promotion or accepted a demotion in order to balance work and caring responsibilities.

The commitments that the government has made to increase the availability and affordability of childcare for working parents are welcome but these need to recognise the flexible and varying needs of families, and should be evaluated according to their impact on parental participation and progression in the labour market. While the 15 hour childcare offer was introduced to support child development, the increase to 30 hours is predicated on parents

¹ Equality and Human Right Commission (2013) *Women, Men and Part-time Work*

² Working Families and Bright Horizons (2017) *The Modern Families Index 2017*

³ Ibid

⁴ Ibid

⁵ Department of Work and Pensions (2010) *Flexible Working: working for families, working for business A report by the Family Friendly Working Hours Taskforce*

⁶ Working Families (2015) *Off balance: parents of disabled children and paid work*

being in work. A commitment to evaluating current policy with a view to significant review of, and investment in, the UK's childcare infrastructure so it delivers for working parents, employers and the economy should be explicitly included in the Industrial Strategy as part of employment policy.

We are pleased to note that the strategy includes the recognition that improved productivity means working smarter, not harder. This is a point we have long recognised in our work with employers on building the business case for flexible working. International evidence shows that not only are there decreasing returns on added working time, the returns in the form of added production diminish more rapidly for longer working times⁷.

However, the strategy does not include any detail on how the ambition for UK employees to work smarter rather than harder will be achieved. In particular, there is no reference to flexible working or new models of working to maximise productivity and work with the grain of people's lives.

We would welcome the opportunity to work with the government on joining up policy debates and solutions around flexibility and productivity – flexible and well-designed jobs are an essential part of ensuring that UK employers get the best out of their workforce and of ensuring that people in the UK labour market are achieving their full potential. Because the situation now is that too many jobs involve working damagingly long hours: Working Families' 2017 *Modern Families Index* shows that one in five UK parents working full time is putting in the equivalent of five extra weeks a year in unpaid work. 30% of working parents feel burnt out regularly – rising to 46% among millennials. Asked what they would do about burn-out, 29% of respondents would go off sick, a quarter would cut back hours and 11% would resign even without alternative work to go to.

At the same time, there is a shortage of quality part-time jobs, resulting in 1.5million people being stuck in roles below the level of their skills and experience, which is a cost to the economy⁸.

As the UK enters new trading relationships it is crucial that outdated approaches to work – working longer hours and its consequent effect on employee productivity and retention – do not become even more prevalent. The strategy could encourage a fresh approach to job design and working hours, so that people can perform better at work in appropriately designed roles which do not damage their wellbeing or family lives. We would like to see the Industrial Strategy include a move to flexibility by default, and recommend that the government promote the use of the *Happy to Talk Flexible Working* logo and strapline, developed for the DWP by a private sector employer working group chaired by Working Families⁹.

We would be interested to explore the potential for a 'concordat' approach for the government to engender best practice amongst businesses. Family Friendly Working Scotland, a partnership project led by Working Families, has been working with the Scottish government on increasing employer understanding of the benefits of, and the take-up of, flexible working. The Scottish Business Pledge includes asking businesses to develop

⁷ International Labour Office (2012) *The effects of working time on productivity and firm performance: a research synthesis paper*

⁸ JRF and Timewise (2016) *How flexible hiring could improve business performance and living standards*

⁹ <https://www.workingfamilies.org.uk/campaigns/happy-to-talk-flexible-working/>

family-friendly workplaces as a way to boost competitiveness and performance¹⁰. A similar approach in England may help businesses strengthen their commitment to agility, paying economic dividends.

Question 4 Are there important lessons we can learn from the industrial strategies of other countries which are not reflected in these ten pillars?

Nordic countries have more generous leave entitlements for fathers and mothers that promote gender equality in the workplace and facilitate women's participation at work. These are bolstered by high quality, state subsidised childcare that is available when parental leave runs out.

We believe that promoting gender equality at work and facilitating women's participation should be central to the Industrial Strategy, and to achieve this we recommend the introduction of independent, properly paid, leave for fathers.

Question 14: How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?

We welcome the commitments to supporting people to retrain and upskill throughout their working lives. The strategy should consider the particular needs of parents looking to retrain. We support the recommendation from the Family and Childcare Trust and Joseph Rowntree Foundation for the childcare element of Universal Credit to be extended to jobseekers and parents participating in work preparation activities, including education and training, who do not have access to another childcare support scheme¹¹.

We welcome the recent announcement that the government will invest £5million in 'returnships' to enable people who have taken time away from the labour market for caring responsibilities to return to employment. However, we are concerned that this was described by some commentators as a policy exclusively for mothers or for women. This perpetuates the notion that it is women who should bear all childcare responsibilities, and that initiatives to support re-entry to the labour market are 'a favour' to mothers, rather than a way to maximise skills in the UK economy. The government should make clear that this programme is open to everyone who has taken time out for caring responsibilities, and that it will support the ambitions of the Industrial Strategy.

¹⁰ <https://scottishbusinesspledge.scot/>

¹¹ Joseph Rowntree Foundation (2016) *Creating an anti-poverty childcare system*

Working Families response to Women and Equalities Committee: inquiry into the gender pay gap

1. Introduction

1.1 Working Families is the UK's leading work life balance charity. We run a free legal helpline for parents and carers needing advice about employment rights. We support a network of 2,000 parents of disabled children who work or want to work. We also work with employers to benchmark best practice and to help create family friendly workplaces.

