

BRIEFING | NOVEMBER 2021



The Gender Pay Gap in the UK

Gender Pay Gap in the UK

What is the gender pay gap?

The gender pay gap is one measure of the position of women in the economy in comparison to men. It compares the difference in average hourly pay for women and men in the labour market. The gender pay gap is *not* simply the result of women being paid less than men for the same job. It is the result of a combination of economic and social factors that come together to reduce the earning capacity of women across their lifetime. For example, the unequal division of caring responsibilities within the household means that more women than men work part time.

Gender pay gap in the UK

Median hourly pay			
Full time		All employees	
Men £16.13	Women £14.85	Men £15.27	Women £12.92
Gender Pay Gap			
7.9%		15.4%	

This year, the ONS reported that the gender pay gap among all employees in the UK was 15.4%, down from 17.4% in 2019. Among full-time employees the gender pay gap in April 2021 was 7.9%, down from 9.0% in April 2019. The gender pay gap is higher among all employees than full-time employees because women fill more part-time jobs, which tend to be lower paid per hour in comparison to full-time jobs. This combination of working fewer hours in jobs which pay less per hour, is why women are more likely than men to be living in poverty. 37% of women in employment were working part-time in 2021, compared with 13% of men. Part-time employees have median hourly earnings of £10.65 compared with £15.59 for full-time staff. This “part-time pay penalty” is one of the biggest contributors to the gender pay gap. Other contributing factors are occupational and sectoral segregation.

Gender earnings gap

Median weekly earnings			
Full time		All employees	
Men £625	Women £550	Men £574	Women £412
Gender earnings gap			
12.1%		28.2%	

The gender pay gap is only one way of measuring the difference between women and men in the economy. Another useful measure is the gender earnings gap, which compares the difference between the amount of money women and men take home at the end of the week. This depends heavily on the number of hours worked as well as the type of work being carried out. Women’s Budget Group calculations show that in April 2021, the gender earnings gap for all employees was 28.2%, which is almost double the reported gender pay gap.

Gender Pay Gap in the UK

The gender pay gap is the difference between what men and women earn per hour on average across all jobs in the UK. It is published annually by the Office for National Statistics (ONS) using data from the Annual Survey for Hours & Earnings (ASHE).¹

Median hourly pay			
Full time		All employees	
Men £16.13	Women £14.85	Men £15.27	Women £12.92
Gender Pay Gap			
7.9%		15.4%	

Source: Office for National Statistics, Annual Survey of Hours and Earnings (ASHE)

This year, the ONS reported that the gender pay gap among all employees was 15.4%, up from 14.9% in April 2020 but still down from 17.4% in 2019. Among full-time employees the gender pay gap in April 2021 was 7.9%, up from 7% in April 2020 but continuing the downward trend from 9.0% in April 2019. Overall, the gender pay gap has been narrowing steadily since 1997, but at this current rate it will be a long time before it is closed.

The gender pay gap is significantly higher among all employees than full-time employees because women fill more part-time jobs, which tend to be lower paid per hour in comparison to full-time jobs. 37% of women in employment were working part-time in August 2021, compared with 13% of men². Women are the vast majority of those employed part time, making up 72% of all part-time workers in August 2021.³ Part-time employees have median hourly earnings of £10.65 compared with £15.59 for full-time staff.⁴ This “part-time pay penalty” is one of the biggest contributors to the gender pay gap.

After the age of 40, the gender pay gap increases significantly. In April 2021, full-time working women in the 40-49 age group earned 12.3% less than their male counterparts.⁵ This is almost 1 percentage point higher than before the pandemic. After the age of 39, fewer women move into higher paying managerial occupations. This age group is where you are likely to see a larger proportion of mothers juggling work and childcare, with some caring for elderly parents too. Having children impacts women’s career progression more than men. In our joint survey of UK parents in the summer of 2021, 66% of women who

¹ This year ONS published the data with a warning that interpreting earnings data for 2021 is difficult due to the impacts of the Covid-19 pandemic and that comparisons with 2020 should be treated with caution and the focus should be on longer term trends. Based on this, this briefing will make comparisons with 2020 and 2019.

