Closing the pay gap: from insight to impact

Year 8 UK gender pay gap reporting 2024/25

July 2025

Foreword

As we mark the eighth year of mandatory UK gender pay gap reporting, pay gaps remain a critical measure of progress toward fair pay and representation. This year's analysis reveals a significant improvement to date in organisations' reported pay gaps, both market-wide and sector-specific.

While we explore the data and potential drivers behind this positive shift, our focus is on sustaining momentum - particularly as new UK and EU regulations broaden the scope of pay transparency reporting requirements. In this increasingly complex landscape, it's essential that organisations ensure their actions turn insight into impact. This means tackling the root causes of pay gaps and addressing the barriers that shape the workforce. Not only will this help to continue reducing pay inequality, but it will also strengthen trust in employers and enhance a company's brand and reputation.

By embedding insights from reporting into broader people strategies, organisations can foster inclusive cultures and better support their people - driving lasting, measurable change and delivering stronger business outcomes through improved performance, greater innovation and higher employee engagement.

Key gender pay trends in 2024/25

10,701	11.2%	▼2.2%
Companies disclosed their gender pay gap (compared to **10,408** last year).	Median of reported mean pay gaps (compared to **11.8%** last year).	Reduction in the mean pay gap since 2017 (compared to **13.4%** in 2017).

Introduction

Since the introduction of mandatory reporting in 2017, the gender pay gap has become a powerful metric to uncover pay disparities in organisations, and monitor progress on fair pay and diversity.

The gender pay gap primarily reflects differences in male and female representation across an organisation, making it a key catalyst to uncover where, and why, differences in the workforce exist. Pay gap reporting continues to face increased scrutiny - from regulators, media and the public - making it not only a widely used internal measure for organisations, but also a key focus of external accountability.

For 2024/25, our analysis shows one of the largest year-on-year hourly pay gap decrease since the introduction of pay gap reporting, with a decrease of 0.6% in the mean hourly pay gap, from 11.8% to 11.2%, and a decrease of 0.5% in the median hourly pay gap, from 9.1% to 8.6%.

There are a number of reasons that could explain these reductions. Many organisations have implemented targeted and sustained actions to address their pay gaps - particularly in response to heightened scrutiny and stakeholder expectations. These actions include reviewing and adjusting pay structures, improving gender balance in senior and high-paying roles, introducing a more transparent promotion and progression process, and investing in inclusive hiring practices. Additionally, the gender pay gap itself is a lagging indicator, so the current reporting figures may reflect the cumulative impact of these initiatives over recent years.

Whilst the overall pace of change has been slow since the introduction of reporting, this year's figures reflect a positive shift.

It is particularly important for organisations to continue to reduce their pay gaps and create sustainable change, as we see reporting increase with:

The introduction of the Equality (Race and Disability) Bill which proposes to extend gender pay gap reporting to include mandatory ethnicity and disability reporting within the UK.

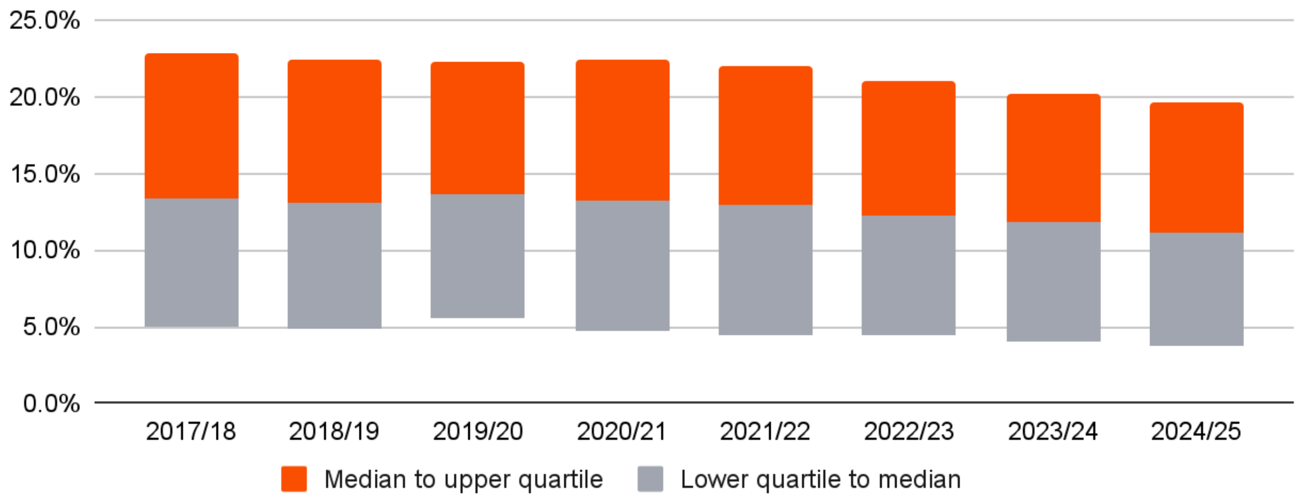
Additional pay gap reporting and pay transparency obligations introduced across the EU as part of the EU Pay Transparency Directive.

In this increasingly complex landscape, it is essential for organisations to think holistically about reporting and how to continue making progress. When embedded into business decision-making, reporting can become a powerful lever for change – enabling a deeper understanding of the strategic and operational drivers that influence an organisation's brand, reputation and ability to drive innovation. It also supports the creation of a productive workforce that is inclusive, while helping to reduce people-related employment costs. This year's report reflects on the progress we've observed since the start of gender pay reporting in 2017/18, deep-diving into some of the interventions that have been most effective in driving meaningful change and reducing gender pay gaps.