1.2 We welcome the opportunity to submit evidence to the Committee's inquiry into the gender pay gap. Our evidence focuses on the research we have conducted around how women with caring responsibilities navigate the workplace, and the impact that this has on their promotion, recruitment, retention and training. Our research is conducted with women across different age groups. While the committee's focus is specifically on women aged over 40, the wider trends affecting women in working families are pertinent to the committee's questions. Over half of all children born in England and Wales in 2013 were born to women aged over 30¹.

1.3 If you have any queries about this response, or would like further information, email

2. Barriers to recruitment, retention and promotion

2.1 Research carried out by Working Families signals that parents are willing to forgo opportunities for promotion because of the impact on childcare arrangements. This is a bigger issue for mothers than fathers: with 67 per cent of women saying childcare arrangements would be a factor in deciding whether to apply for a promotion or a new job, compared to 51 per cent of men². There is also evidence that women are prepared to downgrade their careers in exchange for flexibility³. This dilemma could have a knock-on impact on the roles that women take up and, consequently, the gender pay gap.

2.2 There has been a marked increase in the cost of childcare in recent years, with parents in the UK spending a far greater proportion of their wages on childcare costs than parents in other OECD countries⁴. These high costs can be a barrier to women entering the labour market, or can prohibitively push parents out of employment to care for their own

¹ Office for National Statistics (2014) *Live Births in England and Wales by Characteristics of Mother 1, 2013*

² Working Families (2015) *The Modern Families Index 2015*. This is a survey of over 1000 working families across the UK, a third of respondents were aged 36-45.

³ Timewise Foundation (2013) *Jobs not careers: summary findings of a 3 year longitudinal study of 80 mothers in London who have been searching for work*

⁴ Equality and Human Right Commission (2013) *Women, Men and Part-time Work*

children. We regularly receive callers to our helpline worried about childcare costs and in many cases families will offset the cost of childcare against the mother's wages, rather than viewing this as a family expense, meaning many women feel unable to afford to return to work. One in five parents would like to use more childcare but cannot due to the cost and a similar proportion cannot use more childcare because they cannot find provision for the hours that they need⁵. The commitments that the government has made to increase the availability and affordability of childcare for working parents are welcome but these need to recognise the flexible and varying needs of families.

2.3 This 'childcare crunch' is experienced even more acutely by women who have caring responsibilities for disabled children. Specialist childcare to meet the sometimes complex needs of disabled children is in short supply and is considerably more expensive than care for children who are not disabled. Our evidence suggests that one in three in-work parents of disabled children are paying more than £10 per hour for childcare, more than twice the national average cost per hour⁶. While this is an issue that affects both men and women who are parents, a number of the mothers that we spoke to for our research told us about having to give up well-paid jobs due to the lack of suitable childcare, or because they were unable to maintain the flexibility needed to attend medical and other appointments for their children. Two-thirds of parents in work who took part in our research have avoided promotion, declined promotion or accepted a demotion in order to balance work and caring responsibilities.

2.4 In order to help tackle this issue, Working Families has worked with employer representatives to develop the 'happy to talk flexible working' strapline for employers to use when they advertise vacancies to signal that they are open to applicants working flexibly⁷. Women leave the labour market in order to care for children of pre-school age, in order to care for disabled children with additional needs, or in order to care for a sick parent, spouse or relative. They may leave for a short spell of for a number of years. A 'flexible by default' approach to recruitment would help women in any of these situations to re-enter the labour market. Given the age profile of women with caring responsibilities, a visible commitment to flexibility in the recruitment process may help to attract women aged over 40 to more senior or better paid roles.

3. Culture change

3.1 The committee has raised questions about the measures that should accompany gender pay gap reporting to create change within organisations. Our research shows that family-friendly working practices remain heavily gendered, with women more likely to work part-time, to work flexibly, and to be seen as the default parent when childcare arrangements break down⁸.

3.2 Working Families benchmark (2010-2015) of employer practice⁹ has found that HR managers' report that employees who work flexible or part time hours are viewed as favourably as their full time colleagues within their organisations. They are not seen as less productive, effective or committed.

⁵ Working Families (2015) *The Modern Families Index 2015*

⁶ Working Families (2015) *Off balance: parents of disabled children and paid work*. This is a survey of 900 parents of disabled children, respondents are both men and women.

⁷ There is more information about the strapline available on our website at <http://www.workingfamilies.org.uk/campaigns/happy-to-talk-flexible-working/>

⁸ Working Families (2015) *The Modern Families Index 2015*

⁹ There is more information about Working Families benchmarks of employer practice available on our website at <http://www.workingfamilies.org.uk/employers/the-top-employers-for-working-families-benchmark/>

3.3 There have been huge strides towards family-friendly workplaces, most recently through the advent of shared parental leave. But these changes will not lead to change in and of themselves – as long as it remains more culturally acceptable for women to work flexibly and take time off for caring responsibilities. Gender pay gap reporting should be accompanied by reporting on the steps that employers have taken to embed gender-neutral flexible working in their organisations, including a 'flexible by default' approach to recruitment, and providing sufficient pay and time off for paternity leave to be an attractive option for new fathers.

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