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Executive summary

This briefing argues that the Labour Government's forthcoming Employment Rights Bill has the potential to reduce the gender pay and earnings gaps and take strides towards a feminist future of work. It recounts the measures enclosed in Labour's New Deal for Working People, assessing them for their potential impact on women and making recommendations for where measures need to go further to improve women's working lives. These will not only make a difference to individuals' working conditions but also help to strengthen the economy.

Women's position in the labour market continues to be influenced by structural inequalities. This means that women are the majority of people in low paid and precarious work, as well as those more likely to face discrimination over the course of their working life. For example:

- More women (3.5%) than men (2.8%) are employed on zero-hours contracts.
- 6.5% of women do not earn enough to qualify for sick pay compared to 2.8% of men.
- The gender earnings gap (weekly pay) was 25% for all workers in 2024 while the gender pay gap was 14.3%.
- More women (10.5%) than men (7.2%) are classified as low earners.
- 72% of people who work part-time are women.
- 25.1% of women compared to 19.1% of men are classified as economically inactive.

The Employment Rights Bill could change these statistics in a way that will benefit women workers substantially, help reduce the gender pay gap over time and contribute to a more gender equal economy. This is because Labour's 'New Deal for Working People' targets women-led sectors, provides new protection against discrimination, extends basic employment rights to more women and begins to redistribute some unpaid care work.

These new provisions have the potential to ensure:

- 555,000 women will have newfound job security if the Employment Rights Bill ends the use of exploitative zero-hours contracts¹.
- 1.47² million women will have new rights to sick pay under new provisions so long as Labour delivers on commitments to remove the earnings eligibility for sick pay.

¹ ONS (2024) [People in employment on zero-hours contracts](#)

² WBG calculations = 555,000 women on zero-hours contracts Apr-June 2024 + 910,000 women who currently earn less than £123 a week according to TUC in January 2024 (70% of 1.3 million.)
<https://www.tuc.org.uk/news/women-more-twice-likely-men-miss-out-statutory-sick-pay>

- A reduction in women's economic inactivity rate compared to that of men's with an estimated potential contribution of up to £88.7 billion to the UK economy³. This will also require substantial investment in child, social and healthcare.

Nonetheless the Women's Budget Group urges the new Government to go further on a number of reforms to increase women's labour market participation and therefore reduce the gender pay and income gaps in the long term. The Employment Rights Bill will need to tackle the unequal distribution of unpaid care work and structural inequalities to:

- Extend statutory sick pay and statutory maternity pay to self-employed workers and increase the rate to at least the National Minimum Wage⁴ without changing the period of payment.
- Ensure genuine flexible working by introducing an advertising duty for all jobs to be advertised as flexible except in reasonable exceptions.
- Guarantee that Britain stays in step with Europe on women's rights by implementing the EU Pay Transparency Directive within 18 months, as is required by EU member states.
- Review and restore legal aid in discrimination cases to ensure women have access to new employment rights as well as adequately resourcing the EHRC to enforce women's rights.
- Introduce a new model of parental leave ensuring six months non-transferable leave for each parent, on top of six months of maternity leave and one month of paternity leave to be taken right after birth.
- Strengthen and properly enforce the public sector equality duty with new duties on and training for Government officials.
- Deliver comprehensive reform of the social care and early education and childcare systems as well as paid carers' leave, to help redistribute unpaid care work.

³ CLES and WBG (2023) [New research: prioritising gender inclusion in economic strategies](#)

⁴ The National Minimum Wage is currently paid to under 21-year-olds whereas the National Living Wage is paid to those over 21 years old. However, the new government plans to remove these age bands so that there is one National Minimum Wage for all workers.

Introduction

Labour has proposed a '[New Deal for Working People](#)' with increased worker protections proposed across a number of issues from fair pay and protections, hours and earnings, and rights at work. This includes changes to statutory sick pay, parental leave, the minimum wage, and employment tribunals. As the UK's leading feminist economics think tank, the Women's Budget Group (WBG) welcomes the proposals, which have the potential to contribute to a feminist future of work. This paper outlines WBG's analysis of Labour's New Deal for Working People, providing insight and data on its current and potential contribution to a feminist future of work.

Women and work

Women, especially those who experience multiple forms of systemic inequality stand to benefit the most from increased employment rights. This is because structural gendered inequalities continue to shape work and employment in Britain. As a result, unpaid care work, gender stereotypes, gender pay gaps, unequal pay and intersecting inequalities impact where, how much and in what conditions women work - as well as how much they are paid. These inequalities are both cause and consequence of other major gender inequalities in the UK, including women's overrepresentation in poverty and precarious work, lack of economic independence, and violence against women and girls.

