

Gender pay gap analysis

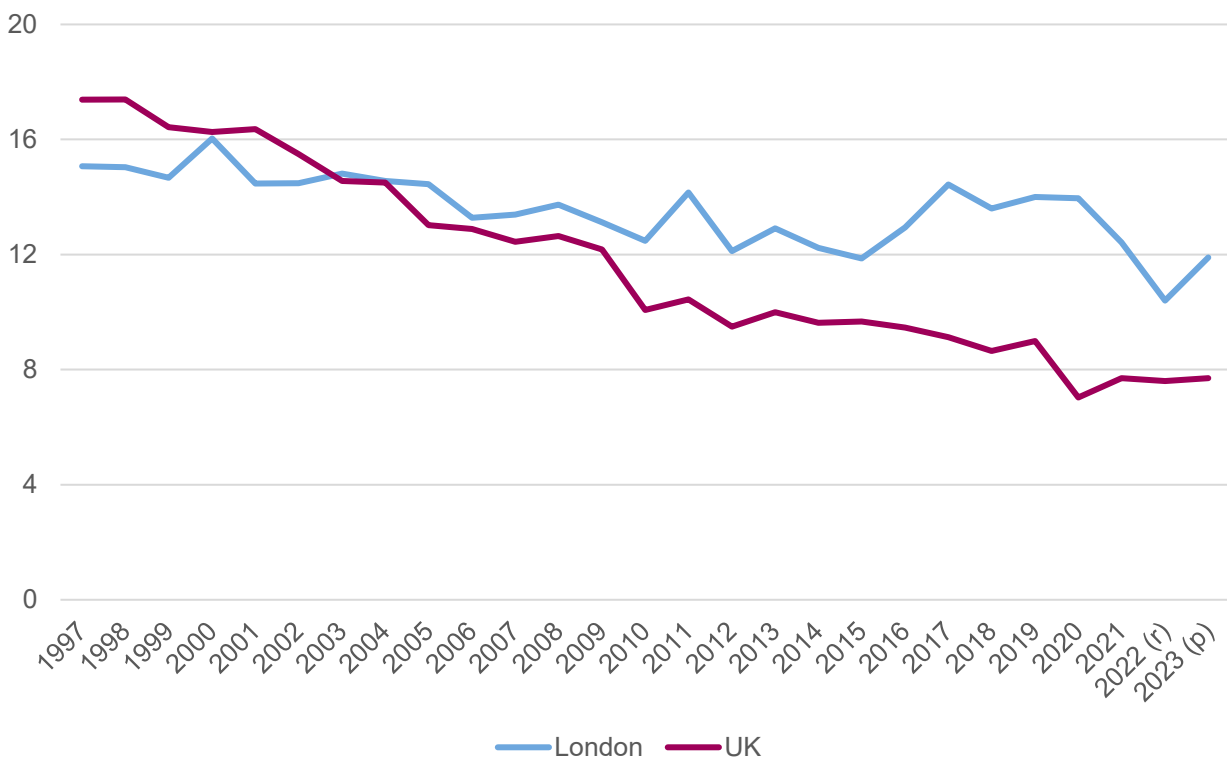
February 2024

Gender pay gap in London and the UK

The headline gender pay gap¹ in London was 11.9% according to provisional 2023 data from the ONS.²

Pay gaps across the UK have been steadily falling since 1997 but in London progress slowed in the early 2010s (see Figure 1) leaving the gap in London 4.2 percentage points higher than in the UK. The only English region now with a higher pay gap than London is the South East (12.9%).

Figure 1: Gender pay gap in London and the UK, %



Source: ONS Annual Survey of Hours and Earnings, 1997-2023. Note: Data for 2023 is provisional and subject to revision.

¹ The gender pay gap measures the difference between the average or median hourly earnings of men and women and is shown by the percentage men earn more than women. The headline gender pay shows median hourly pay for full-time employees (workplace-based).
² For more information, see [Gender Pay Gap in the UK, 2023](#), ONS.

