



Tackling the gender pay gap in urban and rural areas – policy changes to make the world of work fairer for women

Executive summary

- The gender pay gap in the UK remains high at 7% for full-time workers in 2024, according to the Office for National Statistics (ONS).
- The urban wage premium has traditionally been greater for women, meaning there is a potential for women's relative wages to be boosted by working in cities.
- However, since the 2008 financial crisis, women in British cities no longer benefit from a greater urban wage premium than men. This is due to a reduction in the benefits from better childcare facilities and public transport in cities.
- Moreover, women who switch from an urban to a rural job now incur a wage growth penalty, whereas men experience a wage growth increase when relocating to rural areas. This is likely because many women relocate within a family decision and are geographically constrained in their job search by higher childcare responsibilities in rural areas.

- Policymakers can tackle these discrepancies through 3 main routes:
 1. Improving the safety and reliability of public transport;
 2. Increasing funding to the childcare sector and expanding the childcare offering available to parents;
 3. Working with employers and rolling-out high-speed broadband across the country to facilitate remote working for mothers.

Introduction

[Research](#) using the ONS's Annual Survey of Hours and Earnings (ASHE) has revealed that since the 2008 financial crisis, the urban wage premium (the difference in average wages between workers in urban areas and those in rural areas) is no larger for women compared to men. While the urban wage premium was more than twice as large for women as for men prior to 2008 (2.8% vs 1.2%), both genders now only earn about 1% more per hour in cities than in rural areas. The drop for women is likely explained by reduced access to urban childcare facilities and reliable transport.

The same research also found that women switching from an urban to a rural job incur a wage growth penalty, whereas men experience a wage growth increase. There are a number of possible contributing factors, including the types of jobs available in rural areas and the fact that many women relocate to rural areas within a family decision.

This briefing note offers practical recommendations for policy to redress the declining urban wage premium for women and reduces the gender inequality that women face when leaving urban labour markets for rural areas.

Recommendations

1. Restore the important role of cities in making female workers more productive, by investing in the facilities and infrastructure that help women perform at work:

a. Public transport:

- i. Improve safety, including at times of the day when key workers need to access the network (late evenings/night/early morning). Tackle the rise in crime in public transport by improving public lighting near bus stops, making sure there are sufficient dissuasive cameras, and stations are staffed.
- ii. Provide reliable service throughout the day. The creation of Great British Railways and a new Passenger Standards Authority is an opportunity to enshrine safety and efficiency at the heart of the train network.
- iii. Improve frequency and routes of bus services. As

local communities are given the power to take back control of their bus services through franchising or public ownership, they should choose the services that are the most reliable, affordable, and safe.

b. Childcare facilities:

- i. Establish a long-term strategy to stabilise the childcare workforce by providing vocational training, decent pay and more secure employment. The new growth and skills levy and establishment of Skills England present an opportunity to target the skills shortage in early years education, for example by expanding apprenticeships. Retaining the skilled workforce will require a dedicated strategy including working with employers to provide a living wage and career opportunities.
- ii. Build on the success of Sure Start centres to expand the offering of regular and ad-hoc pre-school childcare in disadvantaged areas, particularly urban areas. This would allow working mothers to access employment and search for new employment under fewer constraints.
- iii. In the long term, restore sufficient funding to providers, to reverse the trend of closure of

- iv. nurseries. This could be implemented via a childcare grant that covers the true costs of provision and the creation of a state nursery sector.

2. Eliminate the gender inequality in wage growth observed as workers leave urban labour markets:

- a) **Improve transport to work**
options for women in rural areas. Extend the funding for local bus transport routes to rural local authorities: to connect housing settlements to where jobs are in local towns, during morning and evening commute times.
- b) **Improve childcare availability in rural areas.** Expand small-scale before and after-school childcare options as well as early years provision in areas with the highest birth rates: in the first instance, local authorities should promote and facilitate the childminding activity to increase the number of suppliers. This can be done by tax incentive and assistance with housing.

3. Ensure remote working is an option for women who relocate to rural areas:

- i. By progressing the high-speed broadband roll-out across the nation.
- ii. By developing flexible local childcare options such as childminders and creches.
- iii. By working with employers (for example, through CIPD) to facilitate this strategy.

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