Unpaid care is the root cause of women's economic inequality. Women carry out 50% more unpaid work than men on average⁵. As a result, women are more likely to be economically inactive, in low-paid, part-time and precarious forms of work. The gender pay gap is one indicator of the impact of women's unpaid care work on women's economic inequality. In 2023 the gap was 14.3% for all workers and 7.7% for full-time workers⁶. Women are not only paid less per hour on average than men, but they are also more likely to work fewer hours because of unpaid caring responsibilities, leading to an earnings gap in addition to the pay gap. Over the course of a lifetime, these inequalities often compound to cause the gender pension gap and result in women having lower levels of savings and wealth than men⁷. Women are therefore less prepared to face economic shocks and thus are more likely to be dependent on social security and public services^{8 9}. This is particularly true for Disabled women, single mothers and Black and Minority Ethnic women¹⁰.

The barriers to paid work encountered by women, and disadvantages including underemployment and lower pay, mean that £88.7bn of Gross Value Added (GVA) is lost to Britain's economy every year – equivalent to the annual contribution of the financial services sector¹¹. On the local level, the average regional economy is losing out on £1.68bn per year – in some cases representing nearly 10% of existing annual economic output¹². The detrimental effects of gendered economic

⁵ ONS, (2023) [Time use in the UK: 23 September to 1 October 2023](#)

⁶ ONS (2023) [Gender pay gap in the UK: 2023](#)

⁷ WBG (2023) [Why taxation of wealth is a feminist issue](#)

⁸ WBG (2021) [Household debt, gender and Covid-19](#)

⁹ WBG (2019) [Triple Whammy: the impact of local government cuts on women](#).

¹⁰ WBG and the Runnymede Trust (2017) [Intersecting inequalities: The impact of austerity on Black and Minority Ethnic women in the UK](#)

¹¹ Calculation of the estimated value of reducing women's economic inactivity level to the same rate as men's - CLES and WBG (2023) [New research: prioritising gender inclusion in economic strategies](#)

¹² CLES and WBG (2023) [New research: prioritising gender inclusion in economic strategies](#)

inequalities on the wellbeing of women represents the real cost to communities, hindering the accumulation of wealth and autonomy, driving health inequalities, and putting women and their families at a greater risk of isolation, poverty and poor health¹³.

It is therefore vital that Labour does not lose its ambition on reforming workers' rights and making real strides towards creating an economy that works for women, an economy that Chancellor Rachel Reeves has committed to building.

Pay and protections

Genuine living wage

The problem

- Women are more likely to be paid less than the Real Living Wage¹⁴ compared to men: jobs held by women accounted for 59.5% of all jobs paid below the Real Living Wage in April 2023¹⁵.
- A much higher proportion of part-time jobs are paid below the real Living Wage than full-time jobs – 28.3% of part-time jobs compared to 7.5% of full-time jobs¹⁶. The majority of part-time workers are women¹⁷.
- Women are also more likely to experience in-work poverty. Although the National Living & Minimum Wages have increased hourly earnings for the lowest-paid workers, it has not been enough to safeguard against poverty. Paid employment does reduce the risk of poverty (when compared to being out of work), yet 64% of working-age adults in poverty live in a household where at least one adult is in work¹⁸.
- Part-time workers' poverty rates are more than double the poverty rates of full-time workers (20% compared with 10%)¹⁹.
- Sectors within which women make up the majority of employees, such as retail trade (15%), and accommodation and food services (19%), have some of the lowest earnings and highest in-work poverty rates²⁰.
- The risk of in-work poverty is higher for Disabled workers than for those who are not disabled and is higher for Black and Minority Ethnic workers than for White workers²¹.
- People in families with children and one or more earners have a higher poverty rate than people in families without children with one or more earners.²².

¹³ CLES and WBG (2024) [Women's work How gender equality can deliver stronger local economies](#)

¹⁴ The Real Living Wage is calculated every year by the Resolution Foundation against the cost of living. The National Living Wage (over 21s) and National Living Wage (under 21s) is the statutory minimum employers must pay workers in the UK.

¹⁵ Living Wage Foundation (2024) [Employee Jobs Paid Below the Living Wage: 2023](#)

¹⁶ Ibid.

¹⁷ House of Commons Library (2024) [Women and the UK Economy](#)

¹⁸ JRF (2024) [UK Poverty 2024](#)

¹⁹ Ibid.

²⁰ Ibid.

²¹ [Ibid.](#)

²² [Ibid.](#)

- Although inflation has dropped to 2.3% in the year to April 2024²³, the cost-of-living crisis is still with us. Falling inflation does not mean falling prices, it simply means prices are rising more slowly.
- The costs of some key goods and services have also gone up by more than inflation, including housing²⁴ and childcare²⁵. There is evidence that women - especially the most marginalised groups of women - sit at the sharp end of the cost of living crisis²⁶ due to existing inequalities set out above.

Labour's plans:

- Change the Low Pay Commission's remit so that, alongside median wages and economic conditions, the minimum wage will reflect the need for pay to take into account the cost of living.
- Remove the discriminatory age bands to ensure every adult worker benefits from the minimum wage.
- Work with the Single Enforcement Body and HMRC and ensure they have the powers necessary to make sure the minimum wage is properly enforced, including penalties for non-compliance.
- Work with the Single Enforcement Body and HMRC to ensure the National Minimum Wage regulations on travel time in sectors with multiple working sites is enforced and that workers' contracts reflect the law.