Gender pay gap by sector and occupation

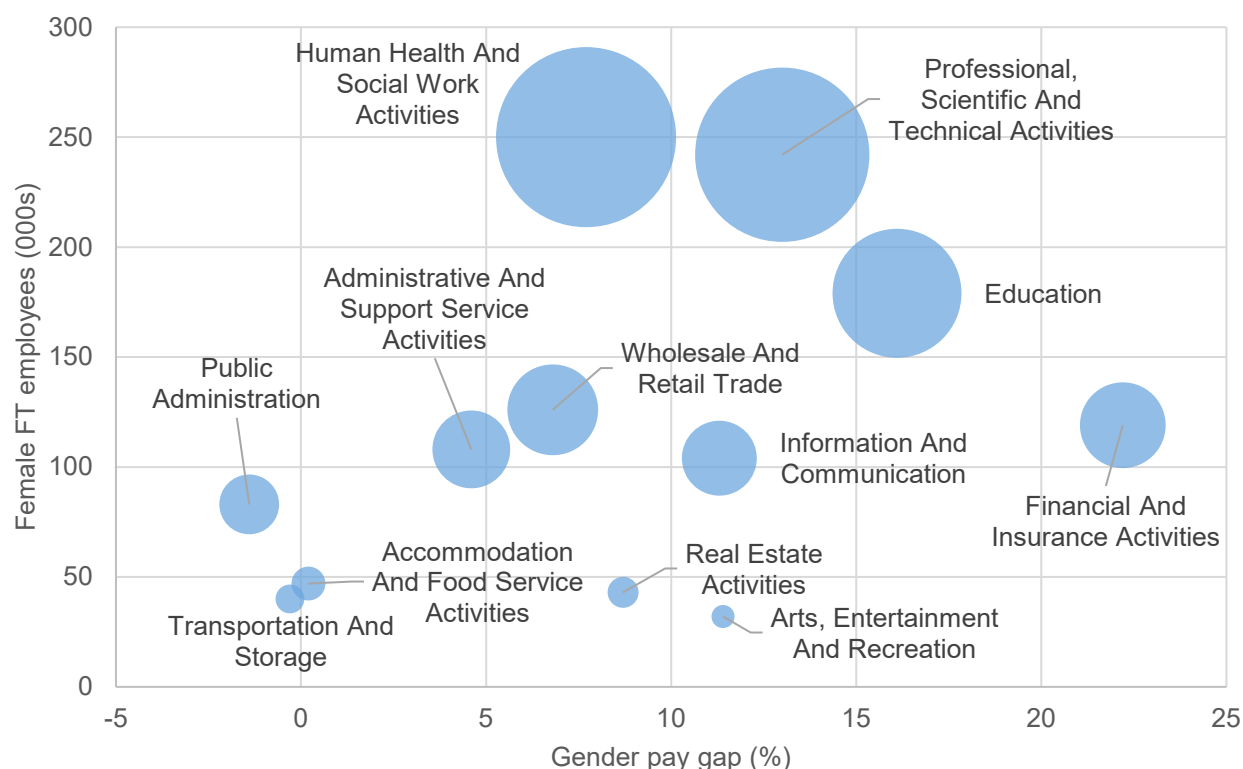
Looking at the gender pay gap within industries in London, we find the highest pay gaps in Finance (a 22.2% gap), Education (16.1%) and Professional Services (13.0%). These three industries have around one-third of the 1.5 million full-time employee jobs in London held by women.

The smallest pay gaps are in Public Administration (a negative gap of 1.4%; a negative gap means the median woman is paid more than the median man), Transport (negative 0.3%) and Accommodation and Food Service (0.2%). (See Figure 2).

These gaps show that industries in which women are paid substantially less than men tend to be some of the highest paying and highest skilled in London, while traditionally less well-paid sectors have smaller gaps. (e.g., Retail, a division of the Wholesale and Retail section, associated with low pay, has only a 1.7% gap.)

By occupation, we also generally see higher gender pay gaps in higher skilled, higher paid occupations (see Table in Appendix). Meanwhile, the pay gap for jobs in Inner London was 15.0% in 2023, which is more than double the 7.0% in Outer London (with the financial hub of the City of London having a 20% pay gap).

Figure 2: Gender pay gap and employment by industry in London



Source: ONS Annual Survey of Hours and Earnings, 2023. Note: Data for 2023 is provisional and subject to revision.

Gender skills gap and the link to employment

Overall, women are comparatively high-skilled. A higher proportion of women (compared to men) in London have a Level 4 or above qualification (i.e., for most this means degrees), and this is particularly seen for women below the age of 50. However, data on further and higher education outcomes suggest that these higher levels of skills are not translating into higher earnings for women.

Figure 3: Proportion of population with Level 4+ qualifications by age and sex



Source: Census 2021

- **For those who grew up in London, the median earnings for graduates five years after graduating are lower for women (£30,700), compared to £34,300 for men.**³ In London, women are also more likely to continue to further study (some of which is done alongside work) one year after graduating (27% compared to 22% for men).⁴
- **The reason for higher earnings after studying a degree for men is partially explained by subject choice.** Analysis by the IFS shows that subjects with the highest earning differentials tend to often have the lowest share of women studying the qualification. Additionally, their modelling suggests that 55% of the gender earning gap at age 25 can be explained by university subject choice.⁵ However, this implies that 45% of the reason for the gender gap is unknown.