² ONS (Oct 2021) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted)

(<https://bit.ly/3EBuNuP>)

³ *ibid*

⁴ ONS (Oct 2021) Earnings and hours worked, all employees: ASHE Table 1.6 (<https://bit.ly/3bEB78k>)

⁵ ONS (Oct 2021) Earnings and hours worked, age group, ASHE Table 6.12 (<https://bit.ly/3mBvhuM>)

were in paid employment when they became pregnant had reduced their working hours since becoming a parent, compared with 26% of men⁶.

Unlike the gender pay gap, **there is no legal requirement for companies to publish their ethnicity pay gap**. A recent report by the Commission for Race and Ethnic Disparities recommended that the practice remain voluntary due to a lack of diversity in some parts of the country.⁷

The Gender Pay Gap vs. Equal Pay

The gender pay gap is an internationally recognised measure of the position of women in the economy in comparison to men. It compares the difference in median hourly pay between the average woman and man in the labour market.*

The gender pay gap is *not* only the result of women being paid less than men for the same job or work of equal value. This is pay discrimination and is illegal in the United Kingdom, as well as many other countries in the world. Pay discrimination still exists in the UK, despite the law, and is a component of the gender pay gap, but it is only one of the things that contribute to it.

The gender pay gap is the result of a combination of economic and social factors that come together to reduce the earning capacity of women across their lifetime. For example, the unequal division of caring responsibilities within the household means that more women than men work part-time jobs. Another factor is the impact of gender stereotypes that result in occupational and sectoral segregation. Sectoral (or horizontal) segregation is where most women work in sectors where pay is much lower e.g., caring, leisure and other service sectors, than in sectors where more men work e.g., skilled trades, STEM, etc. Occupational (or vertical) segregation is the distribution of career positions; women predominate in jobs in the bottom of the career ladder. Closing the gender pay gap goes far beyond ensuring equal pay.

* The median is generally used to compare the gender pay gap because the distribution of earnings is uneven, with more people earning lower salaries than higher salaries. The mean is highly influenced by the salaries at the upper end of a pay scale and so may not be truly representative of the average earnings of a typical person. The median avoids this issue and so is considered a better indicator of typical 'average' earnings.

Gender and Ethnicity Pay Gap

As well as the gender pay gap, there is also an ethnicity pay gap between Black, Asian and minority ethnic (BAME) and White British workers. Across the UK, BAME workers were paid an average of 2.3% less than White British workers in 2019, although the ethnicity pay gap differs significantly across regions⁸. Whilst the ethnicity pay gap is larger for men than it is for women, the gender pay gap persists across nearly all ethnic groups, meaning that women from minority ethnic backgrounds must contend with both gender and ethnicity pay gaps.

BAME women are paid less than their white and BAME male counterparts but paid more than white women.⁹ The use of the acronym 'BAME' has been debated regularly in recent years, for its shortcomings in implying that ethnic minorities can be collapsed into a homogenous group

⁶ Women's Budget Group (September 2021) Mega Survey of UK parents shows that childcare is failing families (<https://bit.ly/3ElgtWW>)

⁷ Commission on Race and Ethnic Disparities (March 2021), The Report (<https://bit.ly/3nZ7iZO>), p116

⁸ ONS (October 2020) Ethnicity pay gaps 2019 (<https://bit.ly/3bBSBcc>)

⁹ *ibid*

with a shared set of experiences.¹⁰ In relation to comparing pay, there are significant variations in pay within the BAME group. Whilst Chinese women earned 20.8% more per hour on average than their White British counterparts in 2019, Pakistani women earned 9.9% less, and White and Black Caribbean women earned 13.4% less than White women.¹¹

Gender Pay Gap reporting

In April 2017 new gender pay gap reporting regulations came into force, placing a duty on all companies with 250 or more employees to report on their mean and median gender pay gaps. The regulations require employers to report on an annual basis and to publish data on their own company website as well as a government website.