WBG recommendations:

- WBG welcomes the new Government's approach to ensuring the minimum wage takes account of the cost of living.
- It is also positive that the Government plans to remove the difference between the National Living Wage (paid to those over the age of 21) and the National Minimum Wage (currently paid to those under the age of 21) so that there is one National Minimum Wage. This will particularly benefit younger women who are overrepresented in low-paid sectors and will therefore benefit from a higher National Minimum Wage.
- These changes are a positive development within the labour market but action to tackle in-work poverty needs to consider that a range of factors, not just low pay, contribute to in-work poverty and that women in particular find themselves having to reduce their capacity for paid work in order to meet caring responsibilities.
- Labour market policies aimed at eradicating poverty and/or inequality need to work holistically in combination with other parts of the social protection system such as social security benefits and adult social care and childcare. Increasing hours and pay is insufficient if families still cannot afford childcare, effectively locking one parent (usually the mother) out of the labour market.
- WBG encourages the Government to stand by their proposed commitments. Whenever new measures are introduced to improve pay and conditions, some critics suggest that improved

²³ ONS (2024) [Consumer price inflation, UK: April 2024](#)

²⁴ ONS (2024) [Private Rent and House Prices UK: April 2024](#)

²⁵ Early Education and Childcare Coalition (2024) [Rescue and Reform: A Manifesto to Transform Early Education and Childcare in England](#)

²⁶ WBG (2024) [Cost of Living](#)

workers' rights cause job losses and lower productivity. These same arguments were made about the minimum wage - a policy that is now heralded by politicians and businesses alike.

- Tackling the inequality faced by many across the UK today is going to take bold change that reflects the world we live and work in today.

Statutory sick pay

The problem

- The current rate of Statutory Sick Pay (SSP) is wholly insufficient at £116.75 a week. It has failed to keep pace with the cost of living, inflation and even increases in the National Minimum Wage.
- The UK's sick pay policy is significantly less generous than in other comparable countries. In the majority of EU countries, the proportion of an individual's wage that is covered by sickness benefits varies between 70% and 100%, but in the UK it is just 17%.
- Women are more likely to be in low-paid, insecure, and part-time employment and therefore make up the majority of those in jobs that are ineligible for SSP (earning less than the qualifying £123 a week minimum). TUC analysis shows that women are more than twice as likely as men to miss out on statutory sick pay: 6.5% of women do not earn enough to qualify for statutory sick pay, compared to 2.8% of men.
- 1.3 million do not earn enough to qualify for statutory sick pay – and 70% are women. Black and Minority Ethnic women (7%) are most likely to miss out on statutory sick pay – and are more than twice as likely compared to white men (2.7%)²⁷.
- The insufficient rate and inadequate qualification requirements of SSP are putting the most vulnerable in our society at further risk and exacerbating existing health inequalities. There is also a longer-term risk of increased economic inactivity if people's health gets worse because workers cannot afford to take time off when they need to. It is vital that these inadequacies are addressed if the Government is serious about economic growth and societal prosperity.

Labour's plans

- Strengthen statutory sick pay, remove the lower earnings limit to make it available to all workers and remove the waiting period.
- Ensure the new system provides fair earnings replacement for people earning below the current rate of statutory sick pay.
- Sick pay will also be one of the employment rights made available from day one of employment for all workers in the Employment Rights Bill. This is covered later in this briefing.

WBG recommendations

- WBG welcomes the Government's move to ensure all workers are eligible for statutory sick pay. This will particularly benefit women given their current overrepresentation in ineligible jobs.
- However, WBG recommends the Employment Rights Bill go further to extend statutory sick pay to self-employed workers. The UK is one of only four countries in the EU where self-

²⁷ TUC (2024) [Women more than twice as likely than men to miss out on statutory sick pay](#)

employed people are not eligible for any sick pay²⁸. Though men make up the majority of self-employed people, women's self-employment rate has increased in recent years so this has the potential to contribute to a more gender equal economy²⁹.

- WBG also recommends the Government look urgently at increasing the rate of SSP without changing the period of payment (28 weeks SSP in any one period of sickness, including in a linked period) as in Labour's original New Deal for Working People document. In the majority of EU countries, the proportion of an individual's wage that is covered by sickness benefits varies between 70% and 100%. In 2020, only the UK and Malta were as low as 20%, but in 2023 this fell to 17% in the UK³⁰.

Collective bargaining

The problem

- Social care in the UK has long been in crisis. Addressing issues in the care workforce is one of the most pressing challenges facing the sector.
- The care workforce is predominantly female. In 2022/23, women made up 81% of the 1.17 million people working in social care³¹.
- The adult social care sector is widely affected by insecure work conditions, high turnover, little investment in training, and low pay.
- Care worker median pay per hour was £10.34 in 2022/23. More than a fifth (22%) of the adult social care workforce has a zero-hours contract, compared to 3.5% in the wider economy.
- Women are also the majority of unpaid care workers .