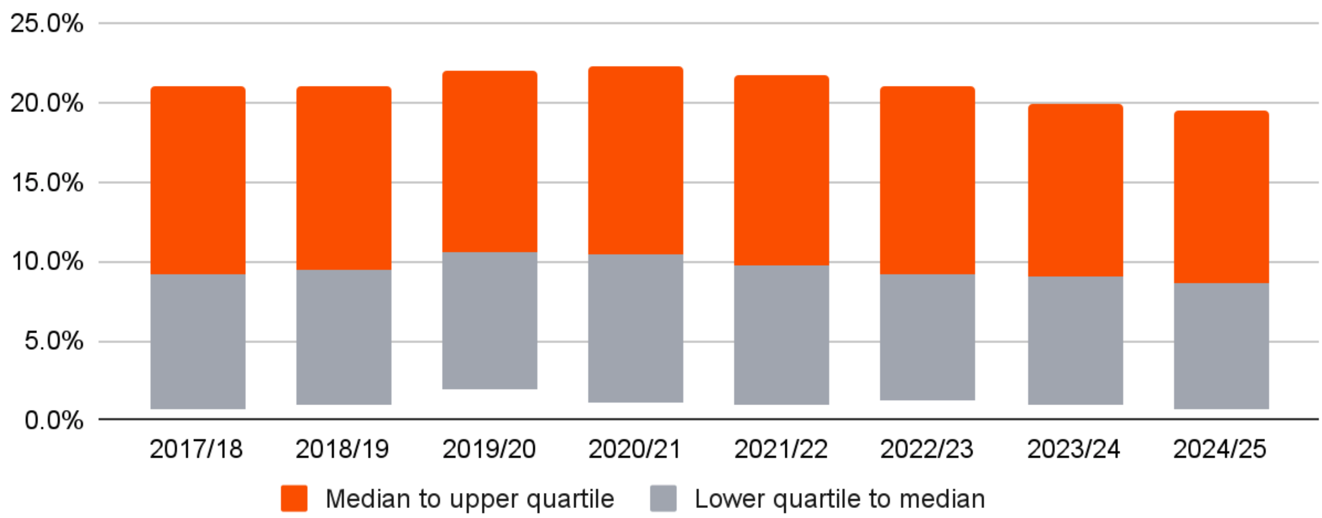
Key trends

Our analysis shows a decrease of 0.6% in the mean pay gap from 11.8% in 2023/24 to 11.2% in 2024/25. The median hourly pay gap has decreased from 9.1% in 2023/24 to 8.6% in 2024/25. In the last few years, the pace of change appears to have accelerated, resulting in one of the biggest decreases since 2017/18, which may suggest that recent efforts by organisations are beginning to have a sustained impact.