Due to the pandemic, the deadline for gender pay gap reporting for 2020 was postponed to October 2021. Analysis from CIPD shows that there has been an 11% decrease in the number of employers reporting their gender pay gap figures for 2020, when compared with the previous year.¹²

Gender pay gap reporting in the UK has been praised for its transparency and compliance, but research by the Global Institute for Women’s Leadership at King’s College London and the Fawcett Society highlights how the system focuses on monitoring the pay gap without compelling employers to change anything.¹³ The report recommends that for the system to move “from a monitoring tool to an action tool” there needs to be a legal obligation for employers to publish action plans, lowering the minimum employee threshold for reporting and introducing automatic fines for non-submission of reports.¹⁴

Gender Earnings Gap

The gender pay gap is only one way of measuring the difference between women and men in the economy. Another useful measure is the gender earnings gap, which compares the difference between the amount of money women and men take home at the end of the week. This depends heavily on the number of hours worked as well as the type of work being carried out.

Median weekly earnings			
Full time		All employees	
Men	Women	Men	Women
£625	£550	£574	£412
Gender earnings gap			
12.1%		28.2%	

Source: Women’s Budget Group calculations using the Annual Survey of Hours and Earnings (ASHE), tables 1.2a and 1.6a

¹⁰ Guardian (April 2021) So the term BAME has had its day. But what should replace it? (<https://bit.ly/2YdsGxK>)

¹¹ ONS (October 2020) Ethnicity pay gaps 2019 (<https://bit.ly/3bBSBCc>)

¹² CIPD (October 2021) Number of organisations reporting gender pay gap figures down by 11%, new CIPD analysis finds (<https://bit.ly/3bysUCr>)

¹³ GIWL at KCL & the Fawcett Society (October 2021) Bridging the gap? (<https://bit.ly/3q9mJx8>)

¹⁴ *ibid*

Women's Budget Group calculations show that in April 2021, the gender earnings gap for all employees was 28.2%, which is almost double the reported gender pay gap. Among full time employees, the gender earnings gap in April 2021 was 12.1%.

Women spend less time in paid work than men, because they spend more of their time carrying out caring responsibilities. They are much more likely to be in part-time work, where pay is typically lower per hour than full-time work. This combination of working fewer hours than men and working jobs which pay less per hour, shows us why women are more likely than men to be living in poverty.¹⁵

The gender earnings gap is an important measure of the difference in pay between men and women, because it contributes to women's poverty, particularly in households where women are the sole adult, for example as lone parents or single pensioners. Whilst women may work fewer hours in a paid job so they can balance it with caring responsibilities, their fixed living costs such as rent, bills, and many other living costs, will remain the same.

Poverty is increasingly a problem of low pay, rather than of unemployment. The proportion of people in paid work has reached record levels. In August 2021, 72.1% of women (78.6% of men) were in employment.¹⁶ However in 2020, 23.8% of employed women (16.6% of employed men) earned below the real living wage. The living wage here is defined by the rates set by the [Living Wage Foundation](#), which are currently £10.85 per hour within London and £9.50 per hour outside of London.¹⁷ This was even larger for women who are part-time employees (35.4%). Analysis from IPPR shows that working poverty rates hit a new high of 17% in early 2020.¹⁸ They found that single parents are among the worst affected by rising working poverty. Since mothers are most likely to be single parents, the working poverty rates highlight the sharp impacts of the gender earnings gap. IPPR cite low wages and a lack of flexible and affordable childcare amongst some of the primary reasons for working poverty.¹⁹

Part-time pay penalty

One of the biggest contributors to the gender pay gap in the UK, as well as the gender earnings gap, is that women are much more likely than men to be working part-time. 37% of women in employment were working part-time in August 2021, compared with 13% of men.²⁰ People working part-time are paid less per hour than full-time employees. Part-time employees have median hourly earnings of £10.65 compared with £15.59 for full-time