Labour's plan:

- Establish a new Fair Pay Agreement (FPA) in the adult social care sector, empowering workers and the trade unions that represent them to negotiate fair pay and conditions, including staff benefits, terms and training, underpinned by rights for trade unions to access workplaces, in a regulated and responsible manner, for recruitment and organising purposes.
- Consult widely on the design of this Fair Pay Agreement, learning from those economies where they already operate successfully, ensuring the highest standards of representation and accountability.
- Publish a full and transparent review of the agreement. Assess how and to what extent FPAs could benefit other sectors and tackle labour market challenges.
- Work with the Single Enforcement Body and HMRC to ensure the National Minimum Wage regulations on travel time in sectors with multiple working sites is enforced and that workers' contracts reflect the law. The law states home care workers should in most cases be

²⁸ Publications office of the European Union (2016) [Sick pay and sickness benefit schemes in the European Union](#).

²⁹ In 2019, there were almost 5 million people registered as self-employed, rising from close to 13% of all employees in 2008 to 15.1% in 2019. Women were the majority (61%) of the newly self-employed and the increase in the number of women in the UK becoming self-employed was unprecedented. Historically, women have made up over a quarter of the self-employed, but now account for 37%. WBG calculations using total number of people in employment (Labour Force Survey, Apr-Jun 2019) and ONS EMP14 Employees and self employed by industry (Apr-Jun 2019)

³⁰ S. Spasova et al (2020). [Sickness benefits in the EU: making sense of diversity](#)

³¹ Skills for Care (2023) [The State of the Adult Social Care Sector and Workforce in England](#)

paid for their travel time. However, due to poor enforcement too many aren't being paid what they are owed.

WBG recommendations

- A Fair Pay Agreement in adult social care is a step in the right direction. Improving pay, not just for the lowest-paid positions but across the wage structure, is crucial to attract workers into the sector and retain them through offering career and pay progression.
- Wider reform is necessary. WBG has produced a full set of recommendations on reforming the adult social care sector and delivering a high-quality Universal Care Service [here](#).
- WBG recommends the Government also look beyond social care and empower workers to act collectively via the roll-out of Fair Pay Agreements in other sectors, especially those where women workers are overrepresented which tend to be the lowest paid in the labour market. Adult social care budgets should be properly resourced so providers can raise wages without compromising on quality or eligibility.

Carer's leave

The problem

- Women make up the majority (58%) of carers. 20% of women aged 45 to 54 are providing unpaid care to someone with a disability or illness or who is older.
- Women are more likely to be juggling work and care – 20% of women compared with 13% of men, partly linked to the fact that women are more likely to be working part time³².
- Lack of carer's leave is also bad for employers: 6% of women have given up work to care – compared with 4% of men³³. This equates to 1.6 million women who have given up work to provide unpaid care for a chronically ill, disabled or older relative. Around 1 million men have done so. 5% of women have reduced their working hours to care – compared with 3% of men, and in 2019, 9% of women said their work had been negatively affected, compared with 5% of men.
- Paid carer's leave is a good solution to this, allowing women and men to keep their jobs and maintain their caring responsibilities. Despite moves by the previous Government, paid carer's leave still does not exist in the UK.

Labour's plans

- Review the implementation of new legislation for unpaid carer's leave introduced in April 2024 and examine all the benefits of introducing paid carer's leave, while being mindful of the impact of any changes on small employers.

WBG recommendations

- To confront the issue of unpaid care and reduce economic inactivity, WBG strongly urges the Government to ensure the Employment Rights Bill includes provisions for paid family and carer's leave, as in the original New Deal for Working People.
- We support Carers UK call for one week of paid carer's leave as a first step. This would benefit an estimated two million people and save employers billions of pounds a year in

³² Carers UK (2019) [Women's Budget Group Commission on a Gender-Equal Economy evidence submission](#).

³³ Ibid.

recruitment and absence costs. The UK economy would benefit £8.2 billion a year in productivity gains³⁴.

Hours and earnings

Self-employment

The problem

- Self-employment in the UK is at the highest point since records began 40 years ago. The majority (61%) of newly self-employed people between 2008 and 2019 were women³⁵.
- For many women self-employment is a positive option allowing flexible work but, for a growing proportion self-employment is not a choice but a necessity driven by factors including public sector job losses, the uprating of the female retirement age, or a need to accommodate caring responsibilities.
- The gender pay gap for the self-employed is 43%³⁶. Self-employment may be a route to low pay for some women.
- At the same time, many self-employed people and those classified as ‘workers’ do not have access to basic rights including maternity and paternity leave and sick pay. Self-employed women are not eligible for statutory maternity pay, instead relying on statutory maternity allowance if eligible, which is lower.