Mean pay gap

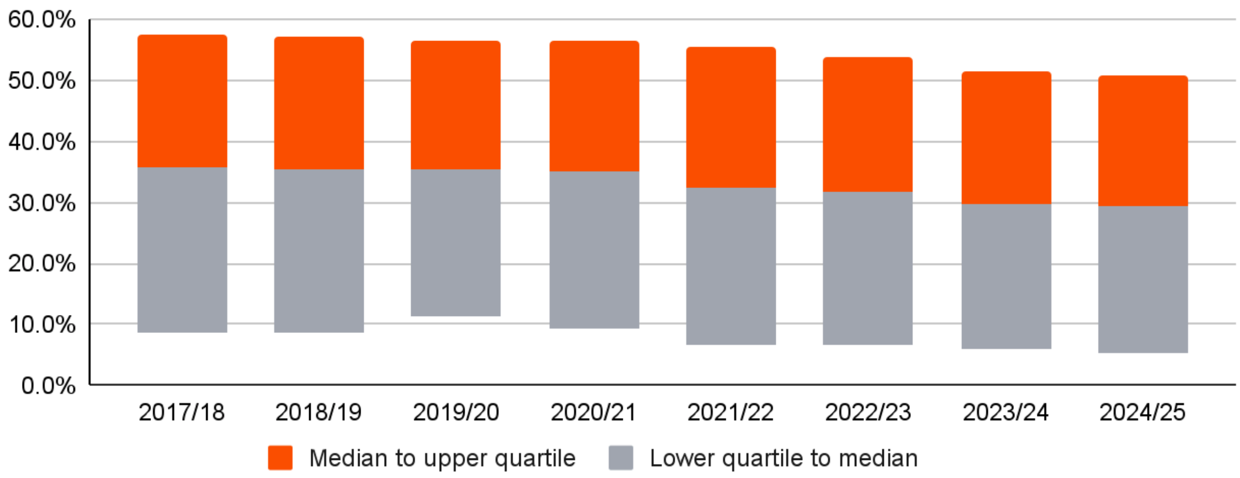


Median pay gap

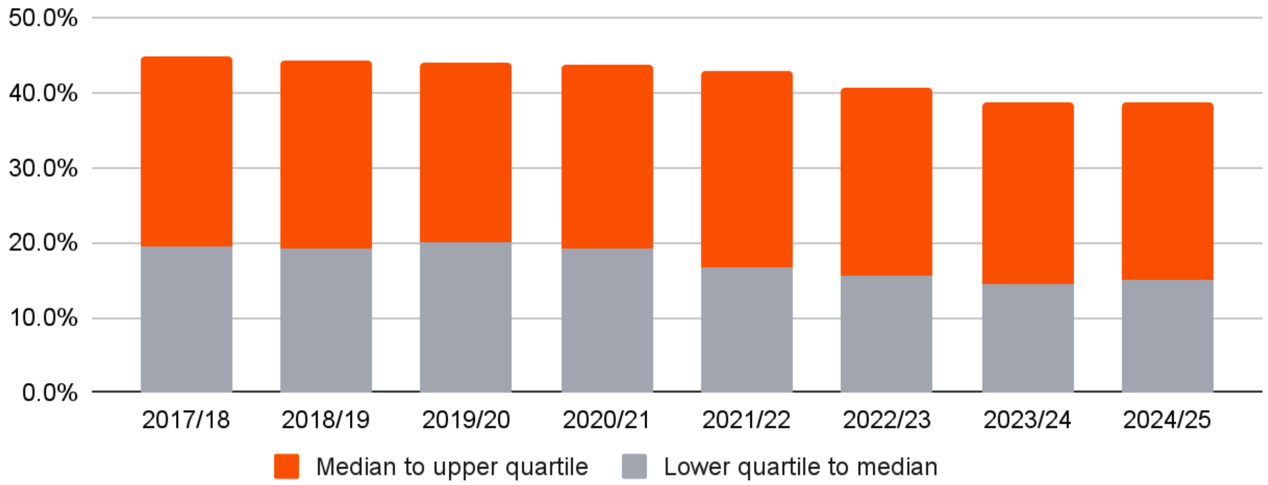


The mean bonus gap has decreased by 0.3% from 29.6% in 2023/24 to 29.3% in 2024/25, and the median bonus gap has increased by 0.6% from 14.4% in 2023/24 to 15% in 2024/25. Bonus pay gaps are typically more volatile than hourly pay gaps, due to the performance related nature of most bonuses.