¹⁵ Women's Budget Group (July 2018) The female face of poverty (<https://bit.ly/3GP5NC5>)

¹⁶ ONS (Oct 2021) A05 SA: Employment, unemployment, and economic inactivity by age group (seasonally adjusted) (<https://bit.ly/2ZTzdhj>)

¹⁷ ONS (Oct 2020) Annual Survey of Hours and Earnings (ASHE) - Estimates of the number and proportion of employee jobs with hourly pay below the living wage, by work geography, local authority and parliamentary constituency, UK, April 2019 and April 2020 (<https://bit.ly/3mBLSi4>)

¹⁸ IPPR (May 2021) No Longer Managing (<https://bit.ly/3CHwypN>)

¹⁹ *ibid*

²⁰ ONS (Oct 2021) EMP01 SA: Full-time, part-time and temporary workers (seasonally adjusted) (<https://bit.ly/3EBuNuP>)

staff.²¹ This is why the gender pay gap is larger for all employees (15.4%) than for full-time employees (7.9%.) Women work fewer hours than men and the hours that they work are paid less than men's working hours.

Women are more likely to be working part-time because of the need to balance unpaid caring responsibilities, which fall disproportionately on them, with their paid employment. In other words, there are more unpaid demands on their time than men's. The impacts of the part time pay penalty are compounded when it comes to mothers.

Motherhood penalty

A report published by the Institute for Fiscal Studies in 2018 also found that one crucial factor of the scale and persistence of the gender pay gap is that mothers who spend less time in paid work than fathers, due to working part-time hours, miss out on the earnings growth that is associated with more experience.²² The research showed that by the time a first child has reached the age of 20, mothers earn almost a third less per hour, on average, than similarly educated fathers.²³ This is further evidenced by the significant increase in the gender pay gap within the 40-49 age group, who earned 12.3% less than their male counterparts in April 2021.²⁴ This is part of the usually called 'motherhood penalty'. People within this age group are referred to as the 'sandwich generation' because they may be caring for both children and parents.²⁵

Flexible working

It is not only mothers or women with caring responsibilities who suffer due to the part-time pay penalty. Many people have health conditions which means that they can work but cannot manage full-time hours. The TUC published a report on the disability pay gap in 2019, which showed that part-time work is also one of the main factors contributing to the disability pay gap because a higher proportion of disabled people than non-disabled people work part-time.²⁶ Recent research published by the TUC showed that disabled men and women and nondisabled men and women are substantially worse off compared to non-disabled men. However, disabled women face the largest pay gap. The pay gap for disabled women is nearly nine percentage points higher than the pay gap for women overall. Both groups of women are paid less than disabled and non-disabled men, with non-disabled men being paid 36 per cent more than disabled women.²⁷

Part-time work that is better paid, with good opportunities for career progression, would be beneficial for everyone, because it would contribute to a better balance of work and personal and family life. It would also mean that men would be more likely to take it up and have more time to spend caring for their children, as well as contributing to the more equal

²¹ ONS (Oct 2021) Earnings and hours worked, age group: ASHE Table 6.6a (<https://bit.ly/3mBvhuM>)

²² IFS (Feb 2018) Wage progression and the gender pay gap (<https://bit.ly/3nQs3CV>)

²³ *ibid*

²⁴ OECD (2021), Gender wage gap (<https://bit.ly/3q2bFlK>)

²⁵ BBC (Jan 2021) Why the 'sandwich generation' is so stressed out (<https://bbc.in/31rE2PZ>)

²⁶ TUC (2019) Disability and employment pay gaps 2019 (<https://bit.ly/3CGHkg3>)

²⁷ *ibid*

sharing of household responsibilities. This would contribute to eliminating one of the biggest contributors of gender inequality, which is the unequal division of care work.