Labour’s plans

- In recognition of the complex three-tiers of employment in the UK (employer, worker and self-employed), the Government will move towards a single status of worker and transition towards a simpler framework that distinguishes between workers and the genuinely self-employed.
- They will also strengthen rights and protections to help self-employed workers thrive in good quality self-employment including the right to a written contract, action to tackle late payments and extending health and safety and blacklisting protections to self-employed workers.

WBG recommendations

- The Government should go further to promote the rights of self-employed women by ensuring access to sick pay and parental leave and pay as in Labour’s original New Deal for Working People.
- Universal Credit also presents barriers to self-employment for those on low earnings, who are more likely to be women. For example, to qualify for UC, self-employed women usually have to earn a certain amount and cannot have more than £16,000 in savings. Many self-employed people keep savings for tax or in case they need savings to replace lost work. To ensure women especially can access UC while self-employed, the Government should look to suspend the minimum income floor and assets limits.

³⁴ Carers UK (2024) [Taking the next step for working carers – Introducing a new right to paid Carer’s Leave](#)

³⁵ WBG (2023) [Women and employment](#)

³⁶ IPSE (2024) [Women in self-employment](#)

- Finally, the Government should look at how to collect and monitor better sex-disaggregated data on the experiences, pay, support and hours of self-employed people.

Zero-hours contracts

The problem

- Women are overrepresented on zero-hours contracts. As of Jan-Mar 2024, ONS data shows that 3.4% of women in employment are on a zero-hours contract compared to 2.9% of men. This is likely due to their overrepresentation in sectors where zero-hours contracts are often used like adult social care, hospitality and retail³⁷.
- This increases both the gender pay and earnings gaps as a result of lack of certainty regarding weekly or monthly earnings.
- Lack of certainty regarding hours can have additional consequences for primary carers and parents. Given the enormous costs of childcare, cancelling or arranging shifts last minute can leave women losing money by the hour or with no childcare.

Labour's plans

- Labour will end 'one sided' flexibility and ensure all jobs provide a baseline level of security and predictability, banning exploitative zero-hours contracts and ensuring everyone has the right to have a contract that reflects the number of hours they regularly work, based on a twelve-week reference period.
- Labour will ensure all workers get reasonable notice of any change in shifts or working time, with compensation that is proportionate to the notice given for any shifts cancelled or curtailed.

WBG recommendations

- WBG welcomes the Government's step to provide more certainty about hours and earnings. This may help reduce insecure work, in work poverty and therefore reduce the gender pay gap and income gaps overall.
- However, we note that Labour's original New Deal for Working People required cancelled shifts to be paid in full. Given the high costs women often face in order to work, including childcare, we urge the Government to return to this approach.

Flexible working

The problem

- Lack of flexible work is locking women especially out of employment opportunities and increasing levels of economic inactivity among certain age groups of women. Women are more likely to work part-time or flexibly, often in order to juggle unpaid care work for children, disabled or older people.

³⁷ ONS (2024) [People in employment on zero-hours contracts](#)

- For example, when the ONS surveyed adults aged 50-65 who left their jobs during the pandemic and asked what the most important factors would be when choosing a paid job, over a third (32%) said flexible hours³⁸.
- Evidence from the Fawcett Society in 2023 showed that 40% of women who weren't in work said that access to flexible work would mean they could take on more paid work compared to 32% of men. 77% of women said they would be more likely to apply for a job that advertises flexible working options³⁹.

Labour's plans

- Ensure workers can benefit from flexible working, including opportunities for flexi-time contracts and hours that better accommodate school terms where they are not currently available, by making flexible working the default from day one for all workers, except where it is not reasonably feasible.

WBG recommendations

- WBG would like to see the Employment Rights Bill ensure that flexible working is the default except in tightly defined circumstances so that employers have to justify why flexibility is not an option. This opt-out model, rather than the current opt-in model, will ensure all workers can genuinely benefit from flexible working.
- At the same time, WBG recommends the Government take steps to remove the stigma around flexible work and avoid hybrid workers facing discrimination at work after a TUC report found that 86% of workers felt they experienced discrimination because they work flexibly⁴⁰.
- WBG also supports the work of the Fawcett Society, the Trade Unions Congress and Pregnant Then Screwed in calling for a flexible working advertising duty so that all jobs are advertised flexibly, except where it is not reasonably feasible.

Rights at work

Employment tribunals and maternity discrimination

The problem

- Sex, pregnancy and maternity discrimination continues in Britain. Black, Asian and Minority Ethnic women and Disabled women may face additional intersecting forms of discrimination.
- Lack of access to justice is a major barrier to women's equality in Britain due to lack of access to legal aid and, in recent years, the tribunal backlog.
- Our 2023 report found that the most widespread employment law issue women seek help with is pregnancy/maternity discrimination⁴¹.

³⁸ ONS (2022) [Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic: wave 2](#).