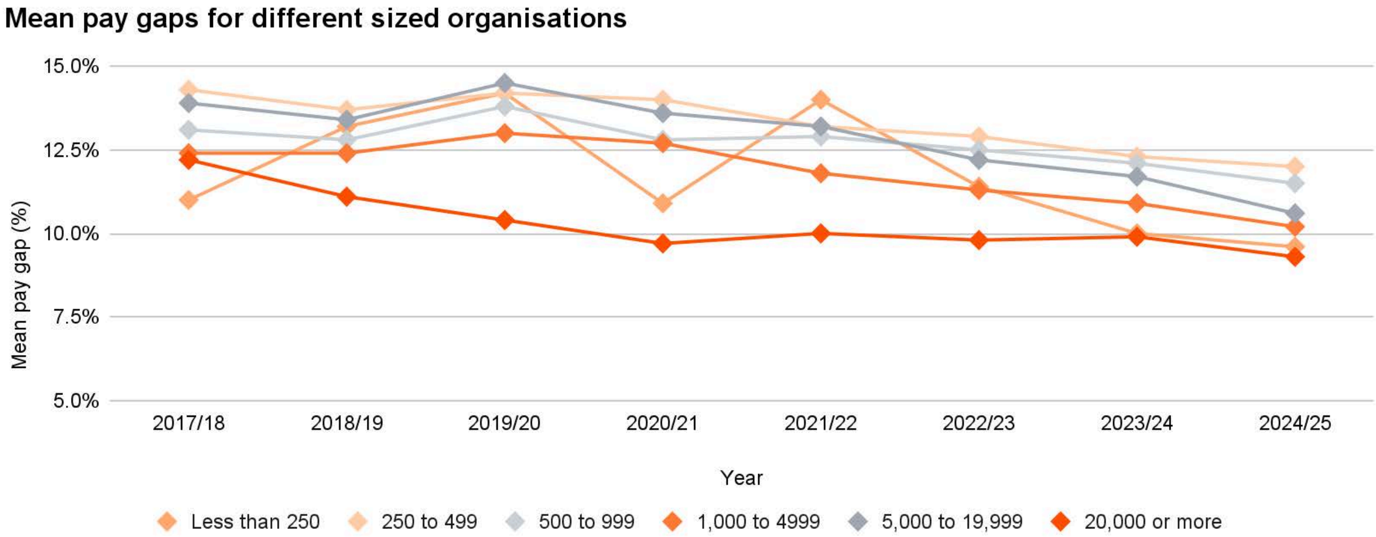
Mean bonus gap



Median bonus gap



Changes in mean hourly pay gap by sector between 2023/24 – 2024/25

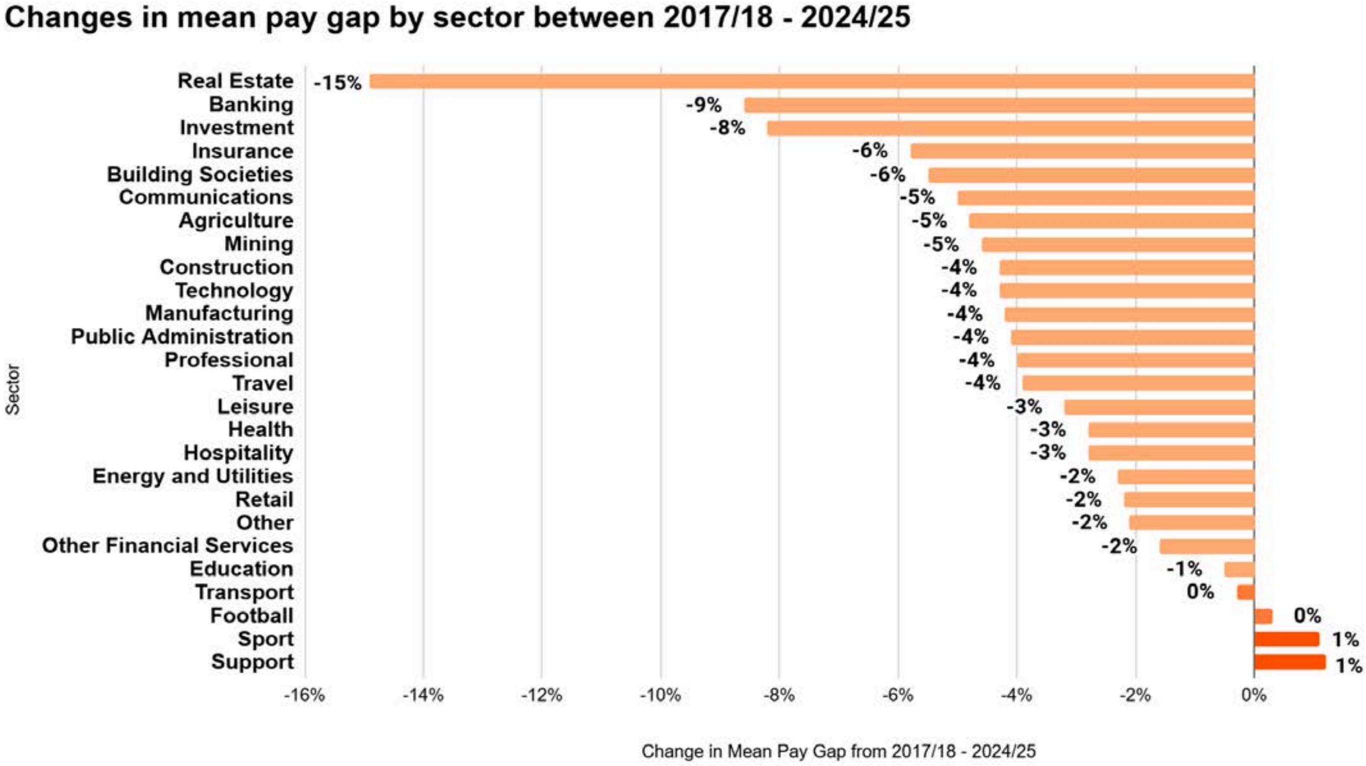


In 2024/25, the mean hourly pay gap decreased for organisations of all sizes, with the largest decrease of 1.1% for organisations with 5,000 to 19,999 employees.

Each year, the largest organisations (with 20,000 employees or more) have the lowest mean hourly pay gaps when compared to other sized organisations. This may be partly because the impact of leadership representation – which is often predominantly male and a major driver of pay gaps – is diluted across a much larger workforce.

The smallest organisations typically display higher levels of volatility in their pay gaps, as a single employee can have a more significant impact on overall average pay due to the smaller employee population. This can be seen more drastically between 2017/18- 2021/22 for organisations under 250 employees, however the last few years show more stable decreases, similar to other sized organisations.

Sector trends



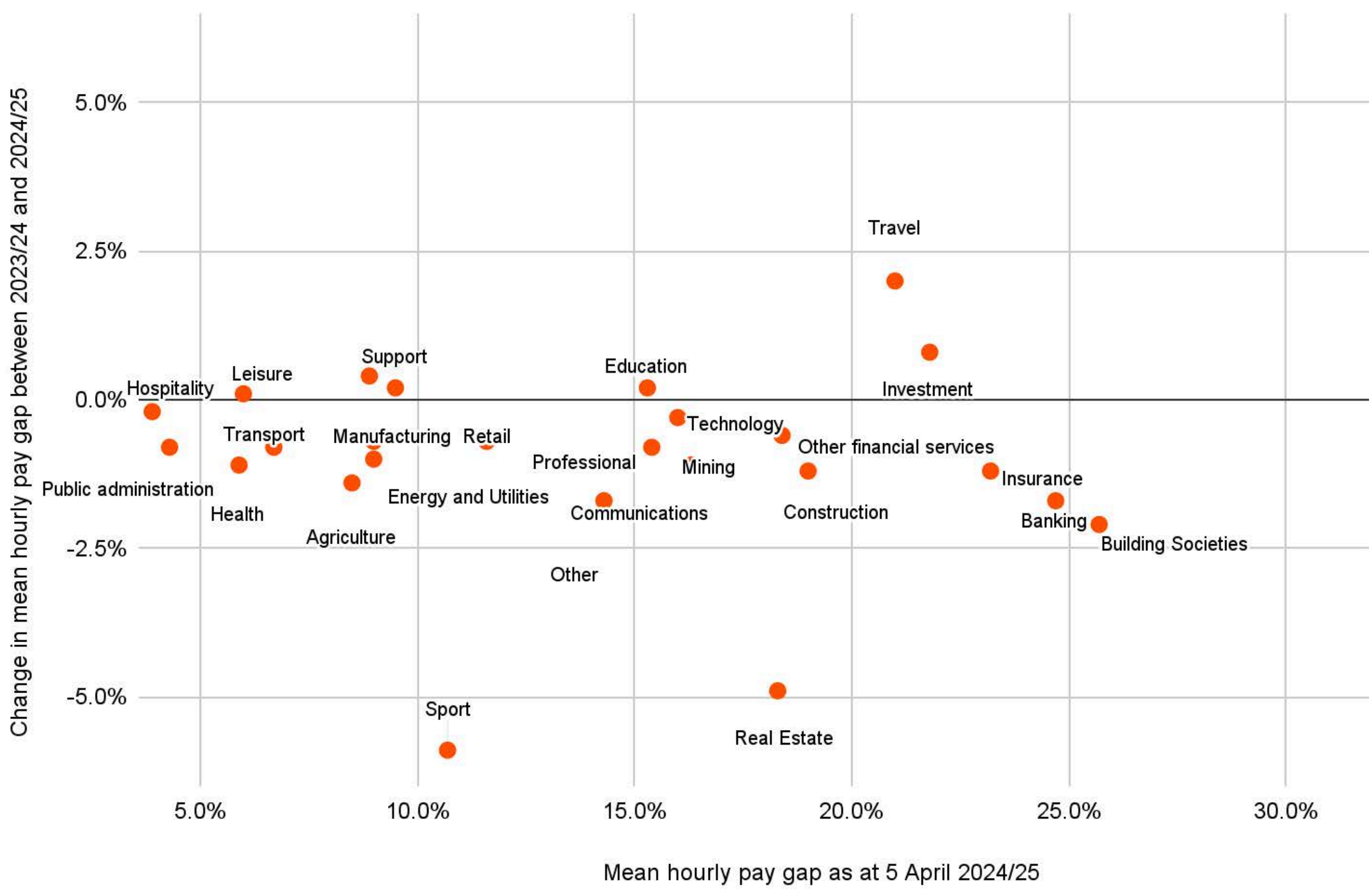
The graph above outlines the cumulative changes in each sector's mean hourly pay gap seen since the introduction of pay gap reporting in 2017/18. Encouragingly, the majority of sectors have shown decreases in the average mean pay gap, indicating progress towards pay equity.

