

Statistical bulletin

Gender pay gap in the UK: 2020

Differences in pay between women and men by age, region, full-time and part-time, and occupation.



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1. Other pages in this release

Commentary on topics covered in the Annual Survey of Hours and Earnings (ASHE) is split between three separate bulletins in 2020. Other commentary from the latest ASHE data can be found on the following pages:

- Employee earnings in the UK (from Annual Survey of Hours and Earnings): 2020
- Low and high pay in the UK: 2020

2. Main points: April 2020

- Statistics in this bulletin (based on ASHE 2020) relate to the pay period that includes 22 April 2020, at which time approximately 8.8 million employees were furloughed under the Coronavirus Job Retention Scheme (CJRS); the estimates in this bulletin include furloughed employees and are based on actual payments made to the employee from company payrolls and the hours on which this pay was calculated, which in the case of furloughed employees are their usual hours.
- Evidence from the ASHE and the Labour Force Survey (LFS) suggests that coronavirus (COVID-19) factors did not have a notable impact on the gender pay gap in 2020, and that changes reported in this bulletin reflect underlying employment patterns.
- Among full-time employees the gender pay gap in April 2020 was 7.4%, down from 9.0% in April 2019.
- The gender pay gap among all employees was 15.5% in 2020, down from 17.4% in 2019.
- The gender pay gap remained close to zero for full-time employees aged under 40 years but was over 10% for older age groups.
- Compared with lower-paid employees, higher earners experienced a much larger difference in hourly pay between the sexes.
- There was a fall in the gender pay gap within the managers, directors and senior officials occupation group in 2020; this group has previously been identified as having a notable impact on the pay gap.
- The gender pay gap was higher in every English region than in each of Wales, Scotland and Northern Ireland.
- Since 2016, the gap has reduced among employees working in both smaller and larger (250 or more employees) companies; from 2017, organisations employing 250 or more employees have been required by the UK government to publish and report specific figures about their gender pay gap.

The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of men's average hourly earnings (excluding overtime). It is a measure across all jobs in the UK, not of the difference in pay between men and women for doing the same job. Estimates for 2020 are subject to some more uncertainty than usual as a result of the challenges we faced in collecting the data under government-imposed public health restrictions. More information is provided in the Measuring the data section of this bulletin.

3. The gender pay gap

Figure 1: The gender pay gap fell to 7.4% among full-time employees and 15.5% among all employees in 2020

Gender pay gap for median gross hourly earnings (excluding overtime), UK, April 1997 to 2020

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Gender pay gap for median gross hourly earnings (excluding overtime), UK, April 1997 to 2020



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

Notes:

- 1. Vertical lines represent discontinuities in 2004, 2006 and 2011 ASHE.
- 2. Footnotes applicable to all charts in this bulletin can be found in Section 6: Measuring the data.

The gender pay gap in the UK has been declining slowly over time; over the last decade it has fallen by approximately a quarter among full-time employees and by just over one-fifth among all employees.

In 2020, the gap among full-time employees fell to 7.4%, from 9.0% in 2019. Among all employees it fell to 15.5%, from 17.4% in 2019.

The gender pay gap is higher for all employees than for each of full-time employees and part-time employees. This is because <u>women fill more part-time jobs</u>, which in comparison with full-time jobs have lower hourly median pay.

Figure 2: Although the coronavirus (COVID-19) has had a substantial impact on labour market hours worked and pay, it appears to have had little impact on the gender pay gap in April 2020

Percent of employees in the Annual Survey of Hours and Earnings who were furloughed and whose pay was reduced because of absence, UK, April 2020

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Percent of employees in the Annual Survey of Hours and Earnings who were furloughed and whose pay was reduced because of absence, UK, April 2020

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

Notes:

1. Footnotes applicable to all charts in this bulletin can be found in Section 6: Measuring the data.

The data collected in the Annual Survey for Hours and Earnings (ASHE) 2020 relate to the pay period covering 22 April, at which point <u>approximately 8.8 million employees</u> were furloughed under the Coronavirus Job Retention Scheme (CJRS). It is believed that approximately half of these employees received only 80% of their normal pay. This has the potential artificially to impact the gender pay gap estimates in 2020; for example, if a notably higher proportion of men than women (or the other way around) were furloughed with reduced pay, the headline gender pay gap estimates would be more likely to reflect short-term labour market conditions rather than underlying pay trends.

A slightly higher proportion of men than women were furloughed with reduced pay in April 2020, as indicated in Figure 2. For both men and women, the vast majority of these employees were in the lowest-paying jobs; the 10% lowest-earners were substantially more likely than the average employee to fall into this definition. These findings suggest that – because the gender pay gap is based on median pay – furloughing had a small impact on the gender pay gap, and the majority of the reduction in the gap is because of underlying changes in pay.

This conclusion is supported by the pattern of change in the pay gap within occupation groups (Figure 4) and across earner deciles (Figure 6), both of which show a fall in the gap within higher-paid jobs as well as lower-paid.

Other labour market statistics are also useful for assessing the relative impact of the coronavirus (COVID-19) restrictions on male and female employees. Firstly, the ONS's monthly UK labour market release includes statistics in the October 2020 publication that the employment rate for both women and men changed by half a percentage point, and between January to March 2020 and April to June 2020 the average number of hours actually worked by men declined by 17.4%, and the average number worked by women also declined by 17.3%.

Secondly, the ONS's analysis of <u>employees changing occupation between Quarter 1 (Jan to Mar) and Quarter 2 (Apr to June) 2020</u> concludes that:

"For those workers who have remained in employment, there was only a slight increase in the incidence of occupational switching from the pre-pandemic period to the period covering the pandemic. Further, of those employed in Quarter 1 and Quarter 2 2020 who switched occupation, 52.6% were men and 47.4% were women. This is broadly in line with the figures reported in the first half of 2019."

This analysis relates to the labour market and gender pay gap estimates in April 2020, soon after the coronavirus lockdown measures were introduced. Any subsequent impact on women's and men's pay is not reflected and additional data sources such as HM Revenue and Customs's <u>Coronavirus Job Retention Scheme statistics</u> can provide some later insight to working patterns, prior to publication of the 2021 ASHE gender pay gap estimates.

Figure 3: The gender pay gap has fallen to almost zero among full-time employees aged under 40 years

Gender pay gap for full-time median gross hourly earnings (excluding overtime), UK, April 1997 to 2020

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The clearest insight to the gender pay gap is provided by analysis across age groups. As noted since 2018, for age groups under 40 years the gender pay gap for full-time employees (which is a more homogenous basis than all employees for measuring differences in hourly pay) is now close to zero.

However, from age group 40 to 49 years and older, the gender pay gap for full-time employees is over 10%. Our <u>2019 analysis</u> explored the types of occupation in which men and women work, by age group. It flagged, in particular, a lower incidence of women moving into higher-paid managerial occupations after the age of 39 years, at which point pay in these occupations increases.

Figure 4: The largest fall in the gender pay gap in 2020 is among managers, directors and senior officials

Gender pay gap for full-time median gross hourly earnings (excluding overtime), UK, April 2018 to 2020

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1. Footnotes applicable to all charts in this bulletin can be found in <u>Section 6: Measuring the data</u>.

A positive gender pay gap among full-time employees exists in each of the nine main occupation groups, but it has fallen since 2019 in all but two. The two occupations that saw an increase are professional occupations, and administrative and secretarial; each experienced a small percentage increase to the gender pay gap estimate that is below that recorded in 2018.

The largest fall is among managers, directors and senior officials, from 16.3% to 9.9%, reflecting some signs of more women holding higher-paid managerial roles this year. This occupation group has the highest median pay of any occupation (£21.90 per hour, excluding overtime, compared with £15.07 among all employee jobs) and therefore has a strong impact on the gender pay gap.

What is the gender pay gap for your job? Enter your job in the interactive tool to find out.

Figure 5: Explore the gender pay gap by occupation

What is the gender pay gap for your job?

Download the data

Figure 6: The difference in pay between the sexes is largest among higher earners

Difference in gross hourly earnings (excluding overtime) for men and women at the top and bottom decile and median, UK, 1997 to 2020, full-time employees

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Difference in gross hourly earnings (excluding overtime) for men and women at the top and bottom decile and median, UK, 1997 to 2020, full-time employees



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

Notes:

1. Footnotes applicable to all charts in this bulletin can be found in Section 6: Measuring the data.

The 90 percentile male employee (who earns more than 90% of other men employees, but less than 10%) earns substantially more than the equivalent woman employee. The difference in pay, expressed in gender pay gap terms, is 16.7% for full-time employees. This is much higher than among median earners (7.5%) and the bottom 10% of earners (2.3%).

Over time the gap has reduced at a far slower rate among the higher earners, although in 2019 and 2020 there are some signs that it may be starting to fall at a similar rate to the lower earners.

Figure 7: The gender pay gap is higher in all English regions than in Wales, Scotland and Northern Ireland

Gender pay gap for median gross hourly earnings (excluding overtime) by work region, UK, April 1997 and 2020, full-time employees

Download the data

The gender pay gap varies substantially between regions. In every region of England, it is higher than in each of Northern Ireland, Scotland and Wales.

This is a very different pattern from 1997 when the gender pay gap was quite equal between the regions of the UK.

In the case of Northern Ireland, in particular, the gender pay gap is impacted by a higher proportion of women working in the public sector where pay rates for some jobs are higher than in the private sector.

London stands out as being the only region where the gender pay gap is very similar now to its 1997 level. This is not a new development, and has been highlighted previously. Drivers of the gender pay gap are numerous and although jobs in London have a greater skew to higher-skilled occupations, the relative change in proportion of full-time jobs by occupation since 1997 shows a similar pattern in London to that of the whole UK, meaning that factors beyond this need to be considered.

Analysis conducted by the ONS based on ASHE 2017 data concluded that <u>only 36% of the difference between</u> <u>men's and women's pay could be explained by the attributes modelled from ASHE</u> (with occupation being the highest, explaining 23% of the difference). This highlights the need for additional investigation, for example, separate ONS analysis has identified that – when changing job – women are more likely than men to accept lower pay in favour of a shorter commute. This is particularly noticeable in parts of the South East where commuting time to London is a consideration, and is likely to impact on number of women moving into managerial positions.

Figure 8: Government gender pay reporting applies only to larger companies, but the gender pay gap has declined for employees in both larger and smaller companies

Gender pay gap for median gross hourly earnings (excluding overtime) by size of company (number of employees) that employees work for, UK, April 2016, 2018 and 2020, all employees

Figure 8: Government gender pay reporting applies only to larger companies, but the gender pay gap has declined for employees in both larger and smaller companies

Gender pay gap for median gross hourly earnings (excluding overtime) by size of company (number of employees) that employees work for, UK, April 2016, 2018 and 2020, all employees



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

Notes:

1. Footnotes applicable to all charts in this bulletin can be found in Section 6: Measuring the data.

Since 2017 any organisation that has 250 employees or more must publish and report specific figures about their gender pay gap. This is done across all their employees, not differentiated by full-time and part-time status.

No findings from that initiative are reported in this publication, but we do consider whether the ASHE-derived gender pay gap for employees working in organisations with 250 or more employees is similar or different to that among those working in smaller companies.

The gender pay gap reported by the ONS is a long data time series, calculated from the Annual Survey of Hours and Earnings (ASHE), which samples from all employee jobs in all sizes of company. This is different from the gender pay gap based on compulsory reporting for companies with 250 or more employees.

The gender pay gap has fallen from 19.1% in 2016 (before the government requirement started) to 17.0% in 2020 across all employees working in organisations with 250 or more staff, as shown in Figure 8. A similar magnitude of reduction is seen for employees working in smaller companies too, with those working for companies employing 50 to 249 seeing the largest fall since 2016, from 21.0% in 2019 to 16.3% in 2020.

4 . Gender pay gap data

A detailed set of data tabulations containing gender pay gap estimates from the Annual Survey of Hours and Earnings (ASHE) broken down by aspects such as age, region, occupation and industry is available.

Gender pay gap

Dataset | Released 3 November 2020

Annual gender pay gap estimates for UK employees by age, occupation, industry, full-time and part-time, region and other geographies, and public and private sector. Compiled from the Annual Survey of Hours and Earnings.

5. Glossary

The gender pay gap

The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings.

Full-time and part-time

Full-time is defined as employees working more than 30 paid hours per week (or 25 or more hours for the teaching professions). Part-time is defined as employees working less than or equal to 30 paid hours per week (or less than or equal to 25 hours for the teaching professions).

Standard Occupational Classification (SOC)

The Standard Occupational Classification is a common classification of occupational information for the UK.

6. Measuring the data

The estimates in this bulletin are based on information gathered from a sample of 1% of employees in the UK. The focus is on profiling pay by employee characteristics across the UK; this is separate from the government initiative that requires <u>250 staff or more to report their gender pay gap information</u>, and involves no reporting by employer.

All estimates for 2020 are provisional and relate to the pay period that includes 22 April 2020, at which time <u>approximately 8.8 million employees were furloughed</u> under the Coronavirus Job Retention Scheme (CJRS). Furloughed employee jobs received 80% of normal pay from the scheme, to a maximum £2,500 a month. Employers were able to top up employees' pay, but they were not required to; the Office for National Statistics (ONS) has estimated that approximately a half of employees had their pay topped up.

The Annual Survey of Hours and Earnings (ASHE) collected actual payments made to the employee and the hours on which this pay was calculated, which in the case of furloughed employees would be their usual hours.

The survey includes a question "Did the employee earn less in the pay period due to absence from work?" for which, in most years, approximately 5% of employees are recorded as "yes". The ASHE datasets exclude these employees on the basis of them being temporarily on the margins of the labour market. In 2020 the weighted percentage recorded as "yes" was over 17%, reflecting numerous furloughed employees whose pay was not topped up. These employees are more likely to be employed in lower-paid jobs and if we were to exclude them from our estimates, we would be falsely inflating pay estimates. Given this, we have revised the exclusion criteria for the 2020 datasets to be 'those employees who were not furloughed but whose pay was affected by absence'. This results in the ASHE datasets excluded in 2020 is similar to 2019, in that in both years these jobs have a mean pay of less than two-thirds of that among all jobs, are more likely to be held by women, employees aged 20 to 39 years, and have a similar profile of occupations.

The achieved sample size on ASHE is approximately 180,000 each year. In 2020, there were challenges to data collection, centering on lower response from companies and challenges in validating returns in the time available. The final achieved sample size is 136,000. Given the smaller sample size and potential skew to companies with stronger financial basis, the ONS investigated whether industry should be added to the weighting strata. Analysis indicated that this would have little impact, and could produce instability because of smaller achieved sample sizes within the numerous calibration strata that would be created. Therefore, the standard ASHE weighting approach has been retained, calibrating to occupation, age, sex and region strata. However, ASHE estimates for 2020 are subject to more uncertainty than usual as a result of the challenges we faced in collecting the data under government-imposed public health restrictions.

Estimates from the 2019 Annual Survey of Hours and Earnings (ASHE) survey have been subject to small revisions since the provisional estimates were published on 29 October 2019.

For the charts in this bulletin, the following notes apply:

- 1. Employees are on adult rates, pay is unaffected by absence (in 2020 Employees are on adult rates, pay is unaffected by absence unless furloughed).
- 2. Figures represent the difference between men's and women's hourly earnings as a percentage of men's hourly earnings.
- 3. Full-time is defined as employees working more than 30 paid hours per week (or 25 or more hours for the teaching professions).
- 4. 2020 data are provisional.

An explanation for the difference in the gender pay gap estimate between full-time and all employees can be found in the <u>Guide to interpreting ASHE estimates</u>. It also addresses common questions about the data.

Further information on ASHE methodology can be found on the <u>ASHE methodology and guidance page</u> and in the <u>ASHE Quality and Methodology Information report</u>.

7. Strengths and limitations

The gender pay gap is the percentage difference between men's and women's median hourly earnings, across all jobs in the UK; it is not a measure of the difference in pay between men and women for doing the same job.

The gender pay gap estimates presented here do not include overtime. Overtime can skew the results because men work relatively more overtime than women and using hourly earnings better accounts for the fact that men work on average more hours per week than women.

The strengths and limitations of the Annual Survey of Hours and Earnings (ASHE) can be found in the <u>Quality</u> and <u>Methodology Information report</u> and the <u>Guide to sources of data of earnings and income</u>.

8. Related links

The commuting gap: women are more likely than men to leave their job over a long commute

Article | Released 4 September 2019

When deciding whether to leave their job, women are more likely than men to accept lower pay in favour of a shorter commute, contributing to the overall gender pay gap.

Understanding the gender pay gap in the UK

Article | Released 17 January 2018 This analysis builds on the raw gender pay gap, using regressions techniques to provide more insight into the factors that affect men's and women's pay.

Decoding the gender pay gap

Blog | Released 16 April 2019 This ONS blog post explores the paradox found in the gender pay gap and how occupation and type of employment affect the statistics.

London had the lowest gender pay gap 20 years ago but now has the largest

Article | Released 27 November 2017 The pay gap between men and women working in London has barely changed in over two decades, new ONS analysis shows.

Ethnicity pay gaps in Great Britain: 2020

Article | Released 12 October 2020 Earnings and employment statistics for different ethnic groups in Great Britain, using regression analysis to provide more insight into factors that affect pay.

UK labour market

Bulletin | Monthly

Estimates of employment, unemployment, economic inactivity and other employment-related statistics for the UK.