³⁹ The Fawcett Society (2023) [Unlocking flexible work](#).

⁴⁰ TUC (2021) [Half of working mums don't get the flexibility they ask for – TUC survey](#).

⁴¹ WBG (2023) [Gender gaps in access to civil legal justice](#)

- In 2018, the Equality and Human Rights Commission found that 11% of mothers felt forced to leave their job during pregnancy or new maternity amounting to 54,000 women a year losing their job for becoming mothers. Economic shocks since will only have exacerbated this trend⁴².
- The current law, including the Protection from Redundancy (Pregnancy and Family Leave) Act 2023 does not go far enough to protect from this kind of discrimination.
- At the same time, the current three-month time limit for bringing an employment tribunal under Section 13 of the Equality Act 2010 for direct or indirect discrimination restricts women's access to justice in these cases as they are often heavily pregnant or new mothers when the time limit breaches.
- Most pregnant women and new mothers do not have the financial or emotional resources to bring a claim in the first months of motherhood. Some unscrupulous employers may know this, allowing them to act with impunity.
- Lack of access to legal aid and specialist advice also restricts women's equality. Over the past decade, the UK justice system has experienced significant funding cuts since the implementation of the Legal Aid, Sentencing and Punishment of Offenders Act (LASPO Act) in 2012. The Ministry of Justice budget in 2019/20 was 25% lower than in 2010/11, leading to a fragile civil legal justice system even before the pandemic hit⁴³.

Labour's plans

- In line with the Law Commission recommendation in April 2020, increase the time limit within which employees are able to make an employment claim from three months to six months, bringing the time limit for all claims in line with the time limit for statutory redundancy and equal pay claims.
- Labour's Race Equality Act announcement also pledged to enact Section 14 of the Equality Act to allow claims for 'dual discrimination'.
- Strengthen protections for pregnant women by making it unlawful to dismiss a woman who is pregnant for six months after her return, except in specific circumstances.

WBG recommendations

- WBG welcomes Labour's plans to strengthen protections against redundancy for pregnant women and new mothers, double the time limit for employment tribunal claims and enact dual discrimination - an essential provision for women who are marginalised by multiple protected characteristics.
- Changes to the laws on making a pregnant women or new mother redundant must go further than the existing law to ensure that there are very few circumstances in which this is legal i.e. bankruptcy or gross misconduct.
- We would like to see the new Government go further to improve access to legal aid for employment discrimination. The scope for employment law issues covered by legal aid should be widened, thresholds for eligibility to seek advice should be increased, and access to community legal advice should be improved.
- The new employment rights illustrated throughout this briefing will only be so effective in reducing sex discrimination without increased access to legal aid as employers acting in bad

⁴² EHRC (2018) [Maternity and pregnancy discrimination research findings](#)

⁴³ WBG (2023) [Gender gaps in access to civil legal justice](#)

faith will know their employees cannot afford to take claims, allowing them to ignore the law.

- In the medium to long term, WBG recommends the Government undertake a review of the impact of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LAPSO) on women's employment outcomes.

Basic rights and parental leave

The problem

- Due to stringent requirements, many women workers in the UK are not eligible for basic employment rights including protection against unfair dismissal, maternity leave and pay, and sick pay.
- Lack of eligibility for statutory maternity pay is a major issue for women in the UK which can increase both women's inequality and child poverty.
- In 2020, 15.5% of women did not earn enough to qualify for rights such as sick pay or statutory maternity pay, while 10.6% of men did not qualify, a more than 50% gender difference⁴⁴.
- Currently, parents must have worked for their employer for 26 weeks on notification of pregnancy, which must take place at least 15 weeks before the baby or adoption is due to be eligible for SMP and SPP. This means women cannot move jobs while pregnant or may inadvertently disqualify themselves from SMP if they start a new job in the early and unknown stages of pregnancy. It also means that some women may stay in jobs they are overqualified for to access SMP, reducing their mobility and progress in the labour market.
- Low levels of statutory maternity and paternity leave and sick pay disproportionately disadvantage women as women are most likely to need both payments over the course of their employment, and low rates of paternity pay contribute to the gender pay gap.
- A 2024 Maternity Action and UNISON survey of more than 1,000 expectant and new mothers found 62% rely on credit cards and borrowing to help finance their maternity leave, with 23% accumulating debt of more than £4,000 and 59% planning or having had to cut short their maternity leave because of the finances. 20% reported the father or co-parent could not afford to take any leave after the birth of their child⁴⁵.
- Moreover, maternity allowance (MA) and statutory maternity pay (SMP) are treated differently in the means-test for Universal Credit: while SMP counts as earnings it is subject to the UC taper, while MA is counted as a benefit and deducted in full.

Labour's plans

- The Employment Rights Bill will include basic individual rights from day one for all workers, ending the current arbitrary system that leaves workers waiting up to two years to access basic rights of protection against unfair dismissal, parental leave and sick pay.
- Commitment to conduct a review of parental leave within the first year of a Labour government.