The Financial Services sector has reported some of the most substantial reductions in mean pay gaps over this period. Within this sector, Real Estate, Banking and Investment have reduced their pay gaps by 14.9%, 8.6% and 8.2% respectively. While this progress is promising and reflects a growing commitment to change, it's important to recognise that these sectors started from a higher baseline – historically reporting some of the largest pay gaps.

A small number of sectors, including Sport, Football and Support, have seen an increase in their reported gender pay gaps between 2017/18 and 2024/25. These sectors have historically been dominated by one gender, which can result in structural imbalances and make progress more challenging. As a result, these pay gaps tend to be more volatile and resistant to change.

Please note we have refined the methodology this year to classify companies into updated sectors, which may result in a shift in sector pay gaps reported in previous years. Additionally sector pay gaps may also vary due to differences in the number of companies that reported from 2017/18 to 2024/25.

Changes in mean pay gap by sector between 2023/24 and 2024/25



The sectors reporting the lowest pay gaps are Hospitality, Public Administration and Health. These sectors typically have a greater proportion of women overall, resulting in women often making up a more significant share of the senior workforce, and as a result, reducing the pay gap. Additionally, these sectors often rely on hourly wage structures rather than salaried roles, resulting in less variation in pay and contributing to smaller gaps.

On the other hand, our analysis shows sectors in Financial Services continue to report the largest gender pay gaps. This is reflective of the ongoing issues with gender equality within the sector. However, as previously explored, they have consistently shown progress in reducing their pay gap, with the largest decreases in the mean pay gap compared to last year experienced in Sport, Real Estate, Building Societies and Banking.

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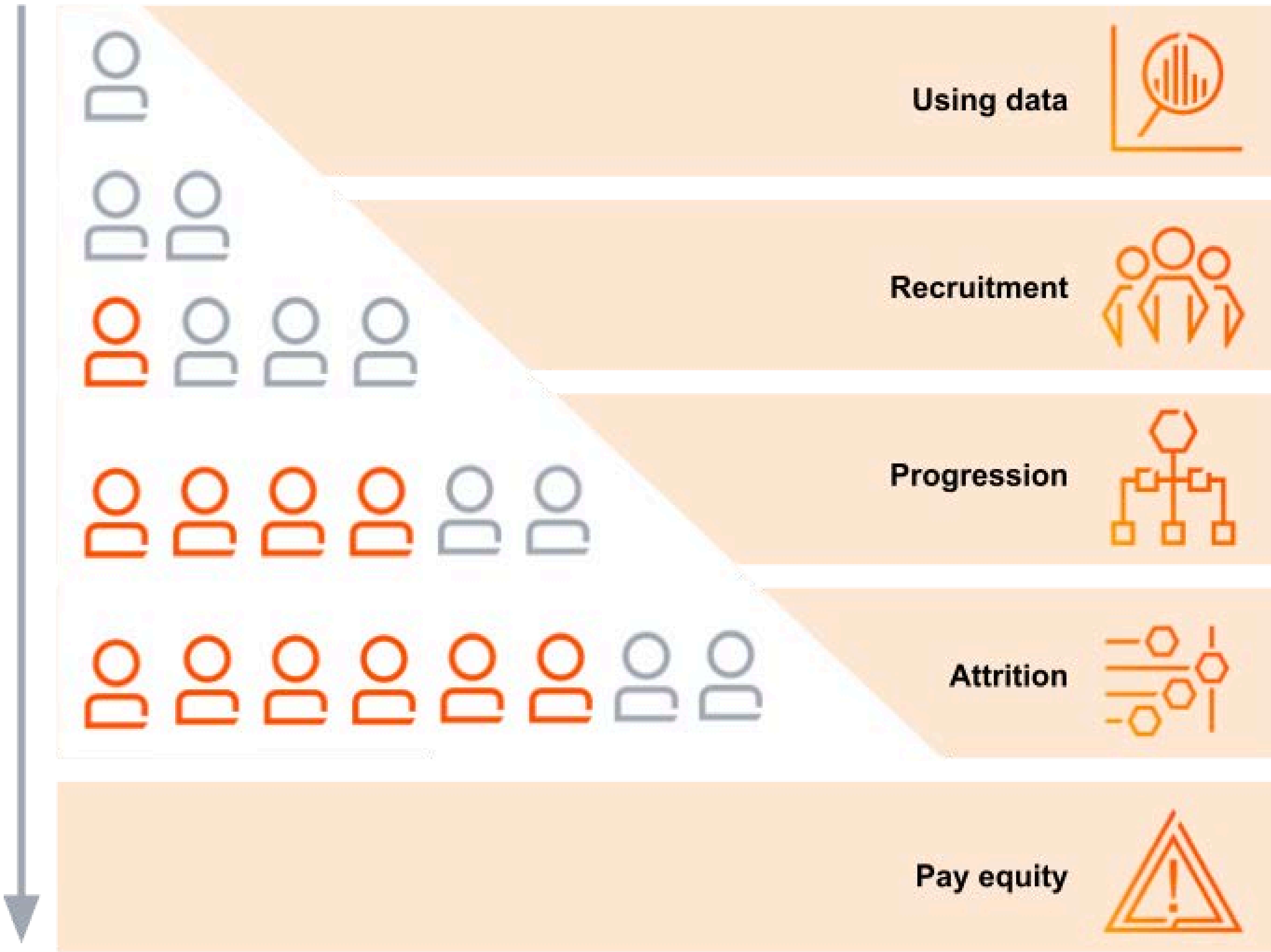
Interventions with impact