³ [DfE LEO Graduate and Postgraduate outcomes tables](#)

⁴ [DfE LEO Graduate and postgraduate outcomes tables](#)

⁵ [Gender differences in subject choice leads to gender pay gap immediately after graduation](#), IFS, 2021

- However, evidence suggests that **the benefit of studying a higher education course is often greater for women than for men**. A study by the IFS estimates that attending higher education increased earnings on average by 7% for men and 24% for women at age 30.⁶

Gender trends in further education outcomes

Women generally perform well post-further education, and account for the majority of learners in both adult education and apprenticeships for London.

Overall, women have equal or higher sustained positive destination rates post their FE qualification, compared to their male counterparts. That is, they were slightly more likely to be recorded as being in either sustained employment, education or both, post-achievement.

However, across the further education provision areas, median annualised earnings for female learner's post achievement are consistently lower, although subjects studied and sector of employment are likely to be key factors explaining this gap, with women being overrepresented in typically lower paid subject areas.

Adult education and training provision

- **Female learners accounted for two thirds of adult education achievements in 2020/21** in Greater London.
- **Essential skills courses were the most studied by female learners**, proportionally more than for male counterparts.
- **76% of both London's male and female learners** who achieved a qualification in 2020/21, were recorded as having **sustained a positive destination** in the year after their qualification, according to the latest available [DfE outcomes data](#).
- While the majority of learners with positive destinations were in employment post-qualification, **female learners were proportionately more likely to continue in education** through enrolment in additional learning compared to male counterparts.
- At lower levels (Level 3 and below) the net benefit for women doing an FE qualification is higher than for men (based on national data), as shown by Figure 4.⁷

Apprenticeship provision

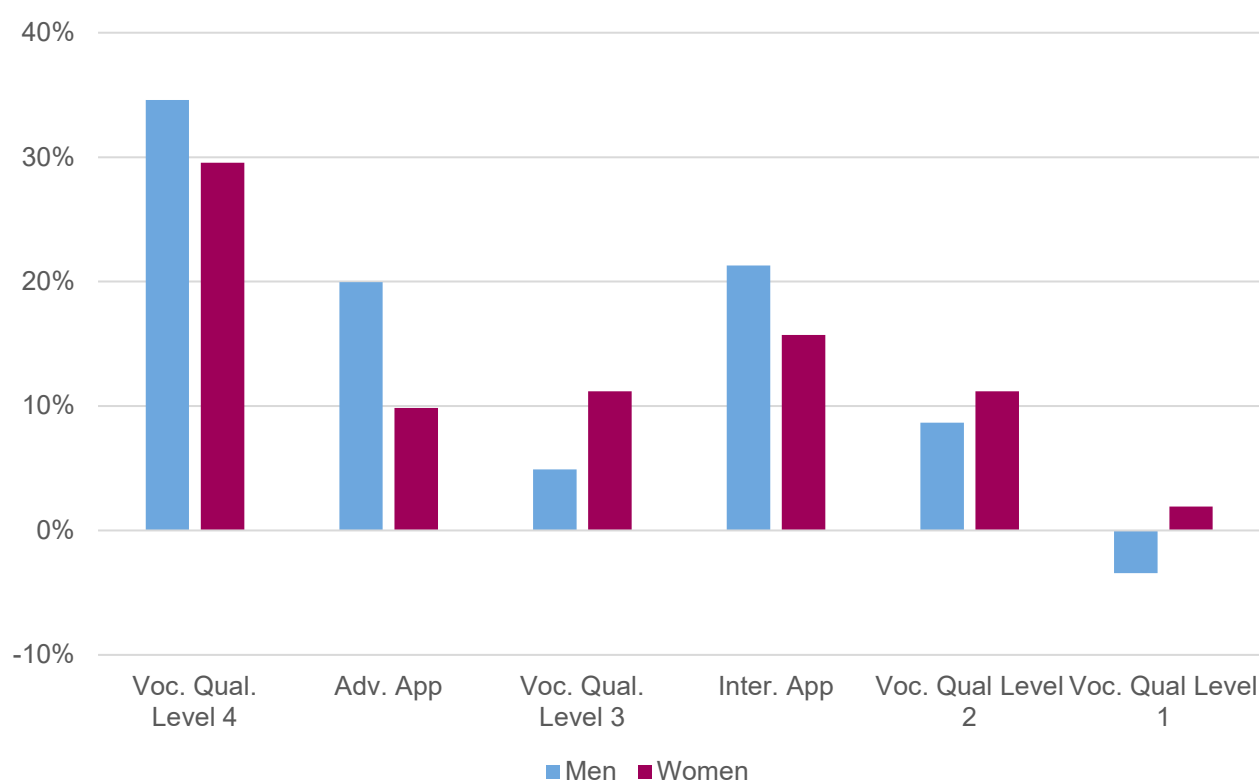
- **Female learners accounted for over half of apprenticeship achievements in 2020/21**, in Greater London.
- **Advanced apprenticeships (Level 3) were the most enrolled in by female learners** – proportionally more than for male counterparts – but both groups had similar shares achieving higher-level apprenticeships (~30% at Level 4+).
- **92% of London's female apprentices** who achieved a qualification in 2020/21, were recorded as having **sustained a positive destination** in the year after their qualification, slightly higher than for men, according to latest available [DfE outcomes data](#).