Sectoral Segregation

Even though women's participation in the labour market is almost equal to men's (women make up 48% of employees), there remain significant differences between women and men in terms of their patterns of labour market participation including which industries they are likely to be found working in. Stereotypes about women's capabilities and skills result in women being concentrated into predominantly female occupations that are associated with low pay, known as the '5 Cs', cleaning, caring, clerical, cashiering (retail) and catering. This clustering of men and women into different jobs and sectors is called horizontal job segregation. These jobs are intrinsically undervalued because of gender stereotyping, where historic expectations on women mean they have carried out similar roles in the home. So called 'women's work' has lower status and is seen as less valuable because the skills required for these jobs are perceived to be inherent in women, rather than learned skills, and the work is therefore not remunerated. The undervaluation of work done by women is a key strand linking together the causes of the gender pay gap, sectoral segregation, women's unequal share in caring, and pay discrimination.

Occupational Segregation

Occupational or vertical job segregation describes the phenomenon by which women are found in more junior grades within companies and industries. Because women are more likely to be responsible for unpaid care of children or other relatives, they are more likely to have to reduce their hours or work flexibly to balance work with caring responsibilities. A lack of flexible working across all sectors, and quality part-time work makes this difficult. Flexible working options further diminish for management and senior roles. As a result, many women have no choice but to work the part-time jobs that are available, and because part-time jobs are concentrated in the junior grades of organisations, (and across the '5 C' occupations), they are likely to be working in roles that they are overqualified for, but unable to progress to higher paying roles. The two forms of job segregation overlap; jobs which women are more likely to work such as administration, are also less valued in terms of salary and status within organisations, than male-dominated occupations.

Conclusion

Understanding the gender pay gap and the gender earnings gap is important not only from the point of view of gender equality, but also to help us understand how to address low pay and the lack of wage progression in the labour market more generally. Key to understanding the gender pay gap, is the undervaluation of 'women's work' which underpins the components of the gender pay gap, including pay discrimination, the part-time pay penalty, the motherhood penalty, sectoral and occupational segregation, and the unequal division of care work. Throughout the pandemic, we saw how the jobs that have been historically undervalued and branded as 'unskilled', such as cleaning, caring, and cashiering, are not only central to the functioning of the economy, but for us to live our day to day lives. Whilst the gender pay gap may be narrowing slowly over time, working family poverty has hit

record highs, the unequal division of care work continues, and women continue to have much higher demands on their unpaid time than men.

Recommendations:

- In the immediate term, the government should make it a legal obligation for employers to publish action plans along with reporting their gender pay gap figures and introduce automatic fines for non-submission of reports.
- In the long term, part-time jobs need to be equally valued, better paid and have genuine opportunities for career progression and fully flexible working.
- Flexible working arrangements need to become the norm, wherever possible, to accommodate people with caring responsibilities and health needs.
- Shared parental leave is a key pillar of enshrining equality in the home and the workplace because it establishes the pattern of who is responsible for the unpaid care of a child. Having a system of genuinely shared parental leave which incentivises fathers or second parents to take parental leave, would guarantee a cultural shift in norms around parenting infants and allow fathers/second parents valuable time with their children.
- The UK Women's Budget Group advocates for a universal, free childcare system with well-paid and highly qualified staff. Modelling of the employment and fiscal impacts of such system shows that while the upfront investment is significant, almost all of it is recouped through higher tax revenue through increased maternal employment and reduced spending on means-tested benefits.²⁸

Written by: Hana Abid, Research & Policy Officer, UK Women's Budget Group **November 2021**

The UK [Women's Budget Group](#) is an independent and not-for-profit organisation whose aims are to promote a gender-equal economy. This analysis was undertaken as part of the [Local Data Project](#). Thank you to our funders: Comic Relief, the Smallwood Trust, and Trust for London for the support to carry out this work.



²⁸ See WBG briefing on universal childcare: (<http://bit.ly/2IHHGeH>)