The primary driver of the gender pay gap is unequal representation across the workforce – typically with more women in junior roles and more men in senior positions. To close the gender pay gap sustainably, organisations need to focus on shifting this balance by using data to identify where representation is lacking and why. Targeted interventions across the three key levers – **recruitment, progression and attrition** – are essential. Beyond reducing pay gaps, these interventions also support broader business goals: improving workforce productivity and reducing turnover costs.

In this section, we explore some of the most effective strategies in these areas that have helped reduce pay gaps. With additional pay gap reporting requirements on the horizon, there will be an even greater need to adopt approaches that foster broader inclusion. Ensuring these strategies are effective and inclusive of underrepresented groups will not only support compliance but also drive innovation, strengthen employer brand and enhance long-term performance.

The gender pay gap isn't just about pay, it's about representation across the workforce.



Using data

To effectively address the gender pay gap, organisations must go beyond surface-level metrics and use data to uncover the root causes of representation differences. This involves:

Analysing workforce representation

Identify imbalances across levels, functions and business units – such as bottlenecks in progression or high attrition in mid-level roles.

Tracking the employee lifecycle

Use data to monitor gender patterns in:

a. **Recruitment** – Who is applying, who is being hired and at what levels?

b. **Progression** – Who is being promoted, and how quickly?

c. **Attrition** – Where are women leaving the organisation, and why?

Identifying barriers

Use qualitative and quantitative data (e.g. employee surveys, exit interviews, performance ratings) to detect systemic issues such as biased promotion criteria or unequal access to development opportunities.

Measuring the impact

Track changes in representation and pay gaps over time to evaluate the effectiveness of initiatives and ensure return on investment.

Ensuring pay equity from the start by avoiding reliance on previous salary history and using market benchmarks to set fair starting salaries.

Leveraging data in this way enables smarter, more targeted interventions - reducing inefficiencies, improving talent outcomes, and supporting better business decisions.

Case study: PwC's Data Analytics Toolkit

At PwC, we have developed a proprietary toolkit to help organisations diagnose and address gender pay gaps using workforce data. One client, a global research and analytics organisation, needed to understand what was causing their gender pay gap and identify where to focus efforts. Using the toolkit, we uncovered that the gap was primarily driven by the distribution of men and women across different market-facing roles and that there was a particular imbalance in representation at the mid-management level where women were leaving at higher rates. Further analysis, including employee survey data, revealed that women at this level felt they lacked access to mentorship and sponsorship - factors that were widely viewed across the organisation as critical to career progression. In response, the organisation introduced targeted mentorship and sponsorship programmes specifically at mid-level female talent. They also used representation and attrition data to monitor the impacts of these initiatives over time.

Recruitment

Recruitment plays a pivotal role in shaping the gender balance of an organisation. Since the gender pay gap is largely driven by underrepresentation of women in higher-paying roles, ensuring equitable hiring practices is a critical first step toward long-term change.

Key actions include:

Reviewing job descriptions to remove gendered language and unnecessary criteria that may deter female applicants.

Setting representation goals at each stage of the recruitment funnel and using data to monitor progress.

Broadening sourcing strategies to reach more diverse candidate pools, including partnerships with women-focused networks and inclusive job boards.

Standardising interviews and assessments to reduce bias and ensure consistency in decision-making.

Ensuring pay equity from the start by avoiding reliance on previous salary history and using market benchmarks to set fair starting salaries.

By focusing on inclusive recruitment, organisations can begin to shift representation across different areas and reduce the risk of embedding pay disparities from the outset.

Case study: Embedding inclusive hiring practices

Recently, a UK financial services provider, identified that they had fewer women than men in senior and technical roles and fewer women than men applying for senior roles. Their internal analysis revealed that a lack of flexible working options was a key barrier deterring women from applying for higher-level positions. In response, they launched a bold initiative **advertising every UK vacancy as available for part-time, job-share or flexible working by default**. They also used **gender-neutral language in job adverts.**

The impact of these changes was substantial. Over the following two years, part-time hires and applications from women for part-time roles increased significantly. Overall, the organisation saw a substantial surge in applications, unlocking access to a broader talent pool that included individuals from all life stages who previously couldn't commit to traditional 9 to 5 roles. These efforts not only helped reduce the gender pay gap by improving representation in higher-paying roles but also enhanced the overall employer brand.