⁶ [How much does degree choice matter](#), IF working paper, 2021

⁷ This is based on comparing earnings for those whose highest qualification is a level below, conditioning on background characteristics and prior attainment.

- Of those with positive destinations, **the vast majority of former apprentices (male and female) were in employment**, although women had a slightly higher propensity to be pursuing education alongside their work.
- **Median earnings** data for those with positive destinations post-apprenticeship however are **significantly lower for women** - £26,280, vs £33,430 for men. **Sectoral-subject differences** in where men and women choose to take up apprenticeships likely explain at least some of this difference, with female apprentices overrepresented in typically lower paid subjects such as health and social care, while men have higher rates in ICT and engineering subjects.⁸
- **The earning benefit of doing an apprenticeship (in England) is also slightly higher for males** (compared to those whose highest qualification is a level below). The earning differential is around 20% for males (for both advanced and intermediate apprenticeships), 16% for females doing intermediate apprenticeships and 10% for those doing advanced.⁹ Again, this is partially explained by the subject composition of male and female apprenticeships.

Figure 4: Earning return of vocational qualifications by gender (compared to RQF (Regulated Qualifications Framework) level below)



Source: Battiston et al (2019)¹⁰, data taken from Table 1 chart produced by GLA Economics. Results are statistically significant at 99% level, except RQF L1 Women. Units have been converted from logs to percentages.

⁸ [DfE data on Apprenticeship starts by sex, level, ethnicity and region.](#)

⁹ [Labour market outcomes disaggregated by subject using LEO data, Centre for Vocational Education Research, 2019](#)

¹⁰ [Labour market outcomes disaggregated by subject using LEO data, Centre for Vocational Education Research, 2019](#)

Causes and impacts of gender pay gaps in London (or international evidence)

Pay gaps are a multi-dimensional problem and an important indicator of labour market inequality. But they are neither necessary or sufficient to show discrimination. For instance, the pay gap for part-time employees in London is negative – so the median woman in this group earns around 10% *more* per hour than the median man. But there are likely multiple sources of discrimination affecting this outcome, including barriers to full-time work for women.

It is also the case that there are substantial gaps in employment rates and working hours as well as hourly pay. In the UK in 2019, for instance, the average working-age woman in the UK earned 40% less than the average male (IFS). Only around half of that was due to the gender pay gap.

Causes of gender pay gaps

Analysis suggests that the four key reasons for the gender pay gap are:

- **More men in high-paying senior roles compared to women.**
- **Caring responsibilities and part-time roles are shared unequally.** The gender pay-gap increases after childbirth and women are more likely to ask and take on part-time work.
- **Work traditionally undertaken by women are in low-paid roles and sectors** such as caring, nursing, teaching and in hospitality.
- **Women are paid less than men for the same role.** The legislation in the UK ([The Equal Pay Act of 1970](#)) require men and women be paid equally, however differences can still occur due to bargaining power and lack of pay transparency. ([ILO analysis on Equal pay for Equal work](#))

Impacts of the gender pay gap

- **Women spend less time in paid work and more time working part time and thus miss out on earnings growth associated with more experience.**¹¹
- Analysis by HM Government entitled “[Gender equality at every stage: roadmap for change](#)” highlights that
 - The working age benefits system hasn’t always tackled the disadvantages that women and those with caring responsibilities face.
 - Women take time out to care for children.
 - Women provide more informal care and unpaid work.
 - Women face barriers when returning or entering the labour market.
 - Women are more likely to face financial instability later in life due to decisions taken during their working life.
- **Gender discrimination creates economic losses for society through misallocation of talent and lower productivity.** As an example, a study based on data from Australia shows that a 10% reduction in the gender pay gap could boost labour productivity by up to 3%; it does that by facilitating the recruitment and retention of talent¹².

