

UK gender pay gap widens as childcare costs worsen 'motherhood penalty'

The UK's gender pay gap has widened as sharp increases in the cost of childcare has worsened a "motherhood penalty", pricing many women out of work altogether, according to a new report.

The nation's average pay gap widened by 2.4 percentage points to 14.4% in 2021, accountancy giant [PwC](#) found in its Women in Work index.

It means that the gap between what the average man and the average women is paid in hourly pay has got bigger, indicating UK companies have taken a step backward when it comes to gender parity.

At the rate the pay gap is closing, it will now take more than 50 years to reach gender pay parity, PwC said.

The motherhood penalty is now the most significant driver of the gender pay gap and, in the UK, women are being hit even harder by the rising cost of living and increasing cost of childcare

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Furthermore, the UK dropped five places in the firm's annual index of women's employment outcomes, across 33 countries that are members of the Organisation for Economic Co-operation and Development (OECD) and included in the analysis.

The UK stood in 14th place in 2021, down from ninth place in 2019, meaning that as well as the pay gap, indicators like the female labour force participation rate has declined and more women have become unemployed.

Around the world, progress towards gender equality in work was set back by at least two years by the impact of the Covid pandemic, the report found.

Women's employment losses from Covid were relatively worse than men's.

Moreover, childcare costs have risen dramatically in the UK since 2015 while wage growth has slowed, PwC said.

Average nursery costs per week rose by more than a fifth between 2015 and 2022, while average weekly earnings rose by 14%.

And net childcare costs represented almost a third of the income of a family on the average UK wage, compared to as little as 1% in Germany.

It means that women have borne the brunt of higher childcare costs when it comes to their careers, the report suggested.

Larice Stielow, senior economist at PwC, said: "The motherhood penalty is now the most significant driver of the gender pay gap and, in the UK, women are being hit even harder by the rising cost of living and increasing cost of childcare.

“With this and the gap in free childcare provision between ages one and three, more women are being priced out of work.

“For many it is more affordable to leave work than remain in employment and pay for childcare, especially for families at lower income levels.”

Alongside more affordable childcare, societal attitudes about gender roles need to shift in order to tackle the motherhood penalty, the analysis suggested.

It found that fathers taking more paternity leave could pave the way for more women remaining in full-time employment in the UK, therefore improving its overall ranking in the index.

A spokesperson from the Government’s [Department for Education](#) said: “Over the last decade the gender pay gap has fallen from 19.6% to 14.9% and the percentage of women in employment has gone from 66.5% to 72.3%.

“However, we recognise that families and early years providers across the country are facing financial pressures, which is why we have spent more than £20 billion over the past five years to support families with the cost of childcare.

“This [Government](#) has also doubled the entitlement for working parents of three and four year olds to 30 hours and introduced 15 free hours a week for disadvantaged two-year-olds.

“On top of this, working parents on [Universal Credit](#) may be eligible for help with up to 85% of their childcare costs through Universal Credit to support with the costs of childcare.”