Progression

While recruitment sets the foundation, progression is where long-term change in representation – and ultimately closing of the gender pay gap – is most meaningfully achieved. Many organisations find that while entry-level gender balance may be strong, disparities emerge as employees advance – particularly into leadership roles. Addressing these gaps requires a deliberate focus on how talent is developed, supported, and promoted.

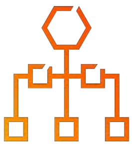
Key actions include:

Tracking promotion rates by gender to identify disparities and bottlenecks.

Implementing sponsorship and mentorship programmes to support women's career development.

Ensuring transparency in promotion criteria and decision-making processes.

Providing leadership development opportunities targeted at underrepresented groups.



Embedding inclusive performance management practices that mitigate bias in evaluations and reward decisions.

By focusing on progression, organisations can ensure that women not only enter the workforce in equal numbers but also advance at the same pace and scale as their male counterparts – helping to close the pay gap from the top down.

Case study: PwC UK – Supporting progression for women and minority groups[1]

At PwC UK, we identified that while gender and minority group representation at entry levels was relatively balanced, women and ethnic minority colleagues remained underrepresented in senior roles - particularly at Director and Partner levels. Recognising progression as a key driver of our gender pay gap, we launched a series of targeted interventions as part of a broader inclusion and diversity strategy.

One of the key initiatives was the introduction of **progression coaches**, a programme designed to support high-potential female and ethnic minority Directors in navigating the path to senior leadership. Participants were paired with senior leaders who provided strategic career guidance and acted as advocates for their advancement. Our strategy also included **inclusive leadership programmes** to equip leaders with the skills and awareness needed to drive inclusion within their teams. To reinforce accountability, we set **publicly disclosed representation targets** and regularly monitor progress across grades.

These efforts are part of our commitment to creating a more inclusive culture where career progression is equitable and based on performance and potential. Over time, we've seen measurable improvements in the proportion of women and minority groups progressing to senior roles, contributing to a gradual narrowing of our gender pay gap.

[1] https://www.pwc.co.uk/who-we-are/leadership-and-people/inclusion.html
https://www.pwc.co.uk/who-we-are/our-performance/diversity-pay-report.html

Attrition

High attrition among women - particularly at mid-career levels - can significantly undermine progress on gender representation and widen the pay gap over time. Understanding why women leave and addressing those drivers is essential to retaining diverse talent and maintaining a strong leadership pipeline.

Key actions include:

Analysing exit and retention data to identify trends and hotspots by level, function, and demographic in order to tailor policies and practices for specific needs.

Conducting stay interviews to understand what motivates employees to remain and what might cause them to leave.

Offering flexible working arrangements and support for work-life balance, which are often critical to retention.

Fostering an inclusive culture where all employees feel valued, supported, and able to thrive.

Monitoring engagement and wellbeing metrics to proactively address issues before they lead to turnover

Reducing gendered attrition helps organisations retain the talent they've invested in and supports long-term progress on representation.

Case study: Supporting retention through inclusive policies

A large insurance and financial services provider introduced a range of inclusive policies aimed at supporting employees through key life stages and promoting long-term retention. One of the most notable initiatives is its equal **parental leave policy, which offers all new parents - regardless of gender - up to 12 months of leave, with six months at full basic pay**. This policy is designed to promote shared caregiving responsibilities and reduce traditional gender-based disparities in career progression.

In addition to parental leave, the firm offers flexible, job share, and part-time working options These policies are part of the company's wider commitment to creating a supportive and inclusive workplace culture.

Since launching these initiatives, the company has reported near-equal uptake of parental leave by men and women, and continues to **monitor the impact of these policies on employee experience** and workforce representation. These efforts contribute to their broader strategy to improve gender balance and reduce its gender pay gap.

Equal pay

While the gender pay gap is primarily driven by differences in representation, equal pay - the obligation to ensure equal pay for equal work - is a critical part of the solution. In the UK, equal pay is a legal requirement under the Equality Act 2010, meaning men and women must receive the same pay for doing work that is the same, similar, rated as equivalent or of equal value.

Although not necessarily the driving cause, unequal pay can still significantly contribute to the gender pay gap - particularly when pay decisions are inconsistent or there is a lack of transparency. Even small pay discrepancies across similar roles can accumulate and result in a widening overall gap, as well as substantial legal exposure.

Key actions include:

Conducting regular equal pay audits under legal privilege to identify and correct unjustified differences in pay between men and women in comparable roles.

Implementing transparent pay frameworks to ensure consistency in how pay decisions are made and communicated.

Avoiding the use of salary history in hiring and promotion decisions to prevent perpetuating past inequalities.

Reviewing bonus and reward structures to ensure fairness and consistency in variable compensation.

By embedding pay equity into everyday practices, organisations will not only meet their legal obligations but also strengthen workforce and public trust, reduce legal and financial risk, and support broader efforts to close the gender pay gap.

Case study: Distinguishing equal pay from the gender pay gap

A UK airline has consistently used its gender pay gap reporting to clarify the distinction between equal pay and the gender pay gap. In its reports, the airline states that it is confident men and women are paid equally for doing equivalent jobs across the business, complying with the UK's legal requirement for equal pay under the Equality Act 2010.

However, the airline's gender pay gap figures have historically been higher than average, which the company attributes to workforce composition rather than unequal pay. Specifically, a large proportion of their pilot workforce - one of the highest-paid groups - is male, while cabin crew roles, which are lower-paid, are more evenly split or female-dominated. This structural imbalance significantly influences the overall gender pay gap.