¹¹ [Wage progression and the gender wage gap: The casual impact of hours of work, IFS,2018.](#)

¹² [The gender pay gap is hurting productivity \(theconversation.com\)](#)

Potential interventions could help reduce gender pay gaps

- **Pay transparency:** The ILO highlights how pay transparency legislation is important to highlight the differences in the pay between men and women as well as the underlying causes. This is because while “education, working time, occupational segregation, skills and experience, explain part of the gender pay gap, a large part is due to discrimination based on gender”.¹³
 - Since 2017/2018, [Legislation in the UK](#) requires all employers with 250 or more employees to report their gender pay gap.
- **Design senior roles that allow for more flexible working patterns including part-time work**¹⁴
- **Create quality flexible jobs which allow both women and men to balance caring responsibilities.** This includes Nordic type government interventions or ensuring part-time work is attractive to potential employees.
- **All sectors could offer part time and flexible working,** especially those which are traditionally seen as male dominated sectors.
- **Minimum wages can support gender pay equity** as women are over-represented in low-pay jobs. ([ILO](#)).
- **Reducing commute times:** Women are more likely than men to leave their job over a long commute ([ONS](#), [IFS](#), [Petrongolo and Ronchi, 2020](#)) and these changes are linked to age, having children and pay.

¹³ [Pay transparency legislation: Implication for employers and workers’ organisations](#), ILO,2022

¹⁴ <https://timewise.co.uk/article/article-real-reasons-behind-gender-pay-gap/>

Appendix: Additional data

Gender pay gap by occupation – London, 2023

Occupation	Gender pay gap %
Managers, directors and senior officials	18.3
Science, research, engineering and technology professionals	16.8
Customer service occupations	14.3
Skilled trades occupations	13.7
Teaching and other educational professionals	12.6
Corporate managers and directors	12.2
Professional occupations	11.3
Business and public service associate professionals	9.4
Associate professional occupations	9.0
Elementary trades and related occupations	7.6
Business, media and public service professionals	7.3
Science, engineering and technology associate professionals	7.0
Elementary administration and service occupations	4.9
Elementary occupations	4.7
Health professionals	3.6
Leisure, travel and related personal service occupations	2.5
Textiles, printing and other skilled trades	2.4
Other managers and proprietors	2.3
Sales occupations	0.5
Caring, leisure and other service occupations	0.0
Sales and customer service occupations	-0.2
Administrative occupations	-0.4
Administrative and secretarial occupations	-2.8
Caring personal service occupations	-3.0
Health and social care associate professionals	-5.3
Secretarial and related occupations	-35.7

Source: ONS Annual Survey of Hours and Earnings, 2023. Note: Data for 2023 is provisional and subject to revision.

Factors that influence the gender gap include¹⁵:

- **Part vs full-time work:** women are more likely to work part-time jobs compared to men, with part-time jobs on average lower paid.
- **Age and parenthood:** The pay gap for full-time workers under the age of 40 are significantly lower compared to those aged 40-49. For those over 40 there is a lower incidence of women being promoted to high paid positions and high incidence of women moving into part time work.
- **In skilled occupations** (with the highest median pay rates) such as managers, directors and senior officials, while there has been a large decline in the pay gap, these occupations still have the largest pay gap. Moreover, the gender pay gap is smaller in occupations where a larger share of employees are women.

¹⁵ Sources: [Economic observatory](#) & [House of Commons Library](#)

- **Industries:** The pay gap is largest in the financial and insurance industry and smallest in Hospitality.
- **Regional disparities in pay gaps:** London and the South East has the highest gender pay gaps for full time employees; 7 out of 10 cities with the highest gender pay gap are located in the South East or East of England ([Centre for Cities](#))
- **Public vs private sector:** For full time workers, the pay gap is smaller in the public sector compared to the private sector.
- **Number of employees:** The gender pay gap (median hourly pay) tended to be slightly higher in firms with a larger number of employees.

Challenges faced by women in the labour market (WEF [Global Gender Gap report 2023](#))

- Decline in labour force participation; however the pandemic and working from home increased labour force participation among women.
- Women historically have faced higher unemployment rates compared to men.
- Women face less secure employment and poorer working conditions
- Women's representation in the workforce across industries is skewed.
- Women's representation in senior leadership is below their workforce representation.
- Female representation declines as seniority increases.
- Women remain under-represented in STEM (science, technology, engineering and maths) occupations (a future skills growth area).