WBG recommendations

⁴⁴ WBG (2020) [WBG responds to recovery roadmap](#)

⁴⁵ Maternity Action (2024) [The Cost of Living on Maternity Leave Survey 2024](#)

- WBG commends this move. Making both SSP and SMP a day one right can help to increase women’s labour market mobility and reduce underemployment, contributing to closing the gender pay gap over time.
- However, it must be accompanied by increases in the rates of both statutory maternity and paternity pay and sick pay to have the intended impact on the gender pay gap and women’s equality. All should rise in line with inflation at least annually, with a commitment to rising to the equivalent of the National Minimum Wage at full time per week by the end of the parliament.
- WBG notes the New Deal for Working People also commits to a review of parental leave in the first year of a Labour government. We hope the new Government prioritises this review to fix the UK’s broken parental leave system which is pushing new mothers into poverty and exacerbating the gender pay gap.
- WBG has a full briefing for the new Government on maternity, paternity and parental leave available [here](#). We recommend the UK introduce a simple and fair model of:
 - Six months non-transferable maternity leave paid at 90% of average weekly earnings for the first six weeks and at least the real living wage for the remaining time.
 - A one-month non-transferable period of leave for fathers or second parents, paid at least at the real living wage, to be taken around the time of birth.
 - Six months use-it-or-lose-it non-transferable parental leave entitlement for each parent, paid at a flat rate linked at least to the real living wage to replace Shared Parental Leave. Parents should have flexibility about how and when to take this for 18 months after birth⁴⁶.
- These changes must be made alongside a flexible default UK labour market and universal early education and childcare provision, as well as adult social care reform, to genuinely tackle the unequal distribution of unpaid care work for children, disabled and older people.

Equal pay and pay transparency

The problem

- As demonstrated by recent high profile cases including Birmingham City Council and Asda supermarket, unequal pay – where women are paid less than men for the same work or work of equal value – continues to be a problem. This is despite nearly fifty years passing since Barbara Castle’s Equal Pay Act became law.
- Equal pay is distinct from, but contributes to, the overall gender pay gap facing women in the labour market.
- The UK is also falling out of step with the European Union on equal pay after the EU Pay Transparency Directive became effective in 2023. The directive requires employers to publish all vacancies with a salary band, bans the asking of salary history in job interviews and enshrines the right for women workers to know what their male counterparts earn.
- The previous Government paused their pay transparency pilot in 2024. It will be for the new Government to pursue. Labour’s Equality Act initially provided women with the right to know what male counterparts earned via the sex discrimination questionnaire, but this was repealed by the Conservative Government in 2013.

Labour’s plans

⁴⁶ WBG (2024) [Maternity, paternity and parental leave](#)

- Put in place measures to ensure that outsourcing of services can no longer be used by employers to avoid paying equal pay, including for work of equal value, to women.
- Implement a regulatory and enforcement unit for equal pay with involvement from trade unions.

WBG recommendations

- WBG welcomes proposals on insourcing, which could have significant positive impacts for women.
- Any new requirements on regulators to enforce equal pay laws must come with further investment in enforcement to ensure they are effective.
- Early education and childcare and social care reform will be integral to tackling equal pay in the long term to reduce occupational segregation.
- The new UK Government should guarantee that Britain stays in step with Europe on women's rights by implementing the EU Pay Transparency Directive within 18 months, as is required by EU member states.
- Introduce a specific duty in the Public Sector Equality Duty legislation for public bodies to narrow their gender pay gaps.

The Public Sector Equality Duty (PSED)

The problem

- The aim of Labour's PSED contained in the 2010 Equality Act was to bring about a transformative approach to equality by going beyond simply outlawing discrimination to tackle inequality at a structural level.
- The duty has failed to fulfil this aim. In particular, in England, there is still a failure to consider gender equality in a meaningful way when compared with the previous Gender Equality Duty.
- This is due to the vague and inconsistent interpretation and application of the 'due regard' test which contains no specific required output e.g. an equality impact assessment and no requirement to act following an assessment.
- There is no duty to set out steps to meet equality objectives, no duty to consult or involve, no duty to publish specific information on the pay gap and no duty to consider equality in procurement.
- Enforcement, monitoring and education about the duty by the EHRC has become nearly impossible because of successive funding cuts which has seen its budget fall from £70 million in 2009/10 to £17 million in 2022/23⁴⁷.

Labour's plans

- Protect and uphold the Equality Act, including the Public Sector Equality Duty and ensure its provisions cover all parties exercising public functions.

WBG recommendations

- The new Labour Government has a responsibility to restore and improve compliance with the Public Sector Equality Duty across local and national governments, with particular emphasis on fiscal events including spending reviews and budgets.

⁴⁷ Gov.uk (2023) [EHRC annual report and accounts 2022 to 2023](#).