To address this, the airline launched an initiative, **aimed at increasing the number of female pilots**.
The programme includes outreach, scholarships, and targeted recruitment to encourage more women to pursue careers in aviation. While the gender pay gap remains a challenge due to the time it takes to shift representation in long-career roles like piloting, the initiative reflects their commitment to long-term change.

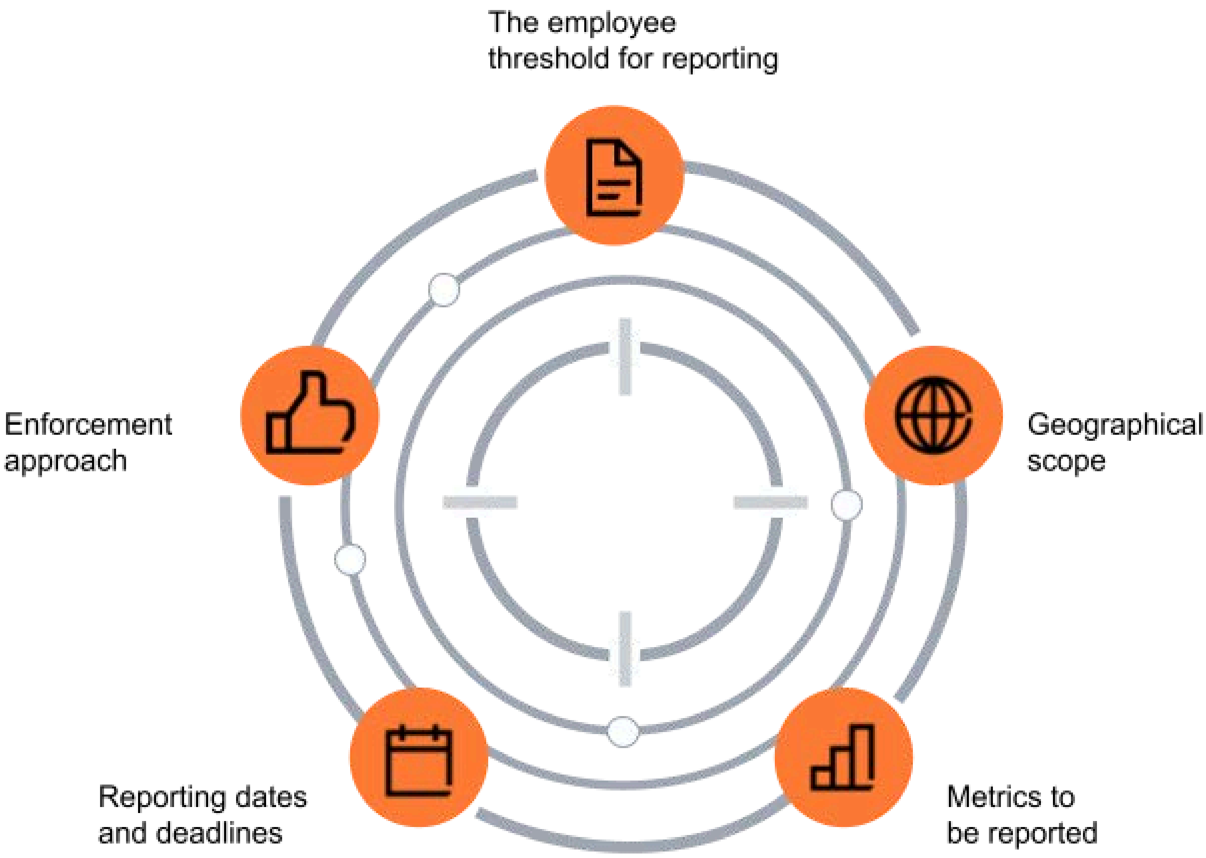
By clearly communicating the difference between equal pay and the gender pay gap - and taking steps to address the root causes of the latter - the airline demonstrates how transparency and targeted action can work together to support pay inequality.

Topic spotlight: Ethnicity and disability pay gap reporting

Earlier this year, the UK Government launched a consultation on introducing mandatory ethnicity and disability pay gap reporting, as part of the proposed legislative changes under the draft Equality (Race and Disability) Bill. The consultation explored a range of proposals covering both methodology and technical aspects of reporting.

Proposals aligned with gender pay gap reporting

To reduce the burden on employers, many of the proposals mirror existing gender pay gap reporting requirements, including:



Additional proposals specific to ethnicity and disability pay reporting

There are a number of requirements proposed that are specific to ethnicity and disability pay gap reporting:

- **Additional metrics:** Including workforce breakdowns by ethnicity and disability, and the percentage of employees who chose not to disclose this information.
- **Action plans:** The consultation sought views on whether employers should be required to publish action plans alongside their pay gap data.
- **Public sector requirements:** Larger public bodies may be required to report pay differences by grade or salary band, and provide data on recruitment, retention, and progression by ethnicity.

How can you prepare for ethnicity and disability pay gap reporting?

To stay ahead of the potential legislation and prepare for additional reporting, organisations should consider:

Improving data quality

Focus on collecting high-quality, self-reported ethnicity and disability data, ensuring employees understand how and why it's used.

Analysing pay gaps early

Begin calculating ethnicity and disability pay gaps voluntarily to identify key drivers and areas for action.

Developing clear messaging

Prepare communications that explain any gaps and the steps being taken to address them – this can support transparency and trust.

Assessing equal pay risks

Work with legal and HR teams to review pay practices and ensure compliance with equal pay obligations across all demographics.

Taking early action not only positions organisations to meet potential future requirements with confidence, but also ensures they are building the internal capability, data infrastructure, and strategic clarity needed to respond effectively when mandatory reporting is introduced.

For more information on any of the above or how we can support, please get in touch with our team

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