



Equal Pay Day 2022: What does the gender pay gap mean for women in the cost-of-living crisis?

Women take home on average £564 less per month than men in 2022

More than half - 53% - of women would use the money to turn on their heating and lights more often

“Putting the heating on is going to be a luxury” [Survey respondent]

With a gender pay gap of 11.3%, Equal Pay Day falls on 20th November this year – this is the day in the year when, based on average pay, women overall stop being paid compared to men. The gender pay gap is closing at a glacial pace, which is all the more concerning given that women are at the sharp end of the cost-of-living crisis.

To mark Equal Pay Day 2022, the Fawcett Society explores the **disproportionate impact of the cost-of-living crisis on women**. We know that women are already suffering the pre-existing effects of pay discrimination, are more likely than men to work in low paid and part-time roles, and take on the lion's share of caring responsibilities - which unfairly impacts their working lives. The cost-of-living crisis is sharpening these issues and women, particularly disabled and Black and minoritised women, are bearing the brunt of the impact. This briefing outlines our survey evidence on the gender pay gap amid the cost-of-living crisis¹ and presents our key demands for change.

Our evidence shows that:

- Women take home on average £564 less per month than men in 2022 (£536 in 2021)
- More than half (53%) of women would use the additional money to turn on heating and lights more often, and 48% report that their mental health would improve
- Over a third (35%) of women want to work but are prevented by reasons including a lack of flexible working options and affordable childcare
- More than two thirds of women (68%) have struggled to pay their household bills in the last 6 months, rising to 80% for Black and minoritised women

We are calling on government to:

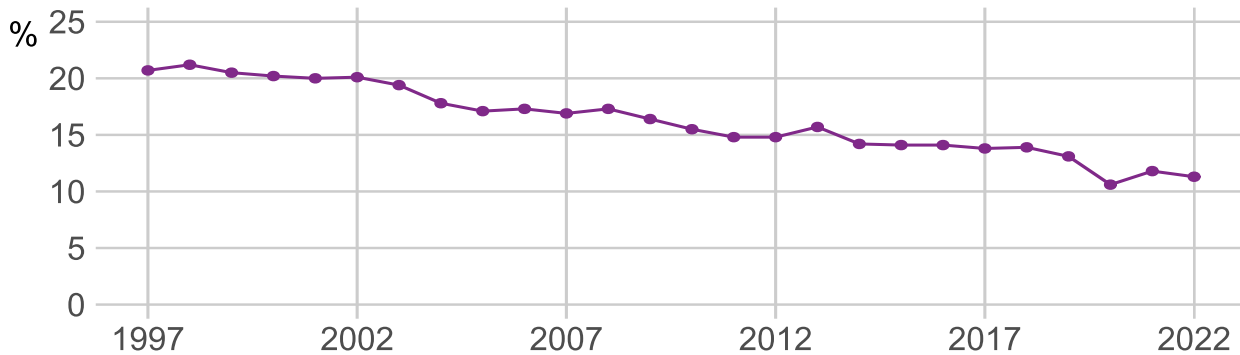
- Improve pay gap reporting by:
 - Introducing mandatory ethnicity pay gap reporting for employers
 - Requiring employers to publish action plans to tackle their pay gaps, so that real action is taken to reduce pay inequality with accountability and transparency built in
 - Lowering the threshold for pay gap reporting to 100 employees, bringing the UK closer to the standards set by other countries
- Require employers to offer flexible work arrangements as default and advertise jobs with flexibility built-in
- Reform the childcare system to increase affordability whilst ensuring our children get the best start in life
- Ban questions about salary history during recruitment and require salary bands to be displayed on job advertisements
- Introduce a free standing and legally enforceable 'Right to Know' what a male colleague is paid for equal work

¹ The Fawcett Society commissioned Survation to conduct a survey exploring women's views and experiences related to the gender pay gap amid the cost-of-living crisis. We surveyed 1965 women aged 18+ in the general population. Survation is a Market Research Society company partner and a member of the British Polling Council and abides by its rules. <http://www.britishpollingcouncil.org>

The gender pay gap

The gender pay gap is the average difference in earnings between women and men for a particular population. Based on the mean, hourly difference in full-time wages, the gender pay gap in the UK has reduced at a glacial pace over the last 25 years, from 20.7% in 1997, to 11.3% in 2022 (Figure 1).² The pace of change is slow - we saw a reduction in just half a percentage point between 2021 (11.8%) and 2022.