- In order to do this WBG recommends strengthening the PSED with new duties for England drawing on those in Wales and Scotland and including a duty to address the gender pay gap.
- This should include a new duty on all public bodies in England to deliver an annual equalities plan which takes account of past and future work taking account of equalities in their workstreams. These plans should be assessed for their quality by the EHRC and evaluated on their success each year.
- At the same time, officials in national and local government will need up to date training on enforcing and monitoring the PSED.
- Equality Impact Assessments must be at the forefront of a new approach to equalities across Whitehall. WBG recommends that the Equality Hub works to support the delivery of comprehensive EIAs across government, for all new government policy and legislation.
- WBG recommends that EIAs consider the cumulative impact of combined policies (e.g. in a Budget), look at individuals as well as households given the differential income divisions in many heterosexual households, take account of unpaid care, take an intersectional approach rooted in quantitative data wherever possible and, importantly, EIAs should be informed by consultation with affected groups.
- Crucially, EIAs must be published and consulted on so that civil society can be a part of upholding the PSED.

Pay gaps

The problem

- ONS data from April 2023 estimates the gender pay gap for full-time employees to be 7.7%. For all employees, the estimate rises to 14.3%, reflecting the greater proportion of women in part-time work, which typically pays less per hour.
- The introduction of gender pay gap reporting in 2017 has not reduced the gap and it even increased during the pandemic. This may be because the reporting is not accompanied by a requirement to produce plans regarding how employers will reduce their gap, providing no incentive for change; or a single dimensional view of inequality which is caused by multiple, often intersecting factors across a woman's employment.
- The gender pay gap is one measure of women's economic inequality in the UK but it is also important to look at earnings gaps and the proportion of women living in poverty relative to men, for example.

Labour's plans

- The next Labour Government will go further and faster to close the gender pay gap. Large firms will be required to develop, publish and implement action plans to close their gender pay gaps, and outsourced workers will be included in gender pay gap and pay ratio reporting.
- Publication of ethnicity and disability pay gaps for employers with more than 250 staff will be mandated, to mirror gender pay gap reporting.
- Large employers with more than 250 employees will be required to produce Menopause Action Plans, setting out how they will support employees through the menopause, much like gender pay gap action plans.
- Guidance will be published, including for small employers, on measures to consider relating to uniform and temperature, flexible working and recording menopause-related leave and absence.

WBG recommendations

- WBG commends the ambitions of the new Chancellor of the Exchequer to close the gender pay gap⁴⁸.
- But the gap will not be reduced without serious action to redistribute unpaid care work. Unpaid care is the root cause of the gender pay gap⁴⁹.
- Tackling the gender pay gap once and for all will require introducing universal early education and childcare and adult social care, as well as default flexible working and comprehensive reform of the parental leave system illustrated above.
- Gender pay gap action plans are a good step forwards for employers. To be effective, the Employment Rights Bill will need to be accompanied by a framework for the EHRC to review their quality. The EHRC will need additional resourcing to do this work.

Conclusion

After a decade and a half of austerity, economic shocks and the proliferation of precarious work, the Employment Rights Bill is an important step towards improving women's working lives and gender equality. It has the potential to usher in a new era of work where every woman is paid fairly, can work flexibly but with security and is free from discrimination or injustice based on their gender, race, disability and so on. However, this briefing has demonstrated that there are many places the Bill must go further to achieve this goal, primarily by acknowledging and addressing the reality of unpaid care work and the structural causes of women's workplace inequality.

Without action to address inequalities in the cost and staffing of early education and childcare and adult social care, as well as our unfair and ineffective parental leave system and lack of legal aid, the Bill will not meet its aims. For women, employment rights reform is about not just fairness but also the freedom to live with economic independence and therefore free from coercion or violence. In difficult economic times, these reforms will require thinking differently about tax and spend. A full briefing on a feminist approach to monetary and fiscal policy is available to read [here](#)⁵⁰. WBG looks forward to working with the Government to deliver the recommendations enclosed in this briefing and build a feminist future of work.

About the Women's Budget Group

Who are we?

The UK Women's Budget Group is a feminist think tank that raises awareness of and provides evidence for a gender equal economy. We occupy a unique position, acting as a link between feminist academics, the women's voluntary sector and the social policy world of think tanks. We draw on a network of pro-bono experts from these areas, who work alongside our staff team.

Our vision is of a gender-equal society.

⁴⁸ The Guardian (2024) [Rachel Reeves vows to close gender pay gap 'once and for all' if she is chancellor.](#)

⁴⁹ WBG (2021) [Spirals of inequality.](#)

⁵⁰ WBG (2024) [Taxation and gender.](#)

Our mission is to advance gender equality in policymaking through feminist approaches to economics.

Our work

We carry out intersectional feminist research and analysis to provide evidence of gendered impacts of government policy and support the development of gender-responsive policies. We also provide capacity building training to local women’s organisations, civil service and political researchers, as well as national and international campaigning organisations and other equality groups, on how to access and use equality data in their advocacy and campaign work and how to carry out gender responsive budgeting.