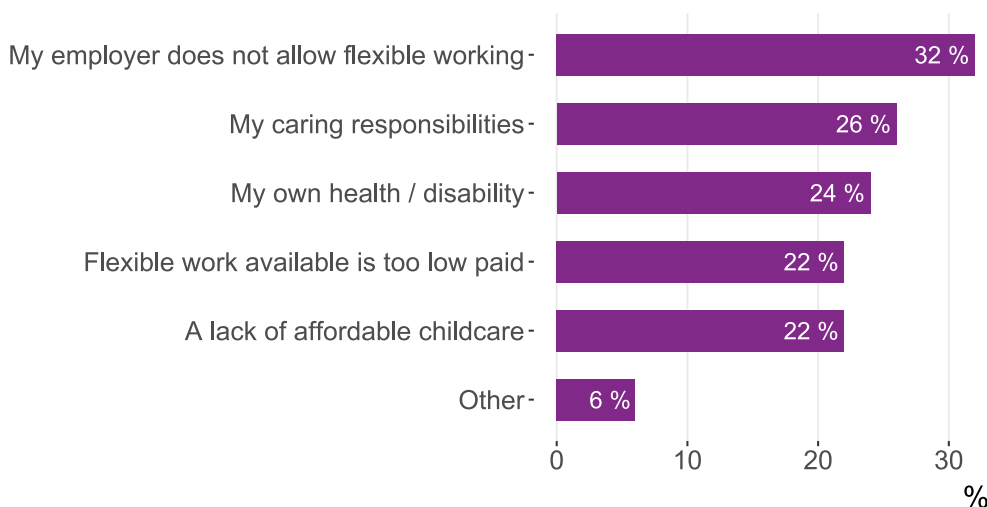
Figure 1. The gender pay gap over time. % mean, hourly difference in full-time wages between women and men.



What causes the gender pay gap? One key driver is pay discrimination³ – when women are paid less than men for the same work – which is illegal (and has been since the 1970s) under the Equality Act.⁴ Other key drivers include the failure to promote women within organisations, undervaluing and underpaying the types of work women are more likely to do – such as social care and childcare work⁵ – and a lack of women in more highly paid sectors such as tech and engineering.⁶ Recruitment practices such as salary history questions and advertising jobs without salary bands can also perpetuate pay gaps, contributing to women and people of colour carrying pay gaps around with them from job to job.

We also know that on average, women work fewer paid hours than men. For many women, this is not a fair or freely chosen circumstance but a result of an unequal share of unpaid caring work falling on their shoulders. Our poll indicated that **over a third of women (35%) would like to work more (paid) hours than they currently do, but are being prevented by reasons including a lack of flexible working options (or options that are too low paid), the impact of their caring responsibilities, a lack of affordable childcare, or their health or disability.**

Figure 2. 'What are the main reasons currently holding you back from working more hours?'⁷



² ONS, Gender Pay Gap. 1997 - 2022. GPG is calculated as a proportion of men's earnings

³ Fawcett Society, Gender Pay Gap and Causes Briefing. 2018. <https://www.fawcettsociety.org.uk/gender-pay-gap-and-causes-briefing-equal-pay-day-2018>

⁴ Equality Act 2010, 2010 c. 15, <http://www.legislation.gov.uk/ukpga/2010/15/contents>

⁵ Fawcett Society, Childcare and early education systems. 2022.

⁶ Tech Nation, Diversity and inclusion in UK tech companies. 2021. <https://technation.io/insights/diversity-and-inclusion-in-uk-tech-companies/>

⁷ Women who indicated they would like to work more hours were asked to select up to 3 options. Unweighted N = 402, weighted N = 337. Data were weighted to the profile of all women in the UK aged 18+, by age and region.

This disproportionately impacts women of Black, Asian, Mixed and other minoritised backgrounds, who were significantly more likely to want to work more hours (43%) than white women (32%) in our poll. Indeed, analysis conducted by the Labour party indicates that gender pay gaps are higher for Black and minoritised women, with median pay gaps as compared to the average male worker of 31%, 28%, 26%, and 18% for Pakistani, Bangladeshi, Black African, and Black Caribbean women, respectively.⁸ Women and men of colour are also overrepresented in low paid and insecure work (14.6%, compared to 11.1% of white workers).⁹ **However, ethnicity pay gap reporting remains voluntary, so until it becomes mandatory, we lack a full, up-to-date picture** of the extent to which both women and men of Black and minority ethnic backgrounds are disproportionately impacted by lower pay.

This year's data also indicates that the gender pay gap continues to be worse for older women, varying between 14.0% and 15.2% for women aged over 40, but varying from 1.9% to 6.8% for women aged under 40. This is likely to be driven by the 'motherhood penalty'¹⁰ – where women face lower earnings and career setbacks after they have a child – and other caring responsibilities being more likely to fall to older women. By region, the gender pay gap is worse in England (12.1%) compared to 6.2% in Wales, 8.1% in Scotland, and 3.7% in Northern Ireland, and continues to be higher in the private sector (at 13.4% this year) than the public sector (11.4%), although the difference in the gap between the sectors has narrowed over time.¹¹

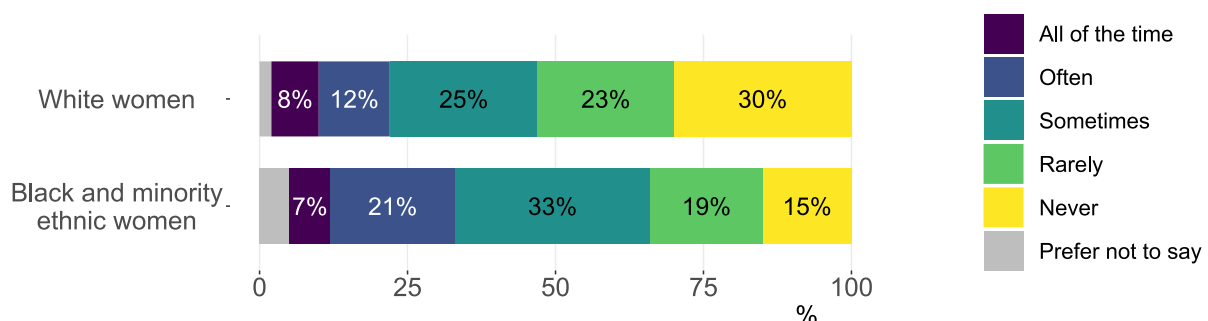
The cost-of-living crisis

Against a backdrop of existing financial inequality and glacial improvement in the gender pay gap, it is perhaps unsurprising that women are at the sharp end of the cost-of-living crisis. Inflation, particularly rapidly rising energy prices, is surpassing wage and benefit increases – and women are suffering a disproportionate impact. According to research from the Living Wage Foundation published in March 2022, 42% of low-paid women have fallen behind on household bills, compared to 25% of low paid men. Women face multiple impacts of the cost-of-living crisis – they are both more likely to work in low paid jobs (20% are paid below the real Living Wage) and to spend more on household goods and bills - which in turn are more likely to be impacted by inflation.¹²

This reflects findings from our polling, in which **more than two thirds – 68% - of women reported that they have struggled to pay their household bills in the last 6 months**, with 8% responding that they had done so 'All of the time' and 13% 'Often'. 68% were concerned about their ability to pay household bills over the next 6 months.

Black and minority ethnic women are disproportionately impacted by the cost-of-living crisis, with the Runnymede Trust's recent *Falling Faster* report highlighting that people of Black and minority ethnic backgrounds are 2.5 times more likely to be in poverty than white people.¹³ According to Runnymede, the government's 'Energy Price Guarantee' is more likely to lift white households out of poverty than Black and minority ethnic households. Similarly, our own polling indicated that **80% of Black and minority ethnic women reported having struggled to pay their household bills in the last 6 months**, compared with 68% of white women – a statistically significant difference (Figure 3).

Figure 3. 'How often, if at all, have you struggled to pay your household bills over the last 6 months?', by ethnicity.¹⁴



⁸ The Guardian, Gender pay gap wider for minority ethnic women, Labour finds. 2022.

⁹ TUC, Insecure work. 2022. <https://www.tuc.org.uk/sites/default/files/2022-07/InsecureWork.pdf>

¹⁰ Cukrowska-Torzewska & Matysiak. The motherhood wage penalty: A meta-analysis. Social Science Research. 2020.

¹¹ ONS, Gender Pay Gap. 1997 - 2022.

¹² Living Wage Foundation, Low paid work and cost-of-living crisis disproportionately affecting women. 2022.

¹³ Runnymede Trust, Falling Faster Amidst A Cost-of-Living Crisis. 2022.

¹⁴ N = 1965 women in the general population, including 1646 white women (1571 weighted) and 179 Black and minority ethnic women (159 weighted). %s shown are weighted.

For disabled women the picture is similarly tough, with research from Scope highlighting the additional costs that disabled people already face – including higher energy costs¹⁵ – leaving this group particularly vulnerable to the effects of inflation. Evidence from Fawcett during the pandemic in 2020 indicates that 34% of disabled people had already run out of money.¹⁶

Our polling also indicated **women aged under 55 were significantly more likely to report having struggled to pay their bills in the last 6 months (77%)** compared to women aged 55-64 (70%) and women aged 65+ (47%). Whilst the gender pay gap is larger for older women, it appears to be young people, particularly women, who are at the sharp end of the cost-of-living crisis, with research from the Young Women's Trust revealing that 52% of young women are 'filled with dread about their household finances'.¹⁷

Women's missing money amid the cost-of-living crisis

Closing the gender pay gap would make an immense, meaningful difference to women's lives at a time when many are struggling to make ends meet. Using the median gross annual pay figures for men and women, we calculated that **the average gender difference in take-home pay was £536 per month in 2021 and £564 per month in 2022.**¹⁸

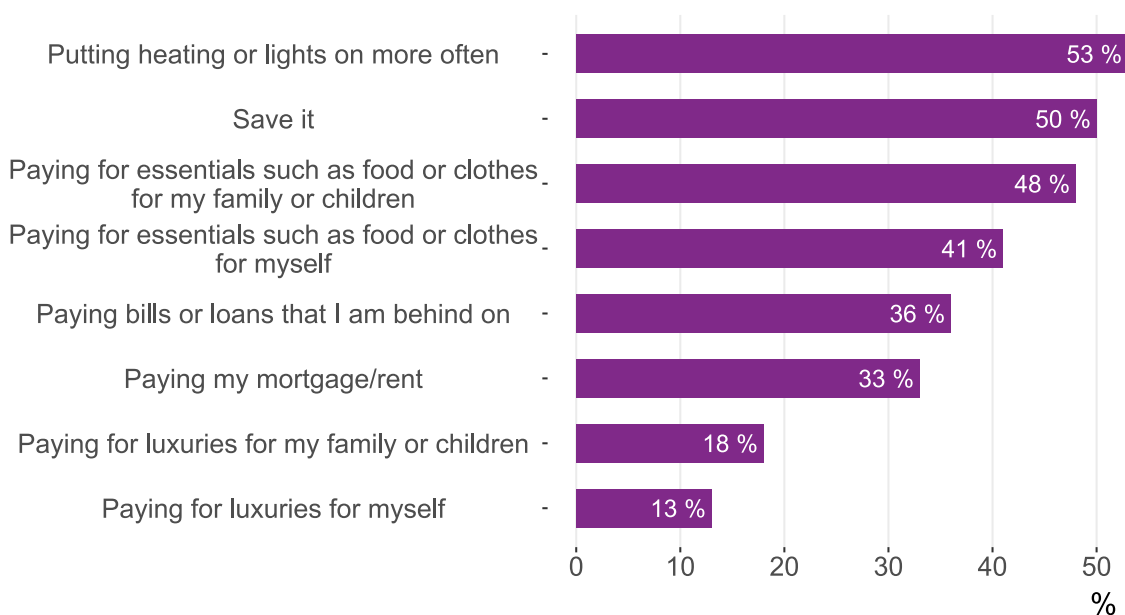
This is enough to pay for...

- > The average monthly grocery shop for a large family of 5 (two adults and 3 younger children)¹⁹
- > 11 weeks of energy usage for an average household²⁰
- > 50% of the average monthly rental costs²¹

In our survey, we asked women what they would use this money for if they had access to it. Highlighting the depth of the cost-of-living crisis, **they were most likely to use the money for putting the heating or lights on more often – with over half of women (53%) indicating they would do so**, and least likely to opt to use it to pay for luxuries for themselves (13%).

Many women also indicated that they would use the money to pay for essentials, such as food or clothes for their families or children (48%) or themselves (41%), or to pay bills or loans that they are behind on (36%) (Figure 4).

Figure 4. 'If you had an extra £536 each month, which of the following things would you use the money for?'²²



¹⁵ Scope, Out in the Cold. 2018. <https://www.scope.org.uk/campaigns/extra-costs/out-in-the-cold/>

¹⁶ Fawcett Society, Disabled women and Covid-19 – Research evidence. 2020.

¹⁷ Young Women's Trust, Annual Survey 2022. <https://www.youngwomenstrust.org/wp-content/uploads/2022/06/Young-Womens-Trust-Annual-Survey-Report-2022.pdf>

¹⁸ ONS, Gender Pay Gap. 2021, 2022. See *Methods* on p.5 of this document for calculation details.

¹⁹ Nimblefins, Average monthly grocery shop for a family of 5 is £566. <https://www.nimblefins.co.uk/average-uk-household-cost-food>

²⁰ Based on average annual energy costs of £2500 under the Energy Price Guarantee. Commons Library, 2022. <https://commonslibrary.parliament.uk/research-briefings/cbp-9491/#:~:text=Under%20the%20EPG%20the%20average,winter%202021%2F22%20price%20cap.>

²¹ Rightmove, Rental Trends Tracker April – June 2022. <https://hub.rightmove.co.uk/content/uploads/2022/07/Rental-Trends-Tracker-Q2-2022.pdf>

²² N = 1965 women.

This money would also significantly improve women's quality of life and health, which is being worsened by the cost-of-living crisis. According to figures from the Living Wage Foundation, 50% of low paid women report negative effects on their levels of anxiety, and 48% report negative impact on their quality of life.²³

Our poll finds that just under half of women (48%) report that an additional £536 per month would improve their mental health, and those with caring responsibilities were significantly more likely to report this (52%) compared to those without caring responsibilities (44%). Over a quarter (26%) reported that this money would get them out of debt, and 17% reported that it would improve their physical health.

What change do we need to see?

Tackling the gender pay gap is an urgent priority and would lift many women out of poverty and debt, whilst improving quality of life and mental health for many more. As we have seen, taking action on the cost-of-living crisis goes hand in hand with tackling the gender pay gap.

Recent research from the Fawcett Society has shown that the UK's childcare system falls short in affordability, quality, and levels of public spending, as compared to other countries with comparable political and welfare systems.²⁴ The evidence points to affordable, accessible childcare as crucial for supporting women into the labour market and enabling them to make free and fair personal decisions about managing their working lives and the division of caring responsibilities.

The evidence above indicates that the gender pay gap is worse for women of Black and minoritised backgrounds. However, without introducing **mandatory ethnicity pay gap reporting**, we cannot understand the full extent of the picture, nor how it affects different groups by ethnicity.

To enable women to manage the caring responsibilities which they carry in disproportionate measure, we need to see **flexible work options available and advertised in job descriptions as a Day 1 right** for those starting new roles. **Gender pay gap action plans for employers** would increase accountability for individual organisations to make change, and there is strong evidence to indicate that **preventing recruiters and employers from asking salary history questions** would reduce pay inequality.²⁵

Methodology

Our poll. Survation were commissioned by Fawcett and surveyed 1965 women aged 18+ in the general population, to gain an understanding of how the gender pay gap in the context of cost-of-living crisis was impacting women across the UK.

How was the 'missing £564' calculated? In the survey, we asked women how they would use the average gender difference in take-home pay in 2021 (£536) if they had access to it. In 2022, the average gender difference in take-home pay rose to £564. This £564 figure is calculated using the median, gross annual earnings for men and women in 2022, taking both full and part-time work into account. The data is sourced from Table 1.7a of the ONS' annual release of Annual Survey of Hours and Earnings (ASHE) data.²⁶ The online website The Salary Calculator²⁷ was used to convert gross earnings to take-home pay, after National Insurance and tax at 20%.

Why use the median? We used the take-home median figure here because this best reflects the tangible, average amount in the pockets of the typical man or woman in the context of the cost-of-living crisis, as it is less skewed by the small number of very high earners than the mean figure. This is different to Fawcett's calculation of the date of Equal Pay Day and overall gender pay gap at 11.3%, which uses full-time, mean earnings to capture and reflect the full impact of men being more likely to be very high earners.

Why use the data for part- and full-time workers? Similarly, the £564 figure is based on pay for all workers (full-time and part-time) to reflect the difference in the actual amount of money men and women see each month. This is because women are more likely to work fewer hours as a result of structural and societal factors, including a disproportionate share of domestic and caring responsibilities.

²³ Living Wage Foundation, Low paid work and cost-of-living crisis disproportionately affecting women. 2022.

²⁴ Fawcett Society, Childcare and early education systems. 2022.

²⁵ Fawcett Society, Equal Pay Day 2021 Briefing. <https://www.fawcettsociety.org.uk/Handlers/Download.ashx?IDMF=29baadd2-9918-47bc-8b22-43eeeffd33ad>

²⁶ ONS, Earnings and hours worked, all employees: ASHE Table 1.

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/allemployeesashtable1>

²⁷ The Salary Calculator. 2022. <https://www.thesalarycalculator.